ARTIS EXPLORATION LTD

FIRST QUARTER REPORT

FOR THE THREE MONTHS

ENDED MARCH 31, 2026

ARTIS EXPLORATION LTD.

2026 First Quarter
For the Three Months Ended March 31, 2026

HIGHLIGHTS

	Three Months Ended March 31		
	2026	2025	Change
(000s, except per share amounts)	*($)*	*($)*	*(%)*
Financial			
Petroleum and natural gas revenues	**82,092**	83,440	(2)
Adjusted funds flow [(1)]	**48,592**	52,540	(8)
Per share – basic	**0.30**	0.33	(9)
– diluted	**0.29**	0.32	(9)
Cash flow from operations	**48,631**	73,106	
Net earnings (loss)	**(1,154)**	22,366	
Per share – basic	**(0.01)**	0.14	
– diluted	**(0.01)**	0.13	
Net capital expenditures [(2)]	**74,526**	77,609	(4)
Net debt [(1)]	**252,196**	231,510	9
Shareholders' equity	**867,308**	807,567	7
(000s)	*(#)*	*(#)*	*(%)*
Share Data			
At period-end			
Basic	**160,761**	160,541	-
Options	**15,593**	15,173	3
Warrants	**22,125**	21,885	1
Retention awards	**1,108**	308	260
Weighted average			
Basic	**160,761**	160,541	-
Diluted	**165,742**	165,745	-
			(%)
Operating			
Production			
Crude oil *(bbls/d)*	**8,913**	8,932	
Natural gas *(mcf/d)*	**11,837**	11,372	
NGLs *(bbls/d)*	**1,089**	927	
Total *(boe/d)*	**11,974**	11,754	2
Liquids %	**84**	84	
Average wellhead prices			
Crude oil *($/bbl)*	**94.92**	95.71	
Natural gas *($/mcf)*	**2.36**	2.52	
NGLs *($/bbl)*	**35.11**	47.04	
Total *($/boe)*	**76.17**	78.87	(3)
Royalties *($/boe)*	**(8.23)**	(9.37)	(12)
Operating cost *($/boe)*	**(10.48)**	(10.23)	2
Transportation cost *($/boe)*	**(3.79)**	(3.75)	-
Operating netback before financial derivatives *($/boe)* [(3)]	**53.67**	55.52	(3)
Realized loss on financial derivatives *($/boe)* [(3)]	**(3.69)**	(0.93)	
Operating netback after financial derivatives *($/boe)* [(3)]	**49.98**	54.59	(8)

	Three Months Ended March 31		
	2026	2025	Change *(%)*
Drilling activity – gross (net)			
Crude oil *(#)*	**6 (6.0)**	8 (8.0)	
Natural gas *(#)*	**-**	-	
Total *(#)*	**6 (6.0)**	8 (8.0)	
Average working interest *(%)*	**100**	100	

(1) Capital management measure that does not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS"), and therefore, may not be comparable with the calculations of similar measures for other entities. See "Non-GAAP and other Financial Measures" contained in the Company's MD&A.
(2) Non-GAAP Financial Measure. See "Non-GAAP and Other Financial Measures" in the Company's MD&A.
(3) Non-GAAP Financial Measure and non-GAAP ratio. See "Non-GAAP and Other Financial Measures" in the Company's MD&A.

Artis Exploration Ltd. is pleased to report its financial and operating results for the three months ended March 31, 2026.

Financial and Operating Highlights

- First quarter average production of 11,974 boe/d (84% liquids) was up 2% from the same period in 2025.
- First quarter 2026 adjusted funds flow was down 8% to $48.6 million ($0.29 per diluted share) compared to the same period in 2025 because of lower commodity prices and higher realized commodity hedge losses.
- Achieved an operating netback of $53.67/boe in the first quarter of 2026 before including financial derivatives ($49.98/boe after including financial derivatives) based on an average crude oil WTI price of $71.93/bbl for the quarter.
- Invested $74.5 million in net capital expenditures in the first quarter of 2026 which included the drilling of 6 gross (6.0 net) and completion of 8 gross (8.0 net) wells in our core area of Twinning, Alberta and also included $4.3 million for major facilities, pipelines and water management.
- Artis' net debt at quarter end was $252.2 million which corresponded to a net debt to annualized adjusted funds flow ratio for the first quarter of 1.3 times. In April, the Company's Credit facility was increased to $375 million.

Message to Shareholders

The Company's first quarter production averaged 11,974 boe/d (84% liquids), which was 2% higher than the same period in 2025. Artis had an industry leading operating netback of $53.67/boe before realized hedging loss ($49.98/boe after realized hedging loss) based on a first quarter WTI price of $71.93 US/bbl which drove adjusted funds flow of $48.6 million or $0.29 per diluted share for the quarter. Adjusted funds flow was down 8% compared to the same period last year because of lower commodity prices and higher realized commodity hedge losses.

Artis entered the year and the quarter planning to invest approximately $180 million for the 2026 year with commodity prices languishing in the $58-$60US/bbl range. With the increased oil prices in March, the Company has pivoted and is forecasting to invest in the range of $250 - $255 million focused on the completion of 27 wells if oil prices continue to reside in the $75-$80 US/bbl range for WTI. With the March pivot, net capital expenditures for the first quarter amounted to $74.5 million, which were predominantly related to the successful drilling of 6 gross (6.0 net) oil wells and completion of 8 gross (8.0 net) oil wells. The Company is starting to see the benefit of this capital investment ramp-up with current production volumes for May estimated to be in the range of 13,500-13,700 boe/d and with deliverability over 14,000 boe/d.

The Company completed three strategic pads in the first quarter. Artis' latest three well pad this winter incurred average "all-in" well costs of approximately $8.7 million, which is reasonable given the extra costs incurred during cold weather conditions. The Company also drilled and completed two very successful pads in the Southwest region of its project area called Twining West at 14-3-32-25W4, which flowed for the first month at an average rate of approximately 720 boe/d (90% oil) and 12-14-31-26W4 which flowed at a restricted rate of approximately 650 boe/d (90% oil) for the first month. The 12-14 well is the furthest SW pad completed by Artis to date and extends its project footprint significantly. Artis also invested $4.3 million on major facilities, pipelines and water management which included a new 100% owned water disposal facility. The facility can take both waste and produced fluids and has an estimated water disposal capacity of over 2,700 m3/day, bringing Artis net owned disposal capacity to over 4,200 m3/d. This new facility is projected to reduce future operating costs by approximately $0.90/boe and completion costs by approximately $200,000/well.

Looking ahead, Artis' currently planned $250-$255 million capital program is expected to drive annual production growth of approximately 20% with Artis forecasting to average approximately 14,000-14,400 boe/d for the year and exit fourth quarter 2026 in excess of 16,000 boe/d. Artis exited the first quarter with net debt of $252.2 million, but with the capital investment ramp up and forecast average annual funds flow for 2026 of approximately $255-$265 million ($75-$80US/bbl WTI), the Company forecasts net debt declining to approximately $220-230 million by year end, or 0.7-0.8 times exit net debt to annualized adjusted funds flow. The Company's bank credit facility was increased to $375 million in April.

We look forward to reporting back to you on the results of our exciting 2026 capital program ramp up and financials throughout 2026.

Respectfully,

[signature]

Darryl Metcalfe
President & Chief Executive Officer

June 1, 2026

Reader Advisories

The document contains forward-looking information and statements within the meaning of applicable securities laws. Readers are cautioned that actual results could differ materially from those predicted. The forward-looking information included herein are not guarantees of future performance and should not be unduly relied upon. Please also see the Section entitled "Non-GAAP and other Financial Measures" in the Company's MD&A.

Forward-Looking Information and Statements

This quarterly report contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends", "forecast", "potential" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this quarterly report contains forward-looking information and statements pertaining to the following: the volumes and estimated value of the Company's oil and gas reserves; resource estimates and volumes in respect of the Company's Duvernay lands in central Alberta (the "ESB Duvernay"); the volume and product mix of the Company's oil and gas production; production and EUR estimates and forecasts; the type curve estimates and future associated projections and economics; the recognition of significant resources in the ESB Duvernay including potential drilling locations and opportunities; future oil and natural gas prices and the Company's commodity risk management programs; future cash flow estimates; future liquidity and financial capacity; future results from operations and operating metrics including estimated payouts, rates of return and well recovery estimates; the Company's 2026 capital program (including the base program and possible reduced or expanded programs) and associated estimates of material metrics, targets and guidance where applicable; estimated operating and well costs; the continuing and uncertain potential impact of world events including the Russia/Ukraine and Middle East conflicts on the Company's operations and results; future costs, expenses and royalty rates; future interest costs; the exchange rate between the $US and $Cdn; future development, exploration, acquisition and development activities, infrastructure plans and related capital expenditures and the timing thereof; the projected timeline to sustainable free cash flow; the total future capital associated with development of reserves and resources; and methods of funding our capital program.

