ARTIS EXPLORATION LTD

SECOND QUARTER REPORT
FOR THE THREE AND SIX MONTHS
ENDED JUNE 30, 2026

ARTIS EXPLORATION LTD.

2026 Second Quarter
For the Three and Six Months Ended June 30, 2026

HIGHLIGHTS

	Three Months Ended June 30			Six months Ended June 30		
	2026	2025	Change	**2026**	2025	Change
(000s, except per share amounts)	*($)*	*($)*	*(%)*	*($)*	*($)*	*(%)*
Financial						
Petroleum and natural gas revenues	**129,162**	75,163	72	**211,254**	158,603	33
Cash flow from operations	**64,961**	59,901	8	**113,592**	133,006	(15)
Adjusted funds flow (1)	**70,827**	49,918	42	**119,419**	102,458	17
Per share – basic	**0.44**	0.31	42	**0.74**	0.64	16
– diluted	**0.43**	0.30	43	**0.72**	0.62	16
Net income	**49,468**	24,396	103	**48,314**	46,762	3
Per share – basic	**0.31**	0.15	107	**0.30**	0.29	3
– diluted	**0.30**	0.15	100	**0.29**	0.28	4
Net capital expenditures (2)	**82,471**	58,432	41	**156,998**	136,041	15
Net debt (1)	**264,059**	240,358	10	**264,059**	240,358	10
Shareholders' equity	**921,500**	832,192	11	**921,500**	832,192	11
(000s)	*(#)*	*(#)*	*(%)*	*(#)*	*(#)*	*(%)*
Share Data						
At period-end						
Basic	**160,761**	160,541	-	**160,761**	160,541	-
Options	**16,009**	14,713	9	**16,009**	14,713	9
Warrants	**22,117**	21,885	1	**22,117**	21,885	1
Retention awards	**1,108**	308	260	**1,108**	308	260
Weighted average						
Basic	**160,761**	160,541	-	**160,761**	160,541	-
Diluted	**165,742**	164,790	1	**165,742**	164,790	1
			(%)			*(%)*
Operating						
Production						
Crude oil *(bbls/d)*	**10,183**	9,013		**9,552**	8,973	
Natural gas *(mcf/d)*	**13,374**	12,960		**12,610**	12,170	
NGLs *(bbls/d)*	**1,266**	992		**1,178**	960	
Total *(boe/d)*	**13,679**	12,166	12	**12,831**	11,961	7
Liquids %	**84**	82		**84**	83	
Average wellhead prices						
Crude oil *($/bbl)*	**131.27**	84.95	55	**114.40**	90.27	27
Natural gas *($/mcf)*	**1.94**	1.94	-	**2.13**	2.21	(4)
NGLs *($/bbl)*	**44.73**	35.47	26	**40.31**	41.03	(2)
Total *($/boe)*	**103.77**	67.89	53	**90.96**	73.26	24
Royalties *($/boe)*	**(13.38)**	(7.66)	75	**(10.99)**	(8.50)	29
Operating cost *($/boe)*	**(10.60)**	(10.13)	5	**(10.55)**	(10.18)	4
Transportation cost *($/boe)*	**(4.33)**	(3.61)	20	**(4.08)**	(3.68)	11
Operating netback before financial derivatives *($/boe)* (3)	**75.46**	46.50	62	**65.35**	50.91	28
Realized gain (loss) on financial derivatives (3)	**(13.75)**	3.09		**(9.08)**	1.13	
Operating netback after financial derivatives *($/boe)* (3)	**61.71**	49.59	24	**56.27**	52.03	8

	Three Months Ended June 30			Six months Ended June 30		
	2026	2025	Change	**2026**	2025	Change
			(%)			*(%)*
Drilling activity – gross (net)						
Crude oil *(#)*	**10 (10.0)**	7 (7.0)		**15 (15.0)**	15 (15.0)	
Natural gas *(#)*	**-**	-		**-**	-	
Total *(#)*	**10 (10.0)**	7 (7.0)	27	**15 (15.0)**	15 (15.0)	25
Average working interest *(%)*	**100**	100		**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 and six months ended June 30, 2026.

Financial and Operating Highlights

- Second quarter average production of 13,679 boe/d (84% liquids) was up 12% from the second quarter of 2025 and up 14% from the first quarter of 2026. Six-month average production of 12,831 boe/d (84% liquids) was up 7% compared to the comparable period last year.
- Realized adjusted funds flow of $70.8 million ($0.44 per basic share) during the second quarter of 2026, which was up 42% compared to the same period in 2025.
- Achieved an industry leading operating netback of $75.46/boe in the second quarter of 2026 excluding financial derivatives ($61.71/boe including financial derivatives) based on an average crude oil WTI price of $92.79 US/bbl for the quarter.
- Generated second-quarter net income of $49.5 million ($0.31 per basic share) compared to $24.4 million ($0.15 per basic share) for the same period of 2025.
- Artis invested $82.5 million in net capital expenditures during the quarter, comprised mainly of the drilling of 10 (10.0 net) and completion of 9 (9.0 net) horizontal wells in our core area of Twinning/Trochu, Alberta.
- Artis' net debt of $264.1 million at period end corresponded to a net debt to annualized adjusted funds flow ratio for the second quarter of 0.9 times. The Company's bank credit facility was increased from $300 million to $375 million during the second quarter.

President's Message

We are pleased to report that during the second quarter of 2026, Artis achieved average production of 13,679 boe/d (84% liquids) which was 12% higher than the second quarter of 2025 and 14% higher than the first quarter of 2026. Artis' field estimate for average production during the month of July was approximately 15,174 boe/d (83% liquids) which is a record high for the Company. Artis delivered an industry leading operating netback of $75.46/boe before realized hedging loss ($61.71/boe after realized hedging loss) based on a second quarter WTI price of $92.79 US/bbl. This drove Company adjusted funds flow of $70.8 million or $0.44 per basic share during the quarter, which was a 42% increase compared to the same period last year. Artis generated net income of $49.5 million or $0.31 per basic share for the quarter. Artis invested $82.5 million in the second quarter, comprised of drilling 10 (10.0 net) horizontal oil wells and the completion of 9 (9.0 net) horizontal oil wells in our core area of Twinning.

