Yangarra Resources Ltd.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

Yangarra Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

		March 31 2024		December 31 2023
		(unaudited)		(audited)
Assets				
Current				
Accounts receivable *(note 10)*	**$**	**34,929**	$	30,092
Prepaid expenses and inventory		**9,415**		8,918
Commodity contracts *(note 10)*		–		572
Total current assets		**44,344**		39,582
Non-current				
Property and equipment *(note 2)*		**766,605**		759,967
Exploration and evaluation assets		**35,668**		35,668
Total assets	**$**	**846,617**	$	835,217
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**36,155**	$	36,599
Bank debt *(note 3)*		–		1,057
Commodity contracts *(note 10)*		**1,339**		997
Current portion of lease obligations *(note 4)*		**1,133**		1,151
Current portion of decommissioning liability *(note 5)*		**513**		513
Total current liabilities		**39,140**		40,317
Non-current				
Bank debt *(note 3)*		**117,337**		120,000
Lease obligations *(note 4)*		**967**		1,231
Other liabilities		**953**		953
Decommissioning liability *(note 5)*		**15,555**		15,469
Deferred tax liability		**123,711**		120,649
Total liabilities		**297,663**		298,619
Shareholders' equity				
Share capital *(note 6)*		**197,013**		192,715
Contributed surplus		**31,182**		32,154
Retained earnings		**320,759**		311,729
Total shareholders' equity		**548,954**		536,598
Total liabilities and shareholders' equity	**$**	**846,617**	$	835,217

Contingency *(note 14)*

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

Yangarra Resources Ltd.
Condensed Interim Consolidated Statements of Income and Comprehensive Income
For the three months ended March 31
(unaudited, in thousands of Canadian dollars except per share amounts)

		2024		2023
Revenue				
Petroleum and natural gas sales *(note 13)*	**$**	**40,425**	$	49,055
Royalties		**(2,632)**		(5,228)
		37,793		43,827
Commodity price risk contracts *(note 10)*				
Loss on commodity contract settlement		**(665)**		(40)
Unrealized change in fair value of commodity contracts		**(914)**		(22)
		36,214		43,765
Expenses				
Production		**6,358**		7,822
Transportation		**1,734**		1,512
General and administrative		**1,887**		1,579
Finance *(note 12)*		**3,580**		3,044
Share-based compensation *(note 7)*		**862**		458
Depletion and depreciation *(note 2)*		**9,701**		9,891
		24,122		24,306
Income before tax		**12,092**		19,459
Deferred tax expense		**3,062**		4,550
Net income and total comprehensive income	**$**	**9,030**	$	14,909
Earnings per share *(note 8)*				
Basic	**$**	**0.09**	$	0.17
Diluted	**$**	**0.09**	$	0.16

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

(unaudited, in thousands of Canadian dollars)

		2024		2023
Share capital *(note 6)*				
Balance, beginning of period	**$**	**192,715**	$	179,688
Equity financing		–		13,994
Share issue costs		–		(981)
Exercise of stock options		**2,093**		–
Fair value transferred on exercise of stock options		**977**		–
Fair value transferred on vesting of Restricted Share Units (“RSUs”)		**1,228**		–
Balance, end of period		**197,013**		192,701
Contributed surplus				
Balance, beginning of period		**32,154**		28,821
Share-based compensation *(note 7)*		**1,233**		947
Fair value transferred on exercise of stock options		**(977)**		–
Fair value transferred on vesting of RSUs		**(1,228)**		–
Balance, end of period		**31,182**		29,768
Retained earnings				
Balance, beginning of period		**311,729**		265,065
Net income		**9,030**		14,909
Balance, end of period		**320,759**		279,974
Total shareholders’ equity	**$**	**548,954**	$	502,443

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

Yangarra Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31
(in thousands of Canadian dollars)

	2024	2023
Operating		
Net income for the period	$ **9,030**	$ 14,909
Add back non-cash items:		
Unrealized change in fair value of commodity contracts	**914**	22
Finance expense *(note 12)*	**3,580**	3,044
Share-based compensation *(note 7)*	**862**	458
Depletion and depreciation *(note 2)*	**9,701**	9,891
Deferred tax expense	**3,062**	4,550
Cash interest and finance costs paid *(note 12)*	**(2,889)**	(2,806)
Change in non-cash working capital *(note 9)*	**(2,136)**	3,880
Net cash flow from operating activities	**22,124**	33,948
Financing		
Issue of common shares *(note 6)*	–	17,250
Share issue costs *(note 6)*	–	(1,269)
Exercise of stock options *(note 6)*	**2,093**	–
Bank debt repayment *(note 3)*	**(3,910)**	(10,545)
Lease obligation repayment *(note 4)*	**(565)**	(230)
Lease interest paid *(note 12)*	**(89)**	(54)
Repayment of other liabilities	–	(72)
Net cash flow (used in) from financing activities	**(2,471)**	5,080
Investing		
Additions to property and equipment *(note 2)*	**(16,011)**	(32,490)
Additions to exploration and evaluation assets	–	(264)
Change in non-cash working capital *(note 9)*	**(3,642)**	(2,773)
Net cash flow used in investing activities	**(19,653)**	(35,527)
Change in cash	**–**	3,501
Cash, beginning of period	**–**	–
Cash, end of period	$ **–**	$ 3,501