The internal projections, expectations or beliefs underlying our currently planned 2026 capital budget and associated guidance for 2026 and beyond, are subject to change based on the continuing uncertain impact of international trade wars and in light of the impact of world events including the Russia/Ukraine and Middle East conflicts, and any related actions taken by businesses and governments, ongoing results, prevailing economic circumstances, commodity prices and industry conditions and regulations. Artis' financial outlook and guidance provides shareholders with relevant information on management's expectations for results of operations, excluding any potential acquisitions or dispositions, for such time periods based upon the reasonable assumptions of management in preparing same. Such information reflects internal targets and economic modeling used by management for the purposes of making capital investment decisions and for *internal long-range planning and budget preparation. Readers are cautioned that events or circumstances could cause capital plans and associated results to defer materially from those predicted and Artis' guidance for 2026 and beyond may not be appropriate for other purposes. Accordingly, undo reliance should not be placed on same.*

Forward-looking statements or information are based on a number of material factors, expectations or assumptions of management which have been used to develop such statements and information but which may prove to be incorrect. Although management believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because management can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: that Artis will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities consistent with past operations; the impact of increasing competition; the general stability of the economic and political environment in which Artis operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms including the continued availability of its credit facilities; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; risks associated with the degree of certainty in resource assessments; its accuracy of type curve estimates; the timing and cost of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. There are a number of assumptions associated with the potential of resource volumes, type wells and ultimate recoverable reserves internally estimated or assigned to lands evaluated in the Company's area of operations in the ESB Duvernay, including the quality of the reservoir, future drilling programs and the funding thereof, continued performance from existing wells and performance of new wells, the growth of infrastructure, well density per section and recovery factors and discovery and development of the lands evaluated in the ESB Duvernay necessarily involves known and unknown risks and uncertainties, including those identified in this presentation and including the business risks discussed in the Company's annual and quarterly MD&A.

The forward-looking information and statements included in this interim report are not guarantees of future performance and should not be unduly relied upon. Such information and statements; including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; the potential for variation in the quality of the Duvernay formation; changes in the demand for or supply of the Company's products; the early stage of development of certain evaluated areas and potential for variation in the Duverney; unanticipated operating results or production declines; changes in type curves; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of the Company or by third party operators of the Company's properties, increased debt levels or debt service requirements; inaccurate estimation of the Company's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of inadequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in the Company's annual and quarterly MD&A.

The forward-looking information and statements contained in this quarterly report speak only as of the date of this quarterly report, and the Company does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Non-GAAP and Other Financial Measures and FOFI

References are made in this quarterly report to the use of terms that are commonly used in the oil and natural gas industry, but do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities. Management believes that the presentation of these Non-IFRS and other financial measures provide useful information to shareholders as the measures provide increased transparency and the ability to better analyze performance. Such metrics have been included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this report should not be relied upon for investment or other purposes. See "Non-GAAP and Other Financial Measures" contained within the Company's MD&A and incorporated herein by reference for applicable definitions, calculations, rationale for use and reconciliations to the most directly comparable measure under IFRS. The Non-IFRS and Other Financial Measures contained in this quarterly report include "operating netback", "operating netback per boe", "adjusted funds flow", "funds flow", "net capital expenditures", "adjusted working capital", "net debt" and "net debt to adjusted funds flow". Non-IFRS and other Financial Measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

This document may contain future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Company's activities and results. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Reader Advisories – Forward-Looking Information and Statements". Management does not have firm commitments for all the costs, *expenditures, prices or other financial assumptions used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth in this presentation, and such variation may be material.*

BOE Equivalent

Natural gas and liquids reserves and volumes are converted to a common unit of measure on a basis of six Mcf of gas to one bbl of oil. Disclosure provided herein in respect of BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") for Artis Exploration Ltd. ("Artis" or the "Company") reports on the financial condition and the results of operations for the three months ended March 31, 2026 and 2025 and should be read in conjunction with the accompanying unaudited financial statements and related notes and the audited financial statements and related notes for the year ended December 31, 2025. All financial measures are expressed in Canadian dollars unless otherwise indicated. This commentary is based on the information available as at and is dated May 21, 2026.

Basis of Presentation

The unaudited financial statements and comparative information for the three months ended March 31, 2026 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard 34 – "Interim Financial Reporting".

This MD&A contains certain specified financial measures consisting of non-GAAP financial measures, non-GAAP ratios and capital management measures. See "Non-GAAP and other Financial Measures" for information regarding the following non-GAAP financial measures, non-GAAP financial ratios and capital management measures used in this MD&A: "adjusted funds flow", "funds flow", "capital expenditures", "operating netback", operating netback per boe", "adjusted working capital", "net debt" and "net debt to adjusted funds flow". Since these specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and where required, reconciled with their nearest GAAP measure. See "Non-GAAP and Other Financial Measures" for further information on the definition, calculation and reconciliation of these measures.

About Artis

Artis' primary objective is to use its strong technical expertise in its core area of Twining/Trochu, Alberta to achieve profitable per share growth in reserves, production and cash flow, complemented with opportunistic acquisitions that have drilling upside and where the Company has a competitive advantage.

1764821 Alberta Ltd. ("1764821") was incorporated on August 8, 2013 under the Business Corporations Act of Alberta (the "ABCA"). On November 3, 2015, 1764821 acquired all of the outstanding shares of Artis Exploration Ltd. and the two companies were amalgamated on November 3, 2015 under the ABCA to form Artis Exploration Ltd. ("Artis" or the "Company"). The Company's registered office is located at 2400, 525 8th Ave. S.W., Calgary, Alberta. Artis is engaged in the exploration and development and production of crude oil, natural gas and NGLs in Western Canada.

Operational and Financial Highlights

- First quarter average production of 11,974 boe/d (84% liquids) was up 2% from the same period in 2025.
- First quarter 2026 adjusted funds flow was down 8% to $48.6 million ($0.29 per diluted share) compared to the same period in 2025 because of lower commodity prices and higher realized commodity hedge losses.
- Achieved an operating netback of $53.67/boe in the first quarter of 2026 before including financial derivatives ($49.98/boe after including financial derivatives) based on an average crude oil WTI price of $71.93/bbl for the quarter.
- Invested $74.5 million in net capital expenditures in the first quarter of 2026 which included the drilling of 6 gross (6.0 net) and completion of 8 gross (8.0 net) wells in our core area of Twining/Trochu, Alberta and also included $4.3 million for major facilities, pipelines and water management.
- Artis' net debt at quarter end was $252.2 million which corresponded to a net debt to annualized adjusted funds flow ratio for the first quarter of 1.3 times. The Company had a committed bank credit facility of $300 million at March 31, 2026. In April, the facility was increased to $375 million.

Forward-Looking Statements

This document contains forward-looking statements. Statements used throughout this MD&A that are not historical facts may be considered to be "forward-looking statements". These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or future plans including without limitation, our planned 2026 drilling program and management's assessment of the potential and uncertain impact of world events including the Russia/Ukraine and Middle East conflicts and resultant commodity price volatility on future plans and operations and the timing thereof; magnitude, scope and duration of potential new or increased tariffs that may be imposed on goods exported from Canada into the United States, which could adversely impact the Company's revenues; Impacts of any tariffs imposed on Canadian exports into the United States by the Trump administration and any retaliatory trade actions taken by the Canadian federal government; with a global footprint and supply chain, the Company's results and operations could be adversely affected by *economic or geopolitical developments, including protectionist trade policies such as tariffs, or other events; the risk that the new U.S. administration imposes tariffs on Canadian goods, including crude oil and natural gas, and that such tariffs (and/or the Canadian government's response to such tariffs) adversely affect the demand and/or market price for the Company's products and/or otherwise adversely affects the Company; anticipated commodity prices, industry outlook and volatility and their impact on the Company's operations and results; commodity mix; timing of expenditures; budgeted capital expenditures and the method of funding thereof and the nature of the expenditures; production estimates and forecasts; timing of drilling, completion and tie-in of wells; anticipated results from wells drilled and the possible effect thereof on the Company; estimates of reserves and reserves values; the expected economics of the wells to be drilled; the Company's long term model including growth to free cash flow; the expected impact of increasing oil prices on cash flow and reserve value; expected royalty rates; operating expenses; general and administrative expenses; debt levels, funds from operations; liquidity and net debt estimates including the availability of funds to finance the Company's capital expenditure program; anticipated potential hedging activity; expectations regarding the Company's credit facilities and compliance therewith; the expected levels of activities; may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; volatility of commodity prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; incorrect assessment of the value of acquisitions; ability to access sufficient capital from internal and external sources; delays resulting from inability to obtain regulatory approvals; and, changes in the regulatory and taxation environment. Consequently, the Company's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information is based on a number of factors and assumptions that have been used to develop such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions that may be identified in this document, assumptions have been made regarding, among other things: the uncertain and continuing impacts of world events including the Russia/Ukraine and Middle East conflicts; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the ability of the Company to obtain qualified staff, equipment, water and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects that the Company has an interest in to operate the field in a safe, efficient and effective manner; the Company's ability to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and cost of pipeline, storage and facility construction and expansion; the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and, the Company's ability to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

The Company's planned 2026 capital expenditure program and related targets and forecasts disclosed herein are estimates based on certain assumptions including, without limitation, liquidity, operating results, known fiscal regimes, commodity prices and risk management activities and the continuing uncertain impact of international trade wars and other world events including the potential scope and duration of tariffs, Russia/Ukraine and Middle East conflicts and will be regularly scrutinized and potentially updated by management and our board of directors. Our objective will be to proactively manage our capital program as it relates to operational success and fluctuating commodity prices with a priority to maintain financial flexibility and achieve long range strategic goals. Artis will closely monitor our budget and financial situation throughout the year to assess market conditions and may adjust budget levels or pace of development in accordance with commodity prices and available funds from operations.