The Company is currently planning 2026 net capital expenditures in the range of $244 - $250 million focused on the drilling of 22 wells and completing 26 wells if oil prices continue to reside in the $70-$80 US/bbl range for WTI. The program which is balanced between development and strategic locations is targeted to drive annual production for 2026 in the range of 14,000-14,400 boe/d (18-19% growth year over year) and forecast to deliver fourth quarter average production of 15,500-16,000 boe/d (over 40% growth year over year). With a "front-loaded" 2026 capital program the Company exited the quarter with net debt of $264.1 million which equates to a net debt to annualized adjusted funds flow ratio for the second quarter of 0.9 times. Based on the currently planned program, Artis is targeting to drive net debt down to approximately $210-220 million, which would equate to a net debt to adjusted funds flow ratio of approximately 0.7 times (assuming an oil price of approximately $75-80 US/bbl WTI) by the end of 2026.

We look forward to reporting on our financial results throughout the remainder of 2026.

Respectfully,

[signature]

Darryl Metcalfe
President & Chief Executive Officer

August 24, 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 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 and six months ended June 30, 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 August 12, 2026.

Basis of Presentation

The unaudited financial statements and comparative information for the three and six months ended June 30, 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 Suite 820, 600 3rd 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

- Second quarter average production of 13,679 boe/d (84% liquids) was up 12% from the second quarter of 2025 and up 14% from the first quarter of 2026. Six-month average production of 12,831 boe/d (84% liquids) was up 7% compared to the comparable period last year.
- Realized adjusted funds flow of $70.8 million ($0.44 per basic share) during the second quarter of 2026, which was up 42% compared to the same period in 2025.
- Achieved an industry leading operating netback of $75.46/boe in the second quarter of 2026 excluding financial derivatives ($61.71/boe including financial derivatives) based on an average crude oil WTI price of $92.79 US/bbl for the quarter.
- Generated second-quarter net earnings of $49.5 million ($0.31 per basic share) compared to $24.4 million ($0.15 per basic share) for the same period of 2025.
- Artis invested $82.5 million in net capital expenditures during the quarter, comprised mainly of the drilling of 10 (10.0 net) and completion of 9 (9.0 net) horizontal wells in our core area of Twining/Trochu, Alberta.
- Artis' net debt of $264.1 million at period end corresponded to a net debt to annualized adjusted funds flow ratio for the second quarter of 0.9 times. The Company's bank credit facility was increased from $300 million to $375 million during the second quarter.

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 pandemics and other world events including the Russia/Ukraine and Middle East conflicts and resultant commodity price volatility on future plans and operations and the timing thereof; 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 pandemics and 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 pandemics and world events including the 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 and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
Crude oil *(bbls/d)*	**10,183**	9,013	**9,552**	8,973
Natural gas *(mcf/d)*	**13,374**	12,960	**12,610**	12,170
NGLs *(bbls/d)*	**1,266**	992	**1,178**	960
Total *(boe/d)*	**13,679**	12,166	**12,831**	11,961
Liquids *(%)*	**84**	82	**84**	83

For the three months ended June 30, 2026, production averaged 13,679 boe/d (84% weighted to crude oil and NGLs), a 12% increase from the 12,166 boe/d (82% weighted to crude oil and NGLs) averaged during the same period a year ago.

During the six months ended June 30, 2026, Artis' production increased 7% to average 12,831 boe/d versus 11,961 boe/d a year ago. During the first half of 2026, production consisted of 10,730 bbls/d of crude oil and NGLs and 12,610 mcf/d of natural gas. Liquids production was 84% of total production.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Revenue				
Crude oil	**121,648**	69,675	**197,787**	146,610
Realized financial derivative gain (loss)	**(17,596)**	3,425	**(21,984)**	2,439
Total crude oil	**104,052**	73,100	**175,803**	149,049
Natural gas	**2,360**	2,285	**4,872**	4,864
Realized financial derivative gain	**482**	-	**895**	-
Total natural gas	**2,842**	2,579	**5,767**	4,864
NGLs	**5,154**	3,203	**8,595**	7,129
Total				
Sales from production	**129,162**	75,163	**211,254**	158,603
Realized financial derivative gain (loss)	**(17,114)**	3,425	**(21,090)**	2,439
Unrealized financial derivative gain (loss)	**23,367**	5,318	**(6,781)**	6,174
Total revenue	**135,415**	83,906	**183,383**	167,216

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Average Prices				
Crude oil *($/bbl)*	**131.27**	84.95	**114.40**	90.27
Realized derivative gain (loss) *($/bbl)*	**(18.99)**	4.18	**(12.71)**	1.51
Total crude oil sales price *($/bbl)*	**112.28**	89.13	**101.69**	91.78
Natural gas *($/mcf)*	**1.94**	1.94	**2.13**	2.21
Realized derivative gain *($/mcf)*	**0.40**	-	**0.40**	-
Total natural gas sales price *($/mcf)*	**2.34**	1.94	**2.53**	2.21
NGLs *($/bbl)*	**44.73**	35.47	**40.31**	41.03
Sales price *($/boe)*	**103.77**	67.89	**90.96**	73.26
Realized derivative gain (loss) *($/boe)*	**(13.75)**	3.09	**(9.08)**	1.13
Total sales price *($/boe)*	**90.02**	70.99	**81.88**	74.39

Artis' production is sold within Canada and the majority is marketed to six 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 second quarter of 2026 sales from production increased 72% to $129.2 million from $75.2 million recorded in the same period of 2025 due mainly to a 53% increase in the Company's commodity pricing and a 12% increase in production and an increase in liquids percentage from 82% to 84% as compared to the previous period. During the second quarter of 2026, Artis realized an average price of $112.28/bbl for crude oil (including a $18.99/bbl realized loss from financial derivative contracts) and $2.34/mcf for natural gas (including a $0.40/mcf realized gain from financial derivative contracts) and $44.73/bbl for NGLs.