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

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

1. Basis of preparation and statement of compliance and authorization

Yangarra Resources Ltd. ("Yangarra" or the "Company") is a publicly-traded company involved in the production, exploration and development of resource properties in Western Canada. The address of the registered office is 1530, 715 – 5 Avenue SW, Calgary Alberta, T2P 2X6. These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Yangarra Resources Corp., Yangarra Production Partnership and Yangarra Holding Corp., after the elimination of intercompany transactions and balances

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 30, 2024.

Statement of compliance and authorization:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Statement of compliance and authorization:

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting on a basis consistent with the accounting, estimation and judgement policies described in the Company's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Annual Financial Statements"). These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, stock options and RSUs which are recognized at fair value. All financial information is reported in Canadian dollars, unless otherwise noted. Certain information and disclosures normally included in the notes to the Annual Financial Statements prepared in accordance with IFRS Accounting Standards have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Annual Financial Statements.

2. Property and equipment

	Oil and Natural Gas Interests	*Well and Plant Equipment*	*Other Assets*	*Total*
Cost				
Balance, December 31, 2023	$ 891,024	$ 167,466	$ 19,359	$ 1,077,849
Cash additions	14,539	739	733	16,011
Share-based compensation *(note 7)*	371	–	–	371
Decommissioning liability *(note 5)*	(43)	–	–	(43)
Balance, March 31, 2024	**$ 905,891**	**$ 168,205**	**$ 20,092**	**$ 1,094,188**
Depletion and depreciation				
Balance, December 31, 2023	$ 282,156	$ 24,053	$ 11,673	$ 317,882
Depletion and depreciation	8,073	690	618	9,381
ROU asset depreciation	–	–	320	320
Balance, March 31, 2024	**$ 290,229**	**$ 24,743**	**$ 12,611**	**$ 327,583**
At December 31, 2023	$ 608,868	$ 143,413	$ 7,686	$ 759,967
At March 31, 2024	**$ 615,662**	**$ 143,462**	**$ 7,481**	**$ 766,605**

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

2. Property and equipment (continued)

At March 31, 2024, all of the Company's properties are pledged as security for the bank debt (note 3). The calculation of depletion for the three months ended March 31, 2024 included estimated future development costs of $619,288 (2023 – $635,300) associated with the development of the Company's proved plus probable reserves.

Cash additions for the three months ended March 31, 2024 include $149 (2023 – $402) of recoveries related to the Company's working interest in operated capital expenditure programs on which overhead has been charged in accordance with standard industry operating agreements and $200 (2023 – $138) of capitalized salaries and consulting expenses directly related to geological, drilling and completions.

Included in property and equipment at March 31, 2024 is $3,061 (December 31, 2023 – $3,381) of right-of-use ("ROU") assets associated with the Company's lease obligations.

Impairment

As at March 31, 2024 or December 31, 2023 there were no indicators of impairment for the Company's CGU.

3. Bank debt

At March 31, 2024, the maximum amount available under the syndicated credit facility was $130,000 (December 31, 2023 – $135,000) comprised of a $105,000 (December 31, 2023 – $110,000) extendable revolving term credit facility and a $25,000 (December 31, 2023 – $25,000) operating facility. The credit facility will reduce by $5,000 per quarter through to September 30, 2024, at which point the facility will remain at $120,000. The amount available under these facilities is re-determined at least twice a year and is primarily based on the Company's oil and gas reserves, the syndicate of lending institutions' forecast commodity prices, the current economic environment and other factors as determined by the syndicate (the "Borrowing Base"). If the total advances made under the credit facilities are greater than the re-determined Borrowing Base, the Company has 60 days to repay any shortfall. The facilities last for a 364-day period and will be subject to the next 364-day extension by May 31, 2024. If not extended by May 31, 2024, the facilities will cease to revolve, and all outstanding balances will become repayable on May 31, 2025.

Balance, December 31, 2023	$	121,057
Repayment		**(3,910)**
Accretion of debt transaction costs		**190**
Balance, March 31, 2024	**$**	**117,337**
Current		–
Non-current	**$**	**117,337**

As at March 31, 2024, the $117,337 (December 31, 2023 – $121,057) reported amount of bank debt was comprised of $13,894 (December 31, 2023 – $12,908) drawn on the operating facility and $104,243 (December 31, 2023 – $109,139) drawn on the revolving facility and net of unamortized transaction costs of $800 (December 31, 2023 – $990).