Test Results and Initial Production Rates

Test results and initial production ("IP") rates disclosed herein, particularly those short in duration, may not necessarily be indicative of long-term performance or of ultimate recovery. Readers are cautioned that short term rates should not be relied upon as indicators of future performance of these wells and therefore should not be relied upon for investment or other purposes. A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed.

Conversions (Barrel of Oil Equivalency)

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. For purposes of computing such units, natural gas is converted to equivalent barrels of crude oil using a conversion factor of six thousand cubic feet of gas to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio on a 6:1 basis may be misleading as an indication of value.

Financial and Operating Results

Production

The following is a summary of the Company's daily production for the three months ended March 31, 2026 and 2025:

Three Months Ended March 31,	**2026**	2025
Crude oil *(bbls/d))*	**8,913**	8,932
Natural gas *(mcf/d)*	**11,837**	11,372
NGLs *(bbls/d)*	**1,089**	927
Total *(boe/d)*	**11,974**	11,754
Liquids *(%)*	**84**	84

For the three months ended March 31, 2026, production averaged 11,974 boe/d (84% weighted to crude oil and NGLs), a 2% increase from the 11,754 boe/d (84% weighted to crude oil and NGLs) averaged during the same period a year ago. The Company drilled 6 gross (6.0 net) new oil wells in the Trochu/Twining area compared to 8 gross (8.0 net) the previous year.

***Revenue*, Realized Gains (Losses) and Unrealized Gains (Losses) and Pricing**

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Revenue		
Crude oil	**76,139**	76,935
Realized financial derivative loss	**(4,388)**	(986)
Total crude oil	**71,750**	75,949
Natural gas	**2,513**	2,579
Realized financial derivative gain	**412**	-
Total natural gas	**2,925**	2,579
NGLs	**3,441**	3,926
Total		
Sales from production	**82,092**	83,440
Realized financial derivative loss	**(3,976)**	(986)
Unrealized financial derivative gain (loss)	**(30,148)**	856
Total revenue	**47,968**	83,310

Average Prices		
Crude oil *($/bbl)*	**94.92**	92.83
Realized derivative gain (loss) *($/bbl)*	**(5.47)**	2.92
Total crude oil sales price *($/bbl)*	**89.45**	95.75
Natural gas *($/mcf)*	**2.36**	2.92
Realized derivative gain *($/mcf)*	**0.39**	-
Total natural gas sales price *($/mcf)*	**2.75**	2.92
NGLs sales price *($/bbl)*	**35.11**	40.76
Total sales price before realized hedges *($/boe)*	**76.17**	77.73
Total sales price after realized hedges *($/boe)*	**72.48**	79.98

Artis' production is sold within Canada and the majority is marketed to significant North American purchasers. The Company's commodity prices are driven by the prevailing worldwide crude oil price and Alberta spot prices applicable to its natural gas.

During the first quarter of 2026, sales from production decreased 2% to $82.1 million from $83.4 million recorded in the same period of 2025 due to a 2% decrease in commodity pricing. During the first quarter of 2026, Artis realized an average price of $89.45/bbl for crude oil (including a $5.47/bbl realized loss from financial derivative contracts) and $2.75/mcf for natural gas (including a $0.39/mcf realized gain from financial derivative contracts) and $35.11/bbl for NGLs. For the three month period, 97% of the Company's revenue was derived from crude oil and NGL sales.

The following table summarizes the crude oil and natural gas benchmark prices for the three months ended March 31, 2026 and 2025:

Three Months Ended March 31,	**2026**	2025
Average Benchmark Prices		
Crude oil – WTI *(US$/bbl)*	**71.93**	71.42
MSW differential *(US$/bbl)*	**(3.76)**	(4.98)
Crude oil – Edmonton par *(CDN$/bbl)*	**93.40**	95.29
Natural gas – AECO spot – Daily index *($/GJ)*	**1.90**	2.05
Exchange rate *(CDN$/US$)*	**1.37**	1.43

Artis' realized corporate crude oil price in general tracks the posted Edmonton Light Sweet benchmark prices.

Derivative Financial Instruments

Commodities

The Company enters into derivative and physical risk management contracts in order to reduce volatility in financial results and to ensure a certain level of cash flow to fund planned capital projects. Artis' strategy focuses on the use of swaps and costless collars to limit exposure to flunctuations in commodity prices while allowing for participation in commodity price increases. The Company's financial derivative trading activities are conducted pursuant to the Company's Risk Management Policy, as approved by the Board of Directors.

These contracts had the following impact on the condensed interim statements of income and comprehensive income:

Three Months Ended March 31, *(000s)*	**2026** *($)*	2025 *($)*
Realized loss on financial instruments	**(3,976)**	(986)
Per boe	**(3.69)**	(0.93)
Unrealized gain (loss) on financial instruments	**(30,148)**	856
Per boe	**(27.97)**	0.81

The Company held the following derivative commodity contracts at March 31, 2026:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value ($000s)
Crude oil	500 bbls/day	April 1, 2026 –June 30, 2026	NYMEX – WTI CAD$	$90.64/bbl	Swap	(1,665)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI CAD$	$84.27/bbl	Swap	(1,955)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$60.00/bbl	Swap	(2,002)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$61.00/bbl	Swap	(1,938)

Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$63.82/bbl	Swap	(1,759)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$64.17/bbl	Swap	(1,737)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$63.85/bbl	Swap	(1,757)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$84.13/bbl	Swap	(470)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$90.30/bbl	Swap	(78)
Crude oil	500 bbls/day	April 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.60/bbl	Swap	(2,661)
Crude oil	500 bbls/day	April 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.00/bbl	Swap	(2,374)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$60.08/bbl	Swap	(1,113)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.48/bbl	Swap	(959)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.85/bbl	Swap	(935)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.25/bbl	Swap	(910)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$64.05/bbl	Swap	(858)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$74.45/bbl	Swap	(191)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$64.25/bbl	Swap	(1,361)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$62.35/bbl	Swap	(1,605)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$61.44/bbl	Swap	(696)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$63.46/bbl	Swap	(566)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$65.15/bbl	Swap	(458)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.40/bbl	Swap	(249)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$75.16/bbl	Swap	185
Natural gas	2000 GJ/day	April 1, 2026 – Oct. 31, 2026	AECO CAD$ Daily index (5A)	$2.685/GJ	Swap	531
Natural gas	2000 GJ/day	April 1, 2026 – Dec. 31, 2026	AECO CAD$ Daily index (5A)	$3.06/GJ	Swap	955
Total						(26,626)

Royalties

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Royalties		
Crown	**5,694**	8,033
Freehold/GORRs	**3,177**	1,883
Total royalties	**8,871**	9,916
Total royalties *($/boe)*	**8.23**	9.37
	(%)	*(%)*
% of Revenue		
Crown	**6.9**	9.1
Freehold/GORRs	**3.9**	2.8
Total	**10.8**	11.9

For the quarter ended March 31, 2026, the Company recorded $8.9 million in total royalties or 10.8% of revenue versus $9.9 million or 11.9% of revenue a year ago. Approximately 6.9% of total revenue paid in the first quarter of 2026 consisted of Crown royalties and 3.9% of total revenue was paid to overriding ("GORRs") and freehold royalty owners compared to 9.1% and 2.8%, respectively, in the 2025 three-month period. The first quarter crown royalty % was low as more drilling occurred on freehold lands and partly because of gas cost allowance credits received for 2023 and 2024.

Operating Expenses

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Operating expenses	**11,297**	10,821
Per unit of production *($/boe)*	**10.48**	10.23

Operating expenses include all costs associated with the production of oil and natural gas. The major components of production and operating costs include charges for water hauling and disposal, contract labour, equipment rentals, fuel and power as well as emulsion/oil treating charges.

Operating costs were $11.3 million for the first quarter of 2026 compared to $10.8 million recorded a year ago. Operating costs on a per boe basis increased a marginal 2% to $10.48/boe from $10.23/boe in 2025.

Transportation Expenses

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Transportation expenses	**4,089**	3,967
Transportation expenses *($/boe)*	**3.79**	3.75

Transportation costs consist of pipeline tariffs for oil and NGLs along with trucking charges as well as natural gas transportation and fuel charges on NOVA. These costs can vary depending on the type of production facilities, the method of transportation, the distances covered, the rates charged by the carriers, quantities shipped and the type of service on various pipelines (interruptible versus firm service).

For the three months ended March 31, 2026, transportation costs were $4.1 million or $3.79/boe compared to $4.0 million or $3.75/boe for the same period of 2025.

Operating Netbacks[1]

Three Months Ended March 31,	**2026**	2025
($/boe)	*($)*	*($)*
Petroleum and natural gas revenues	**76.17**	78.87
Royalties	**(8.23)**	(9.37)
Operating	**(10.48)**	(10.23)
Transportation	**(3.79)**	(3.75)
Operating netback before realized gain on financial derivatives	**53.67**	55.52
Realized loss on derivative instruments	**(3.69)**	(0.93)
Operating netback after realized loss on financial derivatives	**49.98**	54.59

(1) *See "Non-GAAP and Other Financial Measures" contained within this MD&A.*

Operating netbacks after realized loss on financial derivatives were down 8% compared to the first quarter of 2025, primarily due to an increase in realized losses on derivative instruments and overall lower commodity prices.