For the first six months of 2026, sales from production increased 33% to $211.3 million from $158.6 million in the same period last year due primarily to a 24% increase in commodity pricing and a 7% increase in production and an increase in liquids percentage from 83% to 84%. The Company realized an average price of $101.69/bbl for crude oil (including a $12.71/bbl realized loss from financial derivative contracts) and $2.21/mcf for natural gas (including a $0.40/mcf realized gain from financial derivative contracts) and $41.03/bbl for NGLs .

The following table summarizes the natural gas and crude oil benchmark prices for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
Average Benchmark Prices				
Crude oil – WTI *(US$/bbl)*	**92.79**	63.74	**82.36**	67.58
MSW (Edm) differential *(US$/bbl)*	**2.52**	(2.83)	**(0.62)**	(3.91)
Crude oil – MSW (Edm) par *(CDN$/bbl)*	**131.73**	84.14	**112.56**	89.71
Natural gas – AECO spot				
Daily index *(CDN$/GJ)*	**1.55**	1.60	**1.72**	1.83
Exchange rate *(CDN$/US$)*	**1.38**	1.38	**1.38**	1.41

Artis has been receiving close to posted Edmonton par prices for its crude oil volumes.

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, costless collars and puts 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, 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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
	($)	*($)*	*($)*	*($)*
Realized gain (loss) on financial instruments	**(17,114)**	3,425	**(21,090)**	2,439
Per boe	**(13.75)**	3.09	**(9.08**	1.13
Unrealized gain (loss) on financial instruments	**23,367**	5,318	**(6,781)**	6,174
Per boe	**18.77**	4.80	**(2.92)**	2.85

The Company held the following derivative commodity contracts at June 30, 2026:

Subject of Contract	Notional Quantity	Remaining Term	Reference	Strike Price	Option Traded	Fair Value
						($000s)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.60/bbl	Swap	(364)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.00/bbl	Swap	(92)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$60.08/bbl	Swap	(594)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.48/bbl	Swap	(437)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.85/bbl	Swap	(413)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.25/bbl	Swap	(386)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$64.05/bbl	Swap	(334)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$74.45/bbl	Swap	346
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$64.25/bbl	Swap	(582)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$62.35/bbl	Swap	(830)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$61.44/bbl	Swap	(445)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$63.46/bbl	Swap	(312)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$65.15/bbl	Swap	(202)

Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.40/bbl	Swap	10
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$75.16/bbl	Swap	452
Natural gas	2000 GJ/day	July 1, 2026 – Oct. 31, 2026	AECO CAD$ Daily index (5A)	$2.685/GJ	Swap	365
Natural gas	2000 GJ/day	July 1, 2026 – Dec. 31, 2026	AECO CAD$ Daily index (5A)	$3.06/GJ	Swap	559
Total						(3,259)

Royalties

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Royalties				
Crown	**11,813**	6,533	**17,507**	14,566
Freehold/GORR	**4,836**	1,948	**8,013**	3,830
Total royalties	**16,649**	8,481	**25,520**	18,396
Total royalties *($/boe)*	**13.38**	7.66	**10.99**	8.50
	(%)	*(%)*	*(%)*	*(%)*
% of Revenue				
Crown	**9.1**	8.7	**8.3**	9.2
Freehold/GORR	**3.7**	2.6	**3.8**	2.4
Total	**12.9**	11.3	**12.1**	11.6

For the quarter ended June 30, 2026, the Company recorded $16.6 million in total royalties or 12.9% of revenue versus $8.5 million or 11.3% of revenue a year ago. Approximately 9.1% of total revenue paid in the second quarter of 2026 consisted of Crown royalties and 3.7% of total revenue was paid to freehold and overriding royalty owners ("GORRs") compared to 8.7% and 2.6%, respectively, in the 2025 three-month period. For the first half of 2026, total royalties were $25.5 million or 12.1% of revenue versus $18.4 million or 11.6% of revenue a year ago.

Operating Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Operating expenses	**13,193**	11,210	**24,490**	22,031
Per unit of production *($/boe)*	**10.60**	10.13	**10.55**	10.18

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 labor, equipment rentals, fuel and power as well as emulsion/oil treating charges.

Operating costs were $13.2 million for the second quarter of 2026 compared to $11.2 million recorded a year ago. Operating costs on a per boe basis increased 5% to $10.60/boe from $10.13/boe in 2025.

For the first six months of 2026, operating costs were $24.5 million or $10.55/boe compared to $22.0 million or $10.18/boe in the same period of 2025 which was a 4% increase on a per boe basis.

Transportation Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Transportation expenses	**5,390**	3,998	**9,479**	7,966
Transportation expenses *($/boe)*	**4.33**	3.61	**4.08**	3.68

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 June 30, 2026, transportation costs were $5.4 million or $4.33/boe as compared to $4.0 million or $3.61/boe last year. For the first six months of 2026, transportation costs were $9.5 million or $4.08/boe versus $8.0 million or $3.68/boe a year ago. The increase in transportation costs compared to last year was because of increased diesel costs and fuel surcharges as the price of oil increased because of the Middle East war starting in March 2026.

Operating Netbacks (1)

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
($/boe)	*($)*	*($)*	*($)*	*($)*
Petroleum and natural gas revenues	**103.77**	67.89	**90.96**	73.26
Royalties	**(13.38)**	(7.66)	**(10.99)**	(8.50)
Operating	**(10.60)**	(10.13)	**(10.55)**	(10.18)
Transportation	**(4.33)**	(3.61)	**(4.08)**	(3.68)
Operating netback before realized gain(loss) on derivative instruments	**75.46**	46.50	**65.35**	50.91
Realized gain(loss) on derivative instruments	**(13.75)**	3.09	**(9.08)**	1.13
Operating netback after realized gain(loss) on financial derivatives	**61.71**	49.59	**56.27**	52.03

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

Operating netbacks for the second quarter of 2026 were up 24% from the second quarter of 2025 because realized commodity prices were up 27% inclusive of realized gains (losses) on derivative instruments partially offset by transportation costs that were up 20%.