The Company is subject to a financial covenant requiring an adjusted working capital ratio above 1:1 (current assets plus the undrawn availability under the revolving facility, divided by the current liabilities less the drawn portion of the revolving facility and excluding unrealized commodity contracts). The Company was in compliance with this covenant as at March 31, 2024 and December 31, 2023. The facilities are secured by a general security agreement over all assets of the Company. The Company is required to ensure that not less than 50% of the forecasted daily production for the July 2023 – June 2024 twelve-month period is hedged. Thereafter, the Company is required to ensure that not less than 20% of the forecasted daily production for the July 2024 – December 2024 six-month period is hedged. The Company is in compliance with the hedging requirements.

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

3. Bank debt (continued)

The total standby fees on the revolving facility range, depending on the debt to EBITDA ratio, between 200 bps to 400 bps on bank prime borrowings and between 300 bps and 500 bps on bankers' acceptances. The undrawn portion of the revolving facility is subject to a standby fee in the range of 75 bps to 125 bps. During the three months ended March 31, 2024, the weighted average effective interest rate for the bank debt was approximately 9.34% (three months ended March 31, 2023 – 8.35%).

Subsequent to March 31, 2024, the Company has completed its annual borrowing base review, and the syndicated senior credit facility has been confirmed at $130 million. The term out date has been extended to May 30, 2025, and the maturity date has been extended to May 30, 2026. The mandatory quarterly repayments of $5 million have been removed.

4. Lease obligations

The Company incurs lease payments related to the oil hauling fleet, operator/crew trucks and the head office. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased asset.

Balance, December 31, 2023	$	2,382
Lease payments		**(565)**
Accretion		**283**
Balance, March 31, 2024	**$**	**2,100**
Current	**$**	**1,133**
Non-current	**$**	**967**
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**$**	**1,133**
One to five years		**1,383**
Total undiscounted lease obligations		**2,516**
Unrecognized imputed interest		**(416)**
Total lease obligation	**$**	**2,100**

5. Decommissioning liability

The following table presents the reconciliation of the carrying amount of the liability associated with the decommissioning of the Company's property and equipment:

Balance, December 31, 2023	$	15,982
Liabilities incurred		**238**
Effect of change in estimates		**(281)**
Accretion		**129**
Balance, March 31, 2024	**$**	**16,068**
Current	**$**	**513**
Non-current	**$**	**15,555**

The current portion of decommissioning liability relates to wells the Company plans to abandon and reclaim in the next 12 months as part of the Alberta Energy Regulator's mandatory spend target.

The following significant assumptions were used to estimate the decommissioning liability:

Undiscounted cash flows	**$**	**21,066**
Discount rate		**3.34% - 4.17%**
Inflation rate		**2%**
Weighted average expected timing of cash flows		**5.8 years**

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

6. Share capital

Issued common shares	*Number of shares*		*Amount*
Balance, December 31, 2023	94,801	$	192,715
Vested RSUs	460		1,228
Exercise of stock options	3,473		2,093
Fair value transferred on exercise of stock options	–		977
Balance, March 31, 2024	**98,734**	**$**	**197,013**

7. Share-based compensation

In the three months ended March 31, 2024 the Company issued 4,893 (2023 – 1,590) RSUs that vest equally over 3 years. The RSUs are exercisable in either cash or shares at the option of the Company. As it is the Company's intention to settle in shares, the RSUs are treated as share-based compensation with a fair value on the date of issue of $1.11 (2023 – $2.67) per RSU.

The following table provides a continuity of RSUs outstanding:

	Number of RSUs
Balance, December 31, 2023	1,590
Granted	**4,893**
Vested	**(460)**
Cancelled	**(230)**
Balance, March 31, 2024	**5,793**

The following table provides a continuity of stock options outstanding:

	Number of stock options	*Weighted – average exercise price*
Balance, December 31, 2023	7,604	$1.08
Exercised	**(3,473)**	**(0.60)**
Cancelled	**(1,152)**	**(2.29)**
Balance, March 31, 2024	**2,979**	**$1.16**

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

7. Share-based compensation (continued)

The following provides a summary of the stock options outstanding as at March 31, 2024:

Range of exercise price	*Number outstanding*	*Weighted-average remaining contractual life (years)*	*Weighted-average exercise price*	*Number exercisable*	*Weighted-average exercise price*
$ 0.45 – $ 0.49	5	1.50	$ 0.45	5	$ 0.45
$ 0.50 – $ 1.00	1,555	1.45	0.60	1,555	0.60
$ 1.01 – $ 1.50	895	2.16	1.35	895	1.35
$ 1.51 – $ 2.00	15	2.63	1.65	15	1.65
$ 2.00 – $ 2.50	221	3.07	2.45	191	2.45
$ 2.51 – $ 3.00	288	3.33	2.58	111	2.62
	2,979	1.97	$ 1.16	2,772	$ 1.06

During the three months ended March 31, 2024, the Company recognized $862 (2023 – $458) of share-based compensation in the condensed interim consolidated statements of income and comprehensive income. During the three months ended March 31, 2024, the Company capitalized $371 (2023 – $489) of share-based compensation to property and equipment (note 2).