General and Administrative ("G&A") Expenses

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Gross expenses	**3,203**	3,020
Capitalized expenses	**(1,135)**	(1,033)
Overhead recoveries	**(4)**	(4)
Net G&A expenses	**2,065**	1,983
Per unit of production ($/boe)	**1.92**	1.87

For the three months ended March 31, 2026, net G&A expenses totaled $2.1 million or $1.92 per boe compared to $2.0 million or $1.87 per boe recorded in the same period a year ago. During the first quarter of 2026, the Company capitalized G&A totaling $1.1 million (2025 – $1.0 million) with regards to administrative overhead and employee compensation directly related to exploration and development activities. Net G&A expenses increased a nominal 4% compared to the first quarter of 2025 because of increased software and payroll expenses.

Share-Based Compensation Expense

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Gross expenses	**319**	232
Capitalized expenses	**(145)**	(103)
Total share-based compensation	**174**	129

The Company recognizes share-based compensation expense for stock options issued. During the first quarter of 2026, Artis recorded non-cash share-based compensation expense of $0.2 million (2025 – $0.1 million) and capitalized $145,000 (2025 – $103,000) for total share-based compensation of $0.3 million (2025 – $0.2 million). As at March 31, 2026, Artis had 15,593,000 options outstanding.

Capitalized stock-based compensation relates to stock options of employees and service providers directly related to exploration and development activities.

Finance Expenses

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Interest expense on credit facility	**3,044**	3,051
Standby fees on credit facility	**165**	188
Interest expense on lease obligations	**13**	31
Accretion of the decommissioning obligation	**262**	199
Total finance expenses	**3,484**	3,469
Per unit of production ($/boe)	**3.23**	3.28

The Company incurred $3.0 million (2025 - $3.1 million) of interest expense in the first quarter of 2026. The average interest rate for the quarter was approximately 5.6% (2025 – 6.2%). The Company incurred credit facility stand-by fees of $0.2 million (2025 - $0.2 million) for the quarter ended March 31, 2026.

The Company's accretion expense for the three-month period ended March 31, 2026 was $262,000 versus $199,000 in the comparable period of 2025. Accretion expense increases as the cumulative number of wells drilled increases each year. It is also affected by changes in discount factors and inflation rates.

Depletion and Depreciation ("D&D") Expense

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
D&D expense	**22,456**	21,922
D&D expense *($/boe)*	**20.84**	20.72

The Company's D&D expense for the three months ended March 31, 2026 was $22.5 million or $20.84/boe versus $21.9 million or $20.72/boe for the comparable period of 2025. D&D expense is computed on a unit-of-production basis. This fluctuates period to period primarily as a result of changes in the underlying proved plus probable reserves base and in the amount of costs subject to D&D, including future development costs. The calculation of 2026 depletion and depreciation expense included an estimated $3.4 billion (2025 – $3.2 billion) for future development costs associated with proved plus probable undeveloped reserves and excluded $2.8 million (2025 – $2.5 million) for the estimated salvage value of production equipment and facilities. Such costs are segregated and depleted on an area-by-area basis relative to the respective underlying proved plus probable reserves base. Currently Artis has one core area being Trochu/Twining.

Exploration and Evaluation Expense

For the quarter ended March 31, 2026, Artis recorded an exploration and evaluation expense of $0.1 million versus $2.0 million a year ago. Exploration and evaluation expenses relate to undeveloped land expiries.

Deferred Income Taxes

For the quarter ended March 31, 2026, Artis recorded a deferred income tax recovery of $3.4 million compared to deferred income tax expense of $6.7 million in the prior period. The period-over-period decrease in deferred income taxes was a result of the large decrease in net income compared to the previous period. In 2026, the blended statutory tax rate is 23.0% (2025 - 23%).

Artis was not subject to any corporate income taxes for 2026 or 2025. The Company has approximately $622 million of tax pools available for deduction against future taxable income as at March 31, 2026.

Cash Provided by Operating Activities, Adjusted Funds Flow and Net Income

Three Months Ended March 31,	**2026**	2025
(000s, except per share amounts)	*($)*	*($)*
Cash provided by operating activities	**48,631**	73,106
Per share – basic	**0.30**	0.46
– diluted	**0.29**	0.44
Adjusted funds flow (1) (2)	**48,592**	52,540
Per share (1) (2) – basic	**0.30**	0.33
– diluted	**0.29**	0.32
Net income (loss)	**(1,154)**	22,366
Per share – basic	**(0.01)**	0.14
– diluted	**(0.01)**	0.13

(1) Adjusted funds flow per share has been calculated using the same denominator as was used in calculating net income per share.
(2) See "Non-GAAP and Other Financial Measures".

Adjusted funds flow for the first quarter ended March 31, 2026, decreased 8% compared to the previous period mainly because of lower commodity prices and higher realized commodity hedge losses.

Net income turned to a loss of $1.1 million (2025 – $22.4 million net income) for the first quarter of 2026 mainly because of the high unrealized loss on derivative instruments and higher realized commodity hedge losses.

Capital Expenditures on Property, Plant and Equipment as well as Exploration and Evaluation Assets

During the first three months of 2026, the Company invested $74.5 million in total capital expenditures, which included capital expenditures on exploration and evaluation assets as well as property, plant and equipment, compared to $77.6 million a year ago.

Three Months Ended March 31,	**2026**	2025
(000s) (excluding decommissioning liabilities)	*($)*	*($)*
Drilling and completions	**57,849**	58,940
Equipment and facilities	**11,431**	12,939
Land and lease retention	**1,904**	4,678
Property acquisition	**2,203**	-
Capitalized G&A	**1,135**	1,033
Other	**4**	19
Total capital expenditures (1)	**74,526**	77,609

(1) *See "Non-GAAP and Other Financial Measures" contained within this MD&A.*

During the first quarter of 2026, the Company incurred $57.8 million (2025 – $58.9 million) in drilling and completion expenditures that involved the drilling of 6 gross (6.0 net) horizontal oil wells and completions for 8 gross (8.0 net) as compared to the drilling of 8 gross (8.0 net) horizontal oil wells and 6 gross (6.0 net) completions during the first quarter of 2025 all in the Company's Twining/Trochu core area. Equipping and facilities expenditures for the three months ended March 31, 2026 were $11.4 million (2025 – $12.9 million), which included $4.3 million (2025 - $7.9 million) for major facilities, pipelines and water management. During the 2026 three-month period, the Company invested $5.2 million on land/property acquisition as well as capitalized G&A and other corporate assets versus $5.7 million for the same period of 2025.

Drilling Activity

	Total	
	Gross	Net
	(#)	*(#)*
Three Months Ended March 31, 2026		
Crude oil (horizontal)	**6.0**	**6.0**
Total wells	**6.0**	**6.0**
Average working interest *(%)*		**100**
Three Months Ended March 31, 2025		
Crude oil (horizontal)	8.0	8.0
Total wells	8.0	8.0
Average working interest *(%)*		100

Share Capital

Three Months Ended March 31,	**2026**	2025
(000s)	*(#)*	*(#)*
Weighted Average Shares Outstanding		
Basic	**160,761**	160,541
Diluted	**165,742**	165,745
Outstanding Securities		
Common shares	**160,761**	160,541
Performance warrants	**22,125**	21,885
Options	**15,593**	15,173
Retention awards	**1,108**	308

As at May 21, 2026, Artis had issued and outstanding 160,760,856 common shares and 16,076,086 stock options with an average exercise price of $2.17 per share and 22,126,684 performance warrants with an average exercise price of $2.70 per share and 1,107,500 retention awards with an average exercise price of nil to acquire the same number of common shares of the Company.

Liquidity and Capital Resources

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's financial liabilities consist of bank debt, trade and other payables, derivative financial instruments, lease obligations and provisions. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures.

Funding for 2026 capital expenditures is expected to be provided by cash generated from operating activities and the Company’s bank credit facility. The Company had no defaults or breaches on its bank facility or any of its financial liabilities. The Company believes that it has access to sufficient capital to meet its current spending forecasts. The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and bank debt levels, which may also have a direct impact on the Company’s operating results and financial position. These and other factors may adversely affect the Company’s liquidity and the Company's ability to generate income and cash flows in the future. At March 31, 2026 the Company remains in compliance with all terms of our credit facilities and based on current available information, management expects to comply with all terms during the subsequent 12-month period.

The methods used by the Company to monitor capital is based on the ratio of net debt to annualized adjusted funds flow and also the ratio of net debt to the Company's credit facility availability. The first net debt ratio is calculated as net debt, defined as outstanding revolving bank loan plus or minus working capital excluding derivative financial instruments, asset retirement obligations and lease obligations, divided by annualized adjusted funds flow from operations based on the most recent quarter. The ratio represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if adjusted funds flow remained constant. The Company monitors this ratio and endeavors to maintain it below 1.5 to 1.0. As at March 31, 2026, Artis' ratio of net debt to annualized funds flow was 1.3 to 1.0. The second net debt ratio is calculated as net debt, defined as outstanding revolving bank loan plus or minus working capital excluding derivative financial instruments, asset retirement obligations and lease obligations, divided by the credit facility availability. The net debt to annualized adjusted funds flow ratio may temporarily increase at certain times as a result of acquisitions or abnormally low commodity prices. In order to facilitate the management of this ratio, the Company prepares annual capital expenditure budgets that are updated as necessary depending on varying factors, including current and forecast prices, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's ratio of net debt to credit facility availability was 84% at March 31, 2026. In April 2026, the Company's credit facility was increased to $375 million.