Operating netbacks for the six months of 2026 were up 8% from the previous year primarily because realized commodity prices were up 10% inclusive of realized gains (losses) on derivative instruments again partially offset by increased transportation costs of 11%.

General and Administrative ("G&A") Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Gross expenses	**3,526**	3,031	**6,730**	6,051
Capitalized expenses	**(1,010)**	(1,080)	**(2,150)**	(2,117)
General and administrative expenses	**2,516**	1,951	**4,580**	3,934
Per unit of production ($/boe)	**2.02**	1.76	**1.97**	1.82

For the three months ended June 30, 2026, G&A expenses totaled $2.5 million compared to $2.0 million recorded in the same period a year ago. For the periods ended June 30, 2026 and 2025, the Company capitalized G&A totaling $1.0 million and $1.1 million, respectively, with regards to administrative overhead and employee compensation directly related to exploration and development activities. G&A expenses increased 15% on a per boe basis for the three-month period mainly as a result of increased consulting fees.

For the six months ended June 30, 2026, G&A expenses totaled $4.6 million compared to $3.9 million recorded in the same period a year ago. For the periods ended June 30, 2026 and 2025, the Company capitalized $2.2 million and $2.1 million, respectively, with regards to administrative overhead and employee compensation directly related to exploration and development activities. G&A expenses increased 8% on a per boe basis for the six-month period again mainly as a result of increased consulting fees.

Share-Based Compensation Expense

	Three Months Ended June 30		Six Months Ended June 30	
	2026	**2025**	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Gross expenses	**4,724**	229	**5,043**	462
Capitalized expenses	**(1,733)**	(101)	**(1,878)**	(205)
Total share-based compensation	**2,991**	128	**3,165**	257

The Company recognizes share-based compensation expense for stock options issued. For the three months ended June 30, 2026, Artis recorded non-cash share-based compensation expense of $3.0 million compared to $0.1 million for the previous period. For the periods ended June 30, 2026 and 2025, the Company capitalized $1.7 million and $0.1 respectively. The Company had non-cash share-based compensation expense of $3.2 million for the first six months of 2026 (2025 – $0.3 million) which was net of capitalized stock-based compensation of $1.9 million (2025 - $0.2 million).

The 2026 increase mainly related to the term on 12.2 million options being extended for approximately one year to June 30, 2027.

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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Interest expense on credit facility	**3,217**	2,832	**6,261**	5,883
Standby fees on credit facility	**265**	206	**430**	394
Interest expense on lease obligations	**10**	30	**23**	61
Accretion of decommissioning obligations	**281**	206	**543**	405

Total finance expenses	**3,773**	3,274	**7,257**	6,743
Per unit of production ($/boe)	**3.03**	2.96	**3.12**	3.11

The Company incurred $3.2 million (2025 - $2.8 million) of interest expense in the second quarter of 2026 and $6.3 million (2025 – $5.9 million) for the six months ended June 30, 2026. The increase in interest expenses was a result of increased debt levels compared to the previous period. The average interest rate for the six-month period was approximately 5.7% as compared to 6.0% in 2025. The Company incurred credit facility stand-by fees of $0.3 million (2025 - $0.2 million) for the quarter ended June 30, 2026 and $0.4 million (2025 - $0.4 million) for the six months ended June 30, 2026. The Company's credit facility was increased to $375 million from $300 million in the second quarter of 2026.

The Company's accretion expense for the three-month period ended June 30, 2026 was $281,000 (2025 - $206,000) and $543,000 (2025 - $405,000) for the six-month period ended June 30, 2026. 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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
D&D expense	**25,499**	23,075	**47,956**	44,997
D&D expense *($/boe)*	**20.49**	20.84	**20.65**	20.78

The Company's D&D expense for the six months ended June 30, 2026 was $48.0 million or $20.65/boe versus $45.0 million or $20.78/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 $3.2 billion (2025 – $3.1 billion) for future development costs associated with proved plus probable undeveloped reserves and excluded $2.9 million (2025 – $2.6 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 Twining/Trochu.

Exploration and Evaluation Expense

For the six months ended June 30, 2026, Artis recorded an exploration and evaluation expense of $0.4 million versus $2.1 million a year ago. Exploration and evaluation expenses related to undeveloped land expiries.

Deferred Income Taxes

For the second quarter and first half of 2026, Artis recorded a deferred income tax expense of $15.7 million and $12.3 million, respectively, compared to $7.3 million and $14.0 million, respectively, for the same periods in 2025. Deferred income taxes for the second quarter increased as a result of the increase in net income compared to the previous period. In 2026, the blended statutory tax rate is 23% (2025 - 23%).

Artis was not subject to any corporate income taxes for 2026 or 2025. The Company has approximately $634 million of income tax pools available for deduction against future taxable income as at June 30, 2026.

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

	Three Months Ended June 30		Six months Ended June 30	
	2026	2025	**2026**	2025
(000s, except per share amounts)	*($)*	*($)*	*($)*	*($)*
Cash provided by operating activities	**64,961**	59,901	**113,592**	133,006
Per share – basic	**0.40**	0.37	**0.71**	0.83
– diluted	**0.39**	0.36	**0.69**	0.81
Adjusted funds flow (1) (2)	**70,827**	49,918	**119,419**	102,458
Per share (1) (2) – basic	**0.44**	0.31	**0.74**	0.64
– diluted	**0.43**	0.30	**0.72**	0.62
Net income	**49,468**	24,396	**48,314**	46,762
Per share – basic	**0.31**	0.15	**0.30**	0.29
– diluted	**0.30**	0.15	**0.29**	0.28

(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 from operations for the six months ended June 30, 2026 increased 17% compared to the previous period primarily due to realized commodity prices being up 10% in 2026 and production increasing 7%. Net income increased approximately 3% to $48.3 million (2025 – $46.8 million) for the first six months of 2026 as the increase in adjusted funds flow was partially offset by the higher unrealized loss on derivative instruments as compared to the previous period.

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

During the second quarter of 2026, the Company invested $82.5 million in total capital expenditures, which included capital expenditures on exploration and evaluation assets as well as property, plant and equipment, compared to $58.4 million a year ago.