8. Earnings per common share

Basic earnings per share was calculated as follows:

For the three months ended March 31	***2024***	*2023*
Net income for the period	$ **9,030**	$ 14,909
Weighted average number of shares (basic)		
Issued common shares at beginning of period	**94,801**	87,985
Effect of equity issued in the period	**1,368**	302
Weighted average number of common shares - basic	**96,169**	88,287
Net income per share - basic	**0.09**	0.17

Diluted earnings per share was calculated as follows:

Weighted average number of shares (diluted)		
Weighted average number of shares (basic)	**96,169**	88,287
Effect of outstanding options	**758**	4,233
Effect of outstanding RSUs	**5,793**	1,590
Weighted average number of common shares - diluted	**102,720**	94,110
Net income per share - diluted	**0.09**	0.16

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options and RSUs was based on quoted market prices for the period that the options and RSUs were outstanding. For the three months ended March 31, 2024, 1,169 (2023 – 1,301) options are excluded as they are out-of-the-money based on an average share price of $1.16 (three months ended March 31, 2023 – $2.26) for the period.

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

9. Change in non-cash working capital

For the three months ended March 31		***2024***		***2023***
Accounts receivable	$	**(4,837)**	$	42
Prepaid expenses and inventory		**(497)**		884
Accounts payable and accrued liabilities		**(444)**		181
	$	**(5,778)**	$	1,107

The change in non-cash working capital has been allocated to the following activities:

Operating	$	**(2,136)**	$	3,880
Investing		**(3,642)**		(2,773)
	$	**(5,778)**	$	1,107

10. Financial instruments and financial risk management

a. Accounts receivable and credit risk

Purchasers of the Company's natural gas and liquids are subject to credit review to minimize the risk of non-payment. As at March 31, 2024, the maximum credit exposure is the carrying amount of the accounts receivable of $34,929 (December 31, 2023 – $30,092).

The maximum exposure to credit risk for accounts receivable by type of customer was:

		March 31, 2024		*December 31, 2023*
Natural gas and liquids marketers	**$**	**15,787**	$	11,906
Partners on joint operations		**14,954**		14,458
Other		**4,188**		3,728
	$	**34,929**	$	30,092

The Company historically has not experienced any significant collection issues with its natural gas and liquids marketers. The majority of the revenue accruals and receivables from natural gas and liquids marketers were received in April 2024.

The Company's receivables are aged as follows:

As at		***March 31, 2024***		*December 31, 2023*
Under 30 days	**$**	**19,039**	$	21,751
30 to 60 days		**1,925**		263
60 to 90 days		**7,747**		1,971
Over 90 days		**6,218**		6,107
	$	**34,929**	$	30,092

As at March 31, 2024, 94% (December 31, 2023 – 94%) of the over 90-day receivables are due from two (December 31, 2023 – two) industry partners, for which a significant portion of the balances are in dispute (note 14). The Company has performed an analysis of each partner's financial situation and has determined they have the ability to pay.

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

10. Financial instruments and financial risk management (continued)

b. Liquidity risk

As at March 31, 2024, the contractual maturities of the Company's obligations are as follows:

	Carrying Amount	*Contractual Cash Flows*	*Less than 1 Year*	*1-2 Years*	*2-5 Years*
Accounts payable and accrued liabilities	$ 36,155	$ 36,155	$ 36,155	$ –	$ –
Bank debt (note 5)	117,337	118,137	118,137	–	–
Lease obligations	2,100	2,516	1,133	817	566
Other liabilities	953	953	–	–	953
Commodity contracts	1,339	1,339	1,339	–	–
	$ 157,884	$ 159,100	$ 156,764	$ 817	$ 1,519

c. Market risk

The Company has exposure to the following market risks:

i. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears interest at a floating rate and to mitigate this risk, the Company may enter into interest rate contracts. For the three months ended March 31, 2024, if interest rates had been 1% lower with all other variables held constant, net income would have been $289 (three months ended March 31, 2023 – $292) higher, due to lower interest expense. An equal and opposite impact would have occurred had interest rates been higher by the same amount. The Company had no interest rate contracts in place as at March 31, 2024.

ii. Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum and natural gas sales are denominated in Canadian dollars, however, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The sensitivity of the fair value of a 10% change in foreign exchange