	March 31 2026	December 31, 2025
(000s)	*($)*	*($)*
Current assets	**41,102**	29,823
Current liabilities	**(75,093)**	(21,441)
Exclude - Derivative financial instruments	**26,626**	(3,522)
Exclude - Current portion of lease obligations	**456**	766
Exclude - Current portion of asset retirement obligations	**75**	75
Working capital (deficiency) (1)	**(6,835)**	5,701
Bank debt	**(245,361)**	(231,629)
Net debt (1)	**(252,196)**	(225,928)

Annualized funds flow for three months ended:	**March 31, 2026**	December 31, 2025
Net cash from operating activities	**48,631**	46,478
Change in non-cash working capital	**(39)**	521
Decommissioning obligations	**-**	73
Adjusted funds flow (1)	**48,592**	47,072
Annualized adjusted funds flow	**194,369**	188,287
Net debt to annualized adjusted funds flow	**1.3**	1.2
Credit facility available	**300,000**	300,000
Net debt to credit facility available	**84%**	75%

(1) See "Non-GAAP and Other Financial Measures".

The Company is not subject to externally imposed capital requirements. The credit facilities are subject to a semi-annual review of the borrowing base, which is directly impacted by the value of the oil and natural gas reserves. There can be no assurance that the amount of the available credit facilities will not be adjusted at the next scheduled borrowing base review on or before November 30, 2026. A decrease in the borrowing base resulting in a borrowing base shortfall would require a repayment to the lenders within 60 days of any amounts drawn in excess of the reduced borrowing base. In April 2026, the Company's credit facility was increased to $375 million.

Credit Facility

At March 31, 2026, the Company had a revolving line of credit of $270 million and an operating line of credit of $30 million for a total facility of $300 million (collectively, the "Facility") of which $245.4 million (December 31, 2025 – $231.6 million) has been drawn against the Facility. In 2025, the total borrowing base under its credit facility was increased to $400 million from $300 million. Pursuant to the increase in borrowing base, and so long as no event of default has occurred, the Company may request one or more increases in the commitment amount from the current commitment amount of $300 million to a maximum total commitment amount of $400 million. In April 2026, the commitment amount of the Facility was increased to $375 million.

The Facility revolves for a 364-day period and will be subject to its next 364-day extension by May 31, 2027. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 per cent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits of the Facility (the "Borrowing Base") are reviewed semi-annually and are based on the bank syndicate's interpretation of the Company's reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled Borrowing Base review on or before November 30, 2026. A decrease in the Borrowing Base resulting in a Borrowing Base shortfall would require a repayment to the lenders within 60 days of any amounts drawn in excess of the reduced Borrowing Base.

Advances under the Facility are available by way of prime rate loans with interest rates ranging between 1.75 percent and 5.25 percent over the bank's prime lending rate and CORRA and SOFR based loans, which are subject to stamping fees and margins ranging from 2.75 percent to 6.25 percent depending upon the net debt to cash flow ratio of the Company as calculated at the Company's previous quarter end. Standby fees are charged on the undrawn Facility at rates ranging from 0.6875 percent to 1.5625 percent depending upon the net debt to cash flow ratio. As at March 31, 2026 the Company's applicable pricing included a 2.25 percent margin on prime lending, a 3.25 percent margin on CORRA and SOFR loans along with a 0.8125 percent per annum standby fee on the portion of the Facility that is not drawn. Borrowing margins and fees are reviewed annually as part of the bank syndicate's annual review.

A general security agreement over all present and after acquired personal property and a floating charge on all lands has been provided as security along with a debenture and supplemental debentures totaling $700 million.

Related-Party and Off-Balance Sheet Transactions

The Company was not involved in any off-balance-sheet transactions or related party transactions during the quarter ended March 31, 2026.

Selected Quarterly Information

Below is summarized quarterly information for the previous eight quarters.

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	**Q1 2026**
(000s, except per share amounts) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Petroleum and natural gas revenues	97,465	88,799	90,960	83,440	75,163	75,260	70,256	**82,092**
Cash flow from operating activities	55,783	68,282	46,817	73,106	59,901	25,010	46,478	**48,631**
Per diluted share	0.34	0.41	0.28	0.44	0.37	0.15	0.28	**0.29**
Adjusted funds flow (1)	64,568	58,197	62,338	52,540	49,918	47,592	47,072	**48,592**
Per share – diluted	0.39	0.35	0.38	0.32	0.31	0.29	0.28	**0.29**
Net income (loss)	29,595	27,579	22,875	22,366	24,396	15,179	16,537	**(1,154)**
Per share – basic	0.18	0.17	0.14	0.14	0.15	0.09	0.10	**(0.01)**
– diluted	0.18	0.17	0.14	0.13	0.15	0.09	0.10	**(0.01)**
Weighted average shares								
Basic	160,286	160,503	160,534	160,541	160,541	160,751	160,761	**160,761**
Net capital expenditures (1)	75,076	59,660	42,226	77,609	58,432	43,146	36,774	**74,527**
Net debt (1)	224,274	225,944	206,112	231,510	240,358	235,910	225,928	**252,196**
Shareholders' equity	733,603	761,671	784,969	807,567	832,192	851,064	868,143	**867,308**
Production								
Crude oil *(bbls/d)*	9,691	9,283	9,763	8,932	9,013	8,817	9,022	**8,913**
Natural gas *(mcf/d)*	10,737	13,418	12,039	11,372	12,960	14,132	12,387	**11,837**
NGLs *(bbls/d)*	964	944	950	927	992	1,060	1,144	**1,089**
Total *(boe/d)*	12,445	12,463	12,719	11,754	12,166	12,232	12,230	**11,974**
Liquids *(%)*	86	82	84	84	82	81	83	**84**
Average wellhead prices								
Crude oil *($/bbl)*	105.16	98.88	95.02	95.71	84.95	87.22	77.43	**94.92**
Natural gas *($/mcf))*	1.32	0.81	1.74	2.52	1.94	0.75	2.61	**2.36**
NGLs *($/bbl)*	39.15	38.60	42.20	47.04	35.47	36.24	28.61	**35.11**
Total *($/boe)*	86.06	77.45	77.73	78.87	67.89	66.88	62.44	**76.17**
Royalties *($/boe)*	(9.75)	(9.46)	(8.69)	(9.37)	(7.66)	(6.82)	(4.12)	**(8.23)**
Operating costs *($/boe)*	(9.50)	(9.34)	(9.10)	(10.23)	(10.13)	(10.69)	(11.54)	**(10.48)**
Transportation costs *($/boe)*	(3.80)	(3.37)	(3.60)	(3.75)	(3.61)	(3.63)	(3.62)	**(3.79)**
Operating netback before derivatives *($/boe)* (1)	63.01	55.29	56.34	55.52	46.50	45.74	43.15	**53.67**
Gain (loss) on derivatives	(0.82)	0.83	1.74	(0.93)	3.09	1.20	3.34	**(3.69)**
Operating netback after derivatives *($/boe)* (1)	62.19	56.11	58.08	54.59	49.59	46.94	46.50	**49.98**

(1) See "Non-GAAP and Other Financial Measures".

Critical Estimates

Certain of the Company's accounting policies require subjective judgement about uncertain circumstances. The potential effects of these estimates are described in the Company's MD&A for the year ended December 31, 2025 and Note 3 of the March 31, 2026 financial statements. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

Non-GAAP and other Financial Measures

This MD&A contains the terms "capital expenditures" and "operating netback" which are considered "non-GAAP financial measures" and "operating netback per boe", "net debt to adjusted funds flow", "adjusted funds flow per basic share" and "adjusted funds flow per diluted share" which are considered "non-GAAP ratios". These terms do not have a standardized meaning prescribed by GAAP. In addition, this MD&A contains the terms "adjusted working capital", "net debt", "funds flow" and "adjusted funds flow", which are considered "capital management measures". Accordingly, the Company's use of these specified financial measures may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to financial measures as determined in accordance with GAAP and these measures should not be considered to be more meaningful than GAAP measures in evaluating the Company's performance.

<u>Non-GAAP Financial Measures</u>

Capital Expenditures

Management uses the term "capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestures and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures, is set forth below:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Net cash used in investing activities (per GAAP)	**62,029**	54,429
Change in non-cash working capital	**12,497**	23,180
Total capital expenditures	**74,526**	77,609

Operating Netback

Management uses the term "operating netback" as a key performance indicator and one that is commonly presented by other oil and natural gas producers. Operating netback is defined as the sum of commodity sales from production and realized gains (losses) on derivative instruments less the sum of royalties, transportation costs and operating expenses. A summary of the reconciliation of operating netback from commodity sales from production, which is a GAAP measure, is set out below:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Petroleum and natural gas revenues	**82,092**	83,440
Realized loss on derivative instruments	**(3,976)**	(986)
Royalties	**(8,871)**	(9,916)
Operating	**(11,297)**	(10,821)
Transportation	**(4,089)**	(3,967)
Operating netback	**53,859**	57,749

<u>Non-GAAP Ratios</u>

Operating Netback per boe

Management calculates "operating netback per boe" as operating netback divided by total production for the period. Netback per boe is a key performance indicator and measure of operational efficiency and one that is commonly presented by other oil and natural gas producers. A summary of the calculation of operating netback per boe, is set out below:

Three Months Ended March 31,	**2026**	2025
($/boe)	*($)*	*($)*
Petroleum and natural gas revenues	**76.17**	78.87
Royalties	**(8.23)**	(9.37)
Operating	**(10.48)**	(10.23)
Transportation	**(3.79)**	(3.75)
Operating netback before realized loss on financial derivatives	**53.67**	55.52
Realized loss on derivative instruments	**(3.69)**	(0.93)
Operating netback after realized loss on financial derivatives	**49.98**	54.59

Net Debt to Adjusted Funds Flow

Artis utilizes net debt to adjusted funds flow to measure the Company's overall debt position and to measure the strength of the Company's balance sheet. Artis monitors this ratio and uses this as a key measure in making decisions regarding financing, capital expenditures and shareholder returns. Net debt to adjusted funds flow is calculated as net debt divided by adjusted funds flow for the trailing twelve month period or annualized three month period.