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s) (excluding decommissioning liabilities and capitalized share-based compensation)	*($)*	*($)*	*($)*	*($)*
Drilling and completions	**68,429**	50,788	**126,537**	109,728
Equipment and facilities	**7,768**	6,241	**18,941**	19,180
Land and lease retention	**5,265**	272	**9,372**	4,950
Capitalized G&A and other	**1,009**	1,131	**2,148**	2,183
Total capital expenditures (1)	**82,471**	58,432	**156,998**	136,041

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

During the second quarter of 2026, the Company incurred $68.4 (2025 – $50.8 million) in drilling and completion expenditures that involved the drilling of 10 (10.0 net) horizontal oil wells and 9 (9.0 net) completions as compared to the drilling of 7 (7.0 net) horizontal oil wells and 6 (6.0 net) completions during the second quarter of 2025. Equipping and facilities expenditures for the three months ended June 30, 2026 were $7.8 million (2025 - $6.2 million) which included $3.1 million (2025 - $1.9 million) for major facilities and pipelines. During the second quarter period, the Company invested $6.3 million on land as well as capitalized G&A and other corporate assets versus $1.4 million for the same period of 2025.

Drilling and completion expenditures totaled $126.5 million for the six months ended June 30, 2026, (2025 – $109.7 million) that involved the drilling of 15 (15.0 net) and completion of 17 (17.0 net) horizontal oil wells as compared to the drilling of 15 (15.0 net) horizontal oil wells and 12 (12.0 net) completions during the first half of 2025. Equipping and facilities expenditures for the six months ended June 30, 2026 was $18.9 million (2025 - $19.2 million) which included $7.2 million (2025 - $8.1 million) for major facilities and pipelines. During the 2026 six-month period, the Company invested $11.5 million on land as well as capitalized G&A and other corporate assets versus $7.1 million for the same period of 2026.

Drilling Activity

	Total Gross	Total Net
	(#)	*(#)*
Six Months Ended June 30, 2026		
Crude oil (horizontal)	**15**	**15.0**
Total wells	**15**	**15.0**
Average working interest *(%)*		**100**
Six Months Ended June 30, 2025		
Crude oil (horizontal)	15	15.0
Total wells	15	15.0
Average working interest *(%)*		100

Share Capital

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*(#)*	*(#)*	*(#)*	*(#)*
Weighted Average Shares Outstanding				
Basic	**160,761**	160,541	**160,761**	160,541
Diluted	**165,742**	164,790	**165,742**	164,790
Outstanding Securities				
Common shares	**160,761**	160,541	**160,761**	160,541
Performance warrants	**22,117**	21,885	**22,117**	21,885
Options	**16,009**	14,713	**16,009**	14,713
Retention awards	**1,108**	308	**1,108**	308

As at August 12, 2026, Artis had outstanding 160,750,856 common shares, 16,009,000 stock options with an average exercise price of $2.19 per share, 22,117,000 share purchase warrants with an average exercise price of $2.70 per share and 1,107,500 retention awards 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 financial liabilities on the statement of financial position include accounts payable and accrued liabilities, lease obligations, decommissioning obligations and bank debt. 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 $375 million 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 June 30, 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 are 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, lease obligations and decommissioning 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 June 30, 2026, Artis' ratio of net debt to annualized funds flow was 0.9 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, lease obligations and asset retirement 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 0.76 to 1 as at June 30, 2026. In April 2026, the Company's credit facility was increased to $375 million.

	June 30 2026	December 31, 2025
(000s)	*($)*	*($)*
Current assets	**44,549**	29,823
Current liabilities	**(70,549)**	(21,441)
Exclude - Derivative financial instruments	**3,259**	(3,522)
Exclude - Current portion of lease obligations	**252**	766
Exclude - Current portion of asset retirement obligations	**75**	75
Working capital (deficiency) (1)	**(22,414)**	5,701
Bank debt	**(241,645)**	(231,629)
Net debt (1)	**(264,059)**	(225,928)

Annualized funds flow for three months ended:	**June 30, 2026**	December 31, 2025
Net cash from operating activities	**64,961**	46,478
Change in non-cash working capital	**5,865**	521
Decommissioning obligations	**-**	73
Adjusted funds flow (1)	**70,826**	47,072
Annualized adjusted funds flow	**283,304**	188,287
Net debt to annualized adjusted funds flow	**0.9**	1.2
Credit facility available	**375,000**	300,000
Net debt to credit facility available	**76%**	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 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.

Credit Facility

At June 30, 2026, the Company had a revolving line of credit of $325 million and an operating line of credit of $50 million for a total facility of $375 million (collectively, the "Facility") (December 31, 2025 - $300 million) of which $241.6 million (December 31, 2025 – $231.6 million) has been drawn against the Facility.

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 using the Company's trailing four quarters basis for cash flow. 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 June 30, 2026 the Company's applicable pricing included a 2.25 percent margin on prime lending, a 3.25 percent margin on CORRA and SOFR based 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 June 30, 2026.

Selected Quarterly Information

Below is summarized quarterly information for the previous eight quarters.

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	**Q2 2026**
(000s, except per share amounts) (unaudited)	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*	*($)*
Petroleum and natural gas revenues	88,799	90,960	83,440	75,163	75,260	70,256	82,092	**129,162**
Cash flow from operating activities	68,282	46,817	73,106	59,901	25,010	46,478	48,631	**64,961**
Per diluted share	0.41	0.28	0.44	0.37	0.15	0.28	0.29	**0.39**
Adjusted funds flow (1)	58,197	62,338	52,540	49,918	47,592	47,072	48,592	**70,826**
Per diluted share	0.35	0.38	0.32	0.31	0.29	0.28	0.29	**0.43**
Net income	27,579	22,875	22,366	24,396	15,179	16,537	(1,154)	**49,468**
Per share – basic	0.17	0.14	0.14	0.15	0.09	0.10	(0.01)	**0.31**
– diluted	0.17	0.14	0.13	0.15	0.09	0.10	(0.01)	**0.30**
Weighted average shares Basic	160,503	160,534	160,541	160,541	160,751	160,761	160,761	**160,761**
Capital expenditures (1)	59,660	42,226	77,609	58,432	43,146	36,774	74,527	**82,471**
Net debt (1)	225,944	206,112	231,510	240,358	235,910	225,928	252,196	**264,059**
Shareholders' equity	761,671	784,969	807,567	832,192	851,064	868,143	867,308	**921,500**
Production								
Crude oil *(bbls/d)*	9,283	9,763	8,932	9,013	8,817	9,022	8,913	**10,183**
Natural gas *(mcf/d)*	13,418	12,039	11,372	12,960	14,132	12,387	11,837	**13,374**
NGLs *(bbls/d)*	944	950	927	992	1,060	1,144	1,089	**1,266**
Total *(boe/d)*	12,463	12,719	11,754	12,166	12,232	12,230	11,974	**13,679**
Liquids *(%)*	82	84	84	82	81	83	84	**84**
Average wellhead prices								
Crude oil *($/bbl)*	98.88	95.02	95.71	84.95	87.22	77.43	94.92	**131.27**
Natural gas *($/mcf))*	0.81	1.74	2.52	1.94	0.75	2.61	2.36	**1.94**
NGLs *($/bbl)*	38.60	42.20	47.04	35.47	36.24	28.61	35.11	**44.73**
Total *($/boe)*	77.45	77.73	78.87	67.89	66.88	62.44	76.17	**103.77**
Royalties *($/boe)*	(9.46)	(8.69)	(9.37)	(7.66)	(6.82)	(4.12)	(8.23)	**(13.38)**
Operating costs *($/boe)*	(9.34)	(9.10)	(10.23)	(10.13)	(10.69)	(11.54)	(10.48)	**(10.60)**
Transportation costs *($/boe)*	(3.37)	(3.60)	(3.75)	(3.61)	(3.63)	(3.62)	(3.79)	**(4.33)**
Operating netback before derivatives *($/boe)* (1)	55.29	56.34	55.52	46.50	45.74	43.15	53.67	**75.46**
Gain (loss) on derivatives	0.83	1.74	(0.93)	3.09	1.20	3.34	(3.69)	**(13.75)**
Operating netback after derivatives *($/boe)* (1)	56.11	58.08	54.59	49.59	46.94	46.50	49.98	**61.71**

(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 June 30, 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.

Non-GAAP Financial Measures

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 are 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 June 30		Six months ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Net cash used in investing activities (per GAAP)	**61,027**	88,678	**123,056**	143,107
Change in non-cash working capital (deficit)	**21,444**	(30,246)	**33,942**	(7,066)
Total capital expenditures	**82,471**	58,432	**156,998**	136,041

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 June 30		Six months ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Petroleum and natural gas revenues	**129,162**	75,163	**211,254**	158,603
Realized gain (loss) on derivative instruments	**(17,114)**	3,425	**(21,090)**	2,439
Royalties	**(16,649)**	(8,481)	**(25,520)**	(18,396)
Operating	**(13,193)**	(11,210)	**(24,490)**	(22,031)
Transportation	**(5,390)**	(3,998)	**(9,479)**	(7,966)
Operating netback	**76,816**	54,899	**130,675**	112,648

Non-GAAP Ratios

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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
Revenue				
Crude oil *($/bbl)*	**131.27**	84.95	**114.40**	90.27
Natural gas *($/mcf))*	**1.94**	1.94	**2.13**	2.21
NGLs *($/bbl)*	**44.73**	35.47	**40.31**	41.03
Production revenue *($/boe)*	**103.77**	67.89	**90.96**	73.26
Expenses				
Royalties *($/boe)*	**(13.38)**	(7.66)	**(10.99)**	(8.50)
Operating *($/boe)*	**(10.60)**	(10.13)	**(10.55)**	(10.18)
Transportation *($/boe)*	**(4.33)**	(3.61)	**(4.08)**	(3.68)
Operating netback before realized gain (loss) on financial derivatives *($/boe)*	**75.46**	46.50	**65.35**	50.91
Realized gain (loss) on financial derivatives *($/boe)*	**(13.75)**	3.09	**(9.08)**	1.13
Operating netback after realized gain on financial derivatives *($/boe)*	**61.71**	49.59	**56.27**	52.03

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 diluted share is calculated using adjusted funds flow divided by the weighted diluted basic shares outstanding.

Capital Management Measures

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 liabilities less current assets (adjusted for fair value of derivative financial instruments, current lease liabilities and current asset retirement obligations). A summary of the composition of adjusted working capital is set out below:

Three Months Ended June 30,	**2026**	2025
(000s)	*($)*	*($)*
Working capital deficiency	**26,000**	3,230
Exclude - Derivative financial instruments	**(3,259)**	5,207
Exclude – Current portion of lease obligations	**(252)**	(662)
Exclude - Current portion of asset retirement obligations	**(75)**	(71)
Adjusted working capital deficiency	**22,414**	7,704

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 capital. A summary of the composition of net debt, is set out below:

Three Months Ended June 30,	**2026**	2025
(000s)	*($)*	*($)*
Adjusted working capital deficiency	**22,414**	4,692
Bank debt	**241,645**	219,582
Net debt	**264,059**	224,274

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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Net cash from operating activities	**64,961**	59,901	**113,592**	133,006
Changes in non-cash working capital	**5,865**	(9,983)	**5,827**	(30,548)
Adjusted funds flow	**70,826**	49,918	**119,419**	102,458

<u>Supplementary Financial Measures</u>

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.