Adjusted Funds Flow per basic share

Artis utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities and capital expenditures on a per basic share basis. Adjusted funds flow per basic share is calculated using adjusted funds flow divided by the weighted average basic shares outstanding.

Adjusted Funds Flow per diluted share

Artis utilizes adjusted funds flow per share as a measure to assess the ability of the Company to generate the funds necessary for financing activities, operating activities and capital expenditures on a per diluted share basis. Adjusted funds flow per basic share is calculated using adjusted funds flow divided by the weighted diluted basic shares outstanding.

<u>Capital Management Measures</u>

Adjusted Working Capital

Management utilizes "adjusted working capital" to monitor its capital structure, liquidity and its ability to fund current operations. Adjusted working capital is calculated as current assets less current liabilities (adjusted for fair value of derivative financial instruments, current lease liabilities and current decommissioning obligations). A summary of the composition of adjusted working capital is set out below:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Working capital deficiency	**33,991**	29,078
Exclude - Derivative financial instruments	**(26,626)**	(110)
Exclude - Lease obligations	**(456)**	(929)
Exclude - Decommissioning obligations	**(75)**	(71)
Adjusted working capital deficiency	**6,835**	27,968

Net Debt

Management utilizes "net debt" to analyze the financial position, liquidity and leverage of Artis. Net debt is calculated as bank debt plus adjusted working working capital. A summary of the composition of net debt is set out below:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Adjusted working capital deficiency	**6,835**	27,968
Bank loan	**245,361**	203,543
Net debt	**252,196**	231,510

Funds Flow

Management utilizes “funds flow” as a useful measure of Artis’ ability to generate cash not subject to short-term movements in non-cash operating working capital. As shown below, funds flow is calculated as cash flow from operating activities excluding change in non-cash working capital.

Adjusted funds flow

Management uses the term “adjusted funds flow” for its performance measure and to provide shareholders and potential investors with a measurement of the Company’s efficiency and its ability to generate the cash necessary to fund its future growth expenditures and to repay debt. The most directly comparable GAAP measure for adjusted funds flow is net cash from operating activities. A summary of the reconciliation of cash flow from operating activities to adjusted funds flow, is set out below:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Net cash from operating activities	**48,631**	73,106
Changes in non-cash working capital	**(39)**	(20,566)
Adjusted funds flow	**48,592**	52,540

Supplementary Financial Measures

NI 52-112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non-GAAP financial measure; and (iv) is not a non-GAAP ratio. The supplementary financial measures used in this MD&A are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

As at	**March 31, 2026**	December 31, 2025
(000s) (unaudited)	*($)*	*($)*
Assets		
Current assets		
Trade and other receivables	**38,306**	23,795
Prepaid expenses and deposits	**2,796**	2,506
Derivative financial instruments *(note 4)*	**-**	3,522
	41,102	29,823
Non-current assets		
Property, plant and equipment *(note 5)*	**1,294,628**	1,242,606
Exploration and evaluation assets *(note 6)*	**21,140**	19,386
	1,315,768	1,261,992
Total assets	**1,356,870**	1,291,815
Liabilities		
Current liabilities		
Accounts payables and accrued liabilities	**47,936**	20,600
Decommissioning obligations *(note 8)*	**75**	75
Lease obligations *(note 9)*	**456**	766
Derivative financial instruments *(note 4)*	**26,626**	-
	75,093	21,441
Non-current liabilities		
Bank debt *(note 7)*	**245,361**	231,629
Decommissioning obligations *(note 8)*	**27,447**	25,525
Lease obligations *(note 9)*	**10**	21
Deferred tax liability	**141,650**	145,056
	414,469	402,231
Total liabilities	**489,562**	423,672
Equity		
Share capital *(note 10)*	**373,916**	373,916
Contributed surplus	**36,694**	36,375
Retained earnings	**456,697**	457,852
Total equity	**867,308**	868,143
Total liabilities and equity	**1,356,870**	1,291,815

Subsequent events *(note 7 and 14)*

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

CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Three Months Ended March 31,	**2026**	2025
(000s, except per share amounts) (unaudited)	*($)*	*($)*
Revenue		
Petroleum and natural gas revenue *(note 11)*	**82,092**	83,440
Royalties	**(8,871)**	(9,916)
Realized loss on derivative instruments *(note 4)*	**(3,976)**	(986)
Unrealized gain (loss) on derivative instruments *(note 4)*	**(30,148)**	856
Other income	**7**	12
	39,104	73,406
Expenses		
Operating	**11,297**	10,821
Transportation	**4,089**	3,967
General and administrative	**2,065**	1,983
Share-based compensation	**174**	129
Exploration and evaluation	**100**	2,029
Depletion and depreciation	**22,456**	21,922
Finance *(note 12)*	**3,484**	3,469
	43,665	44,320
Income (loss) before income taxes	**(4,561)**	29,086
Deferred income tax expense (recovery)	**(3,407)**	6,720
Net income (loss) and comprehensive income (loss) for the period	**(1,154)**	22,366
Net income per share *(note 13)*		
Basic	**(0.01)**	0.14
Diluted	**(0.01)**	0.13

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
(000s) (unaudited)	*(#)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2026	**160,761**	**373,916**	**36,375**	**457,852**	**868,143**
Share-based payments	**-**	**-**	**319**	**-**	**319**
Loss for the period	**-**	**-**	**-**	**(1,154)**	**(1,154)**
Balance – March 31, 2026	**160,761**	**373,916**	**36,694**	**456,697**	**867,308**

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
(000s) (unaudited)	*(#)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2025	160,541	373,373	32,222	379,374	784,969
Share-based payments	-	-	233	-	233
Income for the period	-	-	-	22,366	22,366
Balance – March 31, 2025	160,541	373,373	32,454	401,740	807,567

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

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Three Months Ended March 31,	**2026**	2025
(000s) (unaudited)	*($)*	*($)*
Cash flows from operating activities		
Net income (loss)	**(1,154)**	22,366
Adjustments for:		
Depletion and depreciation *(note 5)*	**22,456**	21,922
Exploration and evaluation *(note 6)*	**100**	2,029
Interest on lease obligations *(note 9)*	**13**	31
Unrealized loss (gain) on derivative instruments	**30,148**	(856)
Deferred income tax expense (recovery)	**(3,407)**	6,720
Accretion of decommissioning obligations *(note 8)*	**262**	199
Share-based compensation	**174**	129
Change in non-cash working capital	**39**	20,566
Net cash from operating activities	**48,631**	73,106
Cash flows from investing activities		
Property, plant and equipment expenditures *(note 5)*	**(72,673)**	(73,006)
Additions to exploration and evaluation assets *(note 6)*	**(1,853)**	(4,603)
Change in non-cash working capital	**12,497**	23,180
Net cash used in investing activities	**(62,029)**	(54,429)
Cash flows from financing activities		
Increase (decrease) in bank debt *(note 7)*	**13,732**	(18,349)
Payments on lease obligations *(note 9)*	**(334)**	(328)
Net cash from financing activities	**13,398**	(18,677)
Change in cash and cash equivalents	**-**	-
Cash and cash equivalents – beginning of period	**-**	-
Cash and cash equivalents – end of period	**-**	-

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

1. Reporting Entity and Nature of Operations

1764821 Alberta Ltd. ("1764821") was incorporated on August 8, 2013 under the Business Corporations Act of Alberta (the "ABCA"). On November 3, 2015, 1764821 acquired all of the outstanding shares of Artis Exploration Ltd. and the two companies were amalgamated on November 3, 2015 under the ABCA to form Artis Exploration Ltd. ("Artis" or the "Company").

The Company's head office is located at Suite 820, 600 3rd Avenue S.W., Calgary, Alberta. Artis is engaged in the exploration and development and production of crude oil, natural gas and NGLs in Western Canada.

2. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting". The condensed interim financial statements do not include all of the information required for full annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements and accompanying notes disclosed in the Company's annual report for the year ended December 31, 2025. These financial statements are presented in Canadian dollars ("CDN"), which is the functional currency of the Company.

The condensed interim financial statements were authorized for issuance by the Company's Board of Directors on May 21, 2026.

3. Estimation uncertainty

Management makes judgments and assumptions about the future in deriving estimates used in the preparation of these financial statements in accordance with IFRS. Sources of estimation uncertainty include estimates used to determine economically recoverable oil, natural gas and natural gas liquids reserves, the recoverable amount of long-lived assets or cash-generating unit, the fair value of financial derivatives, the provision for decommissioning obligations and the provision for income taxes and the related deferred tax assets and liabilities.