ARTIS EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

As at	**June 30, 2026**	December 31, 2025
(000s) (unaudited)	*($)*	*($)*
Assets		
Current assets		
Trade and other receivables	**38,993**	23,795
Prepaid expenses and deposits	**5,556**	2,506
Derivative financial instruments *(note 4)*	**-**	3,522
	44,549	29,823
Non-current assets		
Property, plant and equipment *(note 5)*	**1,348,662**	1,242,606
Exploration and evaluation assets *(note 6)*	**26,045**	19,386
	1,374,707	1,261,992
Total assets	**1,419,256**	1,291,815
Liabilities		
Current liabilities		
Accounts payables and accrued liabilities	**66,963**	20,600
Derivative financial instruments *(note 4)*	**3,259**	75
Decommissioning obligations *(note 8)*	**75**	766
Lease obligations *(note 9)*	**252**	-
	70,549	21,441
Non-current liabilities		
Bank debt *(note 7)*	**241,645**	231,629
Decommissioning obligations *(note 8)*	**28,238**	25,525
Lease obligations *(note 9)*	**6**	21
Deferred tax liability	**157,318**	145,056
	427,207	402,231
Total liabilities	**497,756**	423,672
Equity		
Share capital *(note 10)*	**373,916**	373,916
Contributed surplus	**41,418**	36,375
Retained earnings	**506,166**	457,852
Total equity	**921,500**	868,143
Total liabilities and equity	**1,419,256**	1,291,815

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

ARTIS EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s, except per share amounts) (unaudited)	*($)*	*($)*	*($)*	*($)*
Revenue				
Petroleum and natural gas revenues *(note 11)*	**129,162**	75,163	**211,254**	158,603
Royalties	**(16,649)**	(8,481)	**(25,520)**	(18,396)
Realized gain (loss) on derivative instruments *(note 4)*	**(17,114)**	3,425	**(21,090)**	2,439
Unrealized gain (loss) on derivative instruments *(note 4)*	**23,367**	5,318	**(6,781)**	6,174
Interest and other income	**7**	9	**14**	20
	118,773	75,434	**157,877**	148,840
Expenses				
Operating	**13,193**	11,210	**24,490**	22,031
Transportation	**5,390**	3,998	**9,479**	7,966
General and administrative	**2,516**	1,951	**4,580**	3,934
Share-based compensation	**2,991**	128	**3,165**	257
Exploration and evaluation	**275**	75	**375**	2,104
Depletion and depreciation	**25,499**	23,075	**47,956**	44,997
Finance *(note 12)*	**3,773**	3,274	**7,257**	6,743
	53,637	43,712	**97,302**	88,032
Income before income taxes	**65,136**	31,722	**60,575**	60,808
Deferred income tax expense	**15,668**	7,326	**12,261**	14,046
Income and comprehensive income for the period	**49,468**	24,396	**48,314**	46,762
Income per share *(note 13)*				
Basic	**0.31**	0.15	**0.30**	0.29
Diluted	**0.30**	0.15	**0.29**	0.28

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

ARTIS EXPLORATION LTD.
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	-	-	5,043	-	5,043
Income for the period	-	-	-	48,314	48,314
Balance – June 30, 2026	**160,761**	**373,916**	**41,418**	**506,166**	**921,500**

	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
(000s)(unaudited)	*(#)*	*($)*	*($)*	*($)*	*($)*
Balance – January 1, 2025	**160,541**	**373,373**	**32,222**	**379,374**	**784,969**
Share-based payments	-	-	461	-	461
Income for the period	-	-	-	46,762	46,762
Balance – June 30, 2025	**160,541**	**373,373**	**32,683**	**426,135**	**832,192**

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

ARTIS EXPLORATION LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s) (unaudited)	*($)*	*($)*	*($)*	*($)*
Cash flows from operating activities				
Net income	**49,468**	24,396	**48,314**	46,762
Adjustments for:				
Depletion and depreciation *(note 5)*	**25,499**	23,075	**47,956**	44,997
Exploration and evaluation *(note 6)*	**275**	75	**375**	2,104
Interest on lease obligations *(note 9)*	**11**	30	**23**	61
Unrealized loss (gain) on derivative instruments	**(23,367)**	(5,318)	**6,781**	(6,174)
Deferred income tax expense	**15,668**	7,326	**12,261**	14,046
Accretion of decommissioning obligations *(note 8)*	**281**	206	**543**	405
Share-based compensation	**2,991**	128	**3,165**	257
Change in non-cash working capital	**(5,865)**	9,983	**(5,827)**	30,548
	64,961	59,901	**113,592**	133,006
Cash flows from investing activities				
Property, plant and equipment expenditures *(note 5)*	**(77,291)**	(58,244)	**(149,964)**	(131,250)
Additions to exploration and evaluation assets *(note 6)*	**(5,180)**	(188)	**(7,034)**	(4,791)
Change in non-cash working capital	**21,444**	(30,246)	**33,942**	(7,066)
	(61,027)	(88,678)	**(123,056)**	(143,107)
Cash flows from financing activities				
Increase (decrease) in bank debt *(note 7)*	**(3,716)**	29,111	**10,016**	10,763
Payments on lease obligations *(note 9)*	**(218)**	(334)	**(552)**	(662)
	(3,934)	28,777	**9,464**	10,101
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.

CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS

Six Months Ended June 30, 2026
(unaudited)
(Tabular amounts are stated in thousands of dollars, except share and per share amounts)

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 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.

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 August 12, 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).

At June 30, 2026, the Company held derivative commodity contracts as follows:

Subject of Contract	Notional Quantity	Remaining Term	Reference	Strike Price	Option Traded	Fair Value
						($000s)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.60/bbl	Swap	(364)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.00/bbl	Swap	(92)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$60.08/bbl	Swap	(594)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.48/bbl	Swap	(437)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$62.85/bbl	Swap	(413)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$63.25/bbl	Swap	(386)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$64.05/bbl	Swap	(334)
Crude oil	500 bbls/day	July 1, 2026 – Sept. 30, 2026	NYMEX – WTI US$	$74.45/bbl	Swap	346
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$64.25/bbl	Swap	(582)
Crude oil	500 bbls/day	July 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$62.35/bbl	Swap	(830)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$61.44/bbl	Swap	(445)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$63.46/bbl	Swap	(312)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$65.15/bbl	Swap	(202)
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$68.40/bbl	Swap	10
Crude oil	500 bbls/day	Oct. 1, 2026 – Dec. 31, 2026	NYMEX – WTI US$	$75.16/bbl	Swap	452
Natural gas	2000 GJ/day	July 1, 2026 – Oct. 31, 2026	AECO CAD$ Daily index (5A)	$2.685/GJ	Swap	365
Natural gas	2000 GJ/day	July 1, 2026 – Dec. 31, 2026	AECO CAD$ Daily index (5A)	$3.06/GJ	Swap	559
Total						(3,259)

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 net 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 June 30, 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 are 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, decommissioning 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 June 30, 2026, Artis' ratio of net debt to annualized funds flow was 0.9 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, decommissioning 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 0.76 to 1 as at June 30, 2026. In April 2026, the Company's credit facility was increased to $375 million.