A full list of key sources of estimation uncertainty can be found in note 2 of the annual financial statements for the year ended December 31, 2025.

4. Financial Risk Management

Derivative contracts

It is the Company's policy to hedge a portion of its crude oil sales through the use of various financial derivative forward sales contracts and physical sales contracts. The Company does not apply hedge accounting for these contracts. The Company's production is usually sold using "spot" or near-term contracts, with prices fixed at the time of transfer of custody or on the basis of a monthly average market price. The Company, however, may give consideration in certain circumstances to the appropriateness of entering into long term, fixed price marketing contracts. The Company does not enter into commodity contracts other than to meet the Company's expected sale requirements.

The fair value of options and costless collars is based on option models that use published information with respect to volatility, prices and interest rates. The fair value of forward contracts and swaps 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 oil volumes and a risk-free interest rate (based on published government rates).

The Company held the following derivative commodity contracts at March 31, 2026:

Subject of Contract	Notional Quantity	Term	Reference	Strike Price	Option Traded	Fair Value
						($000s)
Crude oil	500 bbls/day	April 1, 2026 –June 30, 2026	NYMEX – WTI CAD$	$90.64/bbl	Swap	(1,665)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI CAD$	$84.27/bbl	Swap	(1,955)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$60.00/bbl	Swap	(2,002)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$61.00/bbl	Swap	(1,938)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$63.82/bbl	Swap	(1,759)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$64.17/bbl	Swap	(1,737)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$63.85/bbl	Swap	(1,757)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$84.13/bbl	Swap	(470)
Crude oil	500 bbls/day	April 1, 2026 – June 30, 2026	NYMEX – WTI US$	$90.30/bbl	Swap	(78)
Crude oil	500 bbls/day	April 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.60/bbl	Swap	(2,661)
Crude oil	500 bbls/day	April 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.00/bbl	Swap	(2,374)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$60.08/bbl	Swap	(1,113)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.48/bbl	Swap	(959)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.85/bbl	Swap	(935)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.25/bbl	Swap	(910)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$64.05/bbl	Swap	(858)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$74.45/bbl	Swap	(191)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$64.25/bbl	Swap	(1,361)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$62.35/bbl	Swap	(1,605)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$61.44/bbl	Swap	(696)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$63.46/bbl	Swap	(566)

Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$65.15/bbl	Swap	(458)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.40/bbl	Swap	(249)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$75.16/bbl	Swap	185
Natural gas	2000 GJ/day	April 1, 2026 – Oct. 31, 2026	AECO CAD$ Daily index (5A)	$2.685/GJ	Swap	531
Natural gas	2000 GJ/day	April 1, 2026 – Dec. 31, 2026	AECO CAD$ Daily index (5A)	$3.06/GJ	Swap	955
Total						(26,626)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's financial liabilities consist of bank debt, trade and other payables, derivative financial instruments, lease obligations and provisions. Trade payables and lease obligations consists of invoices payable to suppliers for office, field operating activities and capital expenditures. The Company processes invoices within a normal payment period. Trade payables have contractual maturities of less than one year. The Company maintains a revolving credit facility, as outlined in note 7, which is subject to annual renewal by the lenders and has a contractual maturity in 2027 if not extended. The Company maintains and monitors cash flow which is used to partially finance operating and capital expenditures. The Company does not pay dividends.

Capital management

Artis actively manages its capital structure, which includes shareholders' equity and working capital. In order to maintain or adjust the capital structure, Artis considers the following: incremental investment and acquisition opportunities; the current level of working capital or debt; the level of credit that may be obtainable from the Company's lender as a result of growth in reserves values; the availability of other sources of debt with different characteristics than potential bank debt; the sale of assets; limiting the size of the investment program; and new share issuances, if available on favorable terms. The Company's objective is to maintain a flexible structure that will allow it to execute its investment program, including exploration and development of its oil and gas properties and acquisition and disposition transactions, which all carry varying amounts of risk. Artis continually strives to balance the proportion of debt and equity in its capital structure to take into account the level of risk being incurred in its investment program. Artis may from time to time issue shares and adjust its capital spending to manage current and projected debt levels.

The ongoing volatile economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt level balances, which may also have a direct impact on the Company’s operating results and financial position. These and other factors may adversely affect the Company’s liquidity and the Company’s ability to generate income and cash flows in the future. At March 31, 2026 the Company remains in compliance with all terms of our Facilities and based on current available information, management expects to comply with all terms during the subsequent 12-month period.

The methods used by the Company to monitor capital is based on the ratio of net debt to annualized adjusted funds flow and also the ratio of net debt to the Company's credit facility availability. The first net debt ratio is calculated as net debt, defined as outstanding revolving bank loan plus or minus working capital excluding derivative financial instruments and lease obligations, divided by annualized adjusted funds flow from operations based on the most recent quarter. The ratio represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if adjusted funds flow remained constant. The Company monitors this ratio and endeavors to maintain it below 1.5 to 1.0. As at March 31, 2026, Artis' ratio of net debt to annualized funds flow was 1.3 to 1.0. The second net debt ratio is calculated as net debt, defined as outstanding revolving bank loan plus or minus working capital excluding derivative financial instruments, asset retirement obligations and lease obligations, divided by the credit facility availability. The net debt to annualized adjusted funds flow ratio may temporarily increase at certain times as a result of acquisitions or abnormally low commodity prices. In order to facilitate the management of this ratio, the Company prepares annual capital expenditure budgets that are updated as necessary depending on varying factors, including current and forecast prices, successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's ratio of net debt to credit facility availability was 0.84 to 1 at March 31, 2026. In April 2026, the Company's credit facility was increased to $375 million.

	March 31 2026	December 31, 2025
(000s)	*($)*	*($)*
Current assets	**41,102**	29,823
Current liabilities	**(75,093)**	(21,441)
Exclude derivative financial instruments	**26,626**	(3,522)
Exclude current portion of lease obligations	**456**	766
Exclude current portion of asset retirement obligations	**75**	75
Adjusted working capital (deficiency) (1)	**(6,835)**	5,701
Bank debt	**(245,361)**	(231,629)
Net debt (1)	**(252,196)**	(225,928)

Annualized funds flow for three months ended:	**March 31, 2026**	December 31, 2025
Net cash from operating activities	**48,631**	46,478
Change in non-cash working capital	**(39)**	521
Decommissioning obligations	**-**	73
Adjusted funds flow (1)	**48,592**	47,072
Annualized funds flow	**194,369**	188,287
Net debt to annualized funds flow	**1.3**	1.2
Credit facility available	**300,000**	300,000
Net debt to credit facility available	**84%**	75%

(1) See "Capital Management Measures" in the Company's MD&A.

The Company is not subject to externally imposed capital requirements. The credit facilities are subject to a semi-annual review of the borrowing base, which is directly impacted by the value of the oil and natural gas reserves (Bank loan – note 7). In April 2026, the Company's credit facility was increased to $375 million.

5. Property, Plant and Equipment

	Oil and Natural Gas Properties
(000s)	*($)*
Cost or deemed cost	
Balance – December 31, 2024	**1,454,993**
Additions	209,361
Capitalized share-based compensation	1,696
Transfer from exploration and evaluation assets	7,498
Change in decommissioning obligations	1,485
Increase in right-to-use assets	654
Balance – December 31, 2025	**1,675,687**

Additions	72,673
Capitalized share-based compensation	145
Change in decommissioning obligations	1,660
Balance – March 31, 2026	**1,750,165**

Depletion and depreciation	
Balance – December 31, 2024	**341,770**
Depletion and depreciation for the year	91,311
Balance – December 31, 2025	**433,081**
Depletion and depreciation for the period	22,456
Balance – March 31, 2026	**455,537**
Carrying amounts	
March 31, 2026	**1,294,628**
December 31, 2025	1,242,606

Depletion and Depreciation

The calculation of 2026 depletion and depreciation expense included an estimated $3.4 billion (2025 – $3.2 billion) for future development costs associated with proved plus probable undeveloped reserves and excluded $2.8 million (2025 – $2.5 million) for the estimated salvage value of production equipment and facilities. The depletion, depreciation and impairment of property, plant and equipment, and any eventual reversal of impairment, are recognized in depletion and depreciation in the statement of income (loss) and comprehensive income (loss).

Capitalization of G&A and Share-Based Compensation

A total of $1.1 million in G&A expenditures have been capitalized and included in PP&E assets at March 31, 2026 (2025 – 1.0 million). Also included in PP&E are non-cash share-based payments of $145,000 (2025 – $103,000).

Impairment Assessment

In accordance with IFRS, an impairment test is performed if the Company identifies an indicator of impairment. At March 31, 2026, the Company determined that no indicators of impairment existed on its one CGU, therefore, no impairment test was performed.

6. Exploration and Evaluation Assets

(000s)	*($)*
Cost	
Balance – December 31, 2024	**24,157**
Additions	6,600
Transfers to property, plant and equipment	(7,499)
Expiries	(3,872)
Balance – December 31, 2025	**19,386**
Additions	1,853
Impairments	(100)
Balance – March 31, 2026	**21,140**

Exploration and evaluation assets consist of the Company's exploration projects that are pending the determination of proved or probable reserves. Additions in the period are made up of undeveloped land purchases. Impairments relate to undeveloped land expiries.

7. Credit Facility

At March 31, 2026, the Company had a revolving line of credit of $270 million and an operating line of credit of $30 million for a total facility of $300 million (collectively, the “Facility”) of which $245.4 million (December 31, 2025 – $231.6 million) has been drawn against the Facility. In 2025, the total borrowing base under its credit facility was increased to $400 million from $300 million. Pursuant to the increase in borrowing base, and so long as no event of default has occurred, the Company may request one or more increases in the commitment amount from the current commitment amount of $300 million to a maximum total commitment amount of $400 million. In April 2026, the commitment amount of the Facility was increased to $375 million.

The Facility revolves for a 364-day period and will be subject to its next 364-day extension by May 31, 2027. If not extended, the Facility will cease to revolve, the margins thereunder will increase by 0.50 per cent and all outstanding advances thereunder will become repayable in one year from the extension date. The available lending limits of the Facility (the “Borrowing Base”) are reviewed semi-annually and are based on the bank syndicate’s interpretation of the Company’s reserves and future commodity prices. There can be no assurance that the amount of the available Facility will not be adjusted at the next scheduled Borrowing Base review on or before November 30, 2026. A decrease in the Borrowing Base resulting in a Borrowing Base shortfall would require a repayment to the lenders within 60 days of any amounts drawn in excess of the reduced Borrowing Base.

Advances under the Facility are available by way of prime rate loans with interest rates ranging between 1.75 percent and 5.25 percent over the bank’s prime lending rate and CORRA and SOFR based loans, which are subject to stamping fees and margins ranging from 2.75 percent to 6.25 percent depending upon the net debt to cash flow ratio of the Company as calculated at the Company’s previous quarter end. Standby fees are charged on the undrawn Facility at rates ranging from 0.6875 percent to 1.5625 percent depending upon the net debt to cash flow ratio. As at March 31, 2026 the Company’s applicable pricing included a 2.25 percent margin on prime lending, a 3.25 percent margin on CORRA and SOFR loans along with a 0.8125 percent per annum standby fee on the portion of the Facility that is not drawn. Borrowing margins and fees are reviewed annually as part of the bank syndicate’s annual review.

A general security agreement over all present and after acquired personal property and a floating charge on all lands has been provided as security along with a debenture and supplemental debentures totaling $700 million.

8. Decommissioning obligations

(000s)	*($)*
Cost	
Balance – December 31, 2024	**23,250**
Liabilities incurred	2,134
Change in estimated future cash flows	(650)
Decommissioning expenditures	(72)
Accretion of decommissioning obligation	938
Balance – December 31, 2025	**25,600**
Liabilities incurred	1,660
Accretion of decommissioning obligation	262
Balance – March 31, 2026	**27,522**

The Company's decommissioning liabilities result from its ownership interest in oil and natural gas wells. The total decommissioning liability is estimated based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon these wells and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning liabilities to be $27.5 million as at March 31, 2026 (December 31, 2025 – $25.6 million) based on an undiscounted inflated total future liability of $40.0 million (December 31, 2025 – $37.5 million) using an assumed inflation rate of 1.98% (2025 – 1.98%) per year. These payments are expected to be made over the next 15 years. The discount factor, being the risk-free rate related to the liability, is 3.85% (2025 – 3.85%). The Alberta Energy Regulator mandatory decommissioning spend for Artis is $75,000 for 2026 (2025 - $72,000).

9. Lease obligations

Right-of-use assets *(included in Property, Plant and Equipment - Note 5)*

(000s)	
	($)
As at December 31, 2024	**1,075**
Additions	654
Depreciation	(1,048)
As at December 31, 2025	**681**
Additions	-
Depreciation	(277)
As at March 31, 2026	**404**

Lease liabilities

(000s)	
	($)
As at December 31, 2024	**1,263**
Additions	654
Lease interest expense	124
Lease payments	(1,254)
As at December 31, 2025	**787**
Additions	-
Lease interest expense	13
Lease payments	(334)
As at March 31, 2026	**466**

The Company leases office space, field compressors and field vehicles. The lease payments are discounted using the Company's incremental borrowing rate at the inception of each lease to calculate the lease liability.

The Company's lease liabilities are for periods of one to two years. The discounted cash flows relating to the lease liabilities included in the statement of financial position are as follows:

(000s)	1 year	2 years	3 years	Total
	($)	*($)*	*($)*	*($)*
Lease payments including principal and interest	**456**	**10**	**-**	**466**

10. Share Capital

(a) Authorized

An unlimited number of voting common shares with no par value. The holders of common shares are entitled to receive dividends as declared by the Company and are entitled to one vote per share.

An unlimited number of special voting shares with no par value. The holders of special voting shares are entitled to one vote per share.

An unlimited number of first preferred shares with no par value, issuable in series. Preferred shares have not been issued. The rights attaching to first preferred shares shall be determined by the Board before the issuance of each series.

(b) Share capital issued and outstanding:

Common Shares

(000s)	Shares (#)	Amount ($)
Balance – March 31, 2026 and December 31, 2025	**160,761**	**373,916**

11. Revenue

The Corporation sells its production pursuant to variable-price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis

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

The following table details the Corporation's petroleum and natural gas sales by product:

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Oil production	**76,138**	76,935
Gas production	**2,513**	2,579
NGLs production	**3,441**	3,926
Total revenue	**82,092**	83,440

12. Financing

Three Months Ended March 31,	**2026**	2025
(000s)	*($)*	*($)*
Interest expense	**3,222**	3,270
Accretion of decommissioning obligations	**262**	199
Finance expenses	**3,484**	3,469

13. Income (loss) Per Share

Basic income (loss) per share was calculated as follows:

Three Months Ended March 31,	**2026**	2025
(000s)	*(#)*	*(#)*
Weighted average number of common shares – basic		
Issued common shares – January 1	**160,761**	160,541
Effects of shares issued	**-**	-
Weighted average number of common shares – basic	**160,761**	160,541

Three Months Ended March 31,	**2026**	2025
(000s)	*(#)*	*(#)*
Weighted average number of common shares – basic	**160,761**	160,541
Effects of options in-the-money	**4,981**	5,203
Weighted average number of common shares – diluted	**165,742**	165,744

In computing diluted earnings per share for the year ended March 31, 2026, 4,981,000 (March 31, 2025 – 5,203,000) shares were added to the basic weighted average common shares outstanding to account for the dilution of stock options, warrants and retention awards that will be settled with common shares issued from treasury. There were 21,115,000 (March 31, 2025 – 15,954,000) options, warrants and RAs that were not included in the diluted earnings per share calculation because they were anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on the average exercise price for common share options last issued being $2.50 (March 31, 2025 - $2.50) per common share.

14. Share-Based Payments

The Company has a stock option plan pursuant to which options to purchase common shares of the Company may be granted to employees, directors and other service providers of the Company. The maximum number of common shares issuable on exercise of options granted pursuant to the stock option plan may not exceed 10% of the issued and outstanding common shares of the Company. The options of the Company are exercisable for an initial period of five years and vest over a period of three years commencing on the first anniversary.

The Company also grants performance warrants to employees, directors, officers and other service providers of the Company. Each performance warrant entitles the holder to purchase one common share of the Company. The maximum number of common shares issuable on exercise of warrants granted may not exceed 25% of the issued and outstanding common shares of the Company as at the date of the closing of the Company’s initial ELOC financing being 88,506,734 common shares. The outstanding performance warrants of the Company are exercisable for an initial period of five years and vest immediately prior to a liquidity event.

The Company also has retention awards (“RAs”) outstanding to officers and employees of the Company. The RAs are to be settled through the issuance of common shares upon vesting. Vesting occurs one business day prior to a liquidity event.

The fair value of the performance warrants and RAs has not been recognized as it is not more likely than not that they will vest as at March 31, 2026.

The range of exercise prices and weighted average contractual life of the outstanding options are as follows:

Exercise Price	Options	Weighted Average Exercise Price	Weighted Average Contractual Life
($)	*(#000s)*	*($)*	*(years)*
1.46	**1,775**	**1.46**	**0.3**
1.57	**5,180**	**1.57**	**0.3**
2.02	**798**	**2.02**	**0.3**
2.50	**3,500**	**2.50**	**2.8**
2.70	**760**	**2.70**	**0.3**
2.92	**910**	**3.15**	**0.3**
2.97	**2,670**	**2.97**	**0.3**
	15,593	**2.18**	**0.9**

In May 2026, the Board extended the expiry dates on 12,243,000 options by approximately one year to June 30, 2027. The exercise price for 11,333,000 options was amended such that the next 8% price escalator that was scheduled to occur mid to late 2026 was deferred to December 31, 2026.

The number and range of exercise prices and weighted average contractual life for the performance warrants are as follows:

Exercise Price	Performance Warrants	Weighted Average Exercise Price	Weighted Average Contractual Life
($)	*(#000s)*	*($)*	*(years)*
2.03	**4,425**	**2.03**	**0.3**
2.37	**4,425**	**2.37**	**0.3**
2.70	**4,425**	**2.70**	**0.3**
3.03	**4,425**	**3.03**	**0.3**
3.38	**4,425**	**3.38**	**0.3**
	22,125	**2.70**	**0.3**

In May 2026, the Board extended the expiry dates on all performance warrants from July 7, 2026 to June 30, 2027. The exercise price for the warrants was amended such that the next 8% escalation will occur on December 31, 2026 rather than June 30, 2026.

The Company has 1,107,500 Retention Awards ("RAs") outstanding at March 31, 2026.