	June 30 2026	December 31, 2025
(000s)	*($)*	*($)*
Current assets	**44,549**	29,823
Current liabilities	**(70,549)**	(21,441)
Exclude derivative financial instruments	**3,259**	(3,522)
Exclude current portion of lease obligations	**252**	766
Exclude current portion of asset retirement obligations	**75**	75
Working capital (deficiency)	**(22,414)**	5,701
Bank debt	**(241,645)**	(231,629)
Net debt [(1)]	**(264,059)**	(225,928)

Annualized funds flow for three months ended:	June 30, 2026	December 31, 2025
Net cash from operating activities	**64,961**	46,478
Change in non-cash working capital	**5,865**	521
Decommissioning obligations	**-**	73
Adjusted funds flow [(1)]	**70,826**	47,072
Annualized adjusted funds flow	**283,304**	188,287
Net debt to annualized adjusted funds flow [(1)]	**0.9**	1.2
Credit facility available	**375,000**	300,000
Net debt to credit facility available	**76%**	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 debt – note 7).

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	149,964
Capitalized share-based compensation	1,878
Change in decommissioning obligations	2,170
Balance – June 30, 2026	**1,829,699**

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	47,956
Balance – June 30, 2026	**481,037**

Carrying amounts	
June 30, 2026	**1,348,662**
December 31, 2025	1,242,606

Depletion and Depreciation

The calculation of 2026 depletion and depreciation expense included an estimated $3.2 billion (2025 – $3.1 billion) for future development costs associated with proved plus probable undeveloped reserves and excluded $2.9 million (2025 – $2.6 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 earnings.

Capitalization of G&A and Share-Based Compensation

A total of $2.1 million in G&A expenditures have been capitalized and included in PP&E assets at June 30, 2026 (2025 – $2.1 million). Also included in PP&E are non-cash share-based payments of $1.9 million (2025 – $0.2 million).

Impairment Assessment

In accordance with IFRS, an impairment test is performed if the Company identifies an indicator of impairment. At June 30, 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	7,034
Impairments	(375)
Balance – June 30, 2026	**26,045**

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. Bank Debt

At June 30, 2026, the Company had a revolving line of credit of $325 million and an operating line of credit of $50 million for a total facility of $375 million (collectively, the “Facility”) (December 31, 2025 - $300 million) of which $241.6 million (December 31, 2025 – $231.6 million) has been drawn against the Facility.

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 using the Company’s trailing four quarters basis for cash flow. 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 June 30, 2026 the Company’s applicable pricing included a 2.25 percent margin on prime lending, a 3.25 percent margin on CORRA and SOFR based 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	2,170
Accretion of decommissioning obligation	543
Balance – June 30, 2026	**28,313**

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 $28.3 million as at June 30, 2026 (December 31, 2025– $25.6 million) based on an undiscounted inflated total future liability of $40.8 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%).

9. Lease obligations

Right-of-use assets

(000s)	
	($)
As at December 31, 2024	**1,075**
Additions	654
Depreciation	(1,048)
As at December 31, 2025	**681**
Additions	-
Depreciation	(462)
As at June 30, 2026	**219**

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	23
Lease payments	(552)
As at June 30, 2026	**258**

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

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

	Shares	Amount
(000s)	*(#)*	*($)*
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 June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Oil production	**121,648**	69,975	**197,787**	146,610
Gas production	**2,360**	2,285	**4,872**	4,864
NGLs production	**5,154**	3,203	**8,595**	7,129
Total revenue	**129,162**	75,163	**211,254**	158,603

12. Finance Expenses

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*($)*	*($)*	*($)*	*($)*
Interest expense	**3,492**	3,068	**6,714**	6,338
Accretion of decommissioning obligations	**281**	206	**543**	405
Finance expenses	**3,773**	3,274	**7,257**	6,743

13. Income Per Share

Basic income per share was calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*(#)*	*(#)*	*(#)*	*(#)*
Weighted average number of common shares - basic	**160,761**	160,541	**160,761**	160,541
Effects of shares issued	**-**	-	**-**	-
Weighted average number of common shares - basic	**160,761**	160,541	**160,761**	160,541

Diluted earnings per share was calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	**2026**	2025
(000s)	*(#)*	*(#)*	*(#)*	*(#)*
Weighted average number of common shares – basic	**160,761**	160,541	**160,761**	160,541
Effects of options in-the-money	**4,981**	4,249	**4,981**	4,249
Weighted average number of common shares – diluted	**165,742**	164,790	**165,742**	164,790

In computing diluted earnings per share for the period ended June 30, 2026, 4,981,000 (June 30, 2025 – 4,249,000) 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 20,211,000 (June 30, 2025 – 19,871,000) options and warrants 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 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 a 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 ELOC financing being 88,506,734 common shares. The outstanding performance warrants of the Company are exercisable for a 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 June 30, 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**	**0.5**
1.57	**5,180**	**1.57**	**0.5**
2.02	**798**	**2.02**	**0.5**
2.50	**3,916**	**2.50**	**3.4**
2.70	**760**	**2.70**	**0.5**
2.92	**910**	**3.15**	**0.5**
2.97	**2,670**	**2.97**	**0.5**
	16,009	**2.19**	**1.3**

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	**4,423**	**2.03**	**0.5**
2.37	**4,423**	**2.37**	**0.5**
2.70	**4,423**	**2.70**	**0.5**
3.03	**4,423**	**3.03**	**0.5**
3.38	**4,423**	**3.38**	**0.5**
	22,117	**2.70**	**0.5**

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 RAs outstanding at June 30, 2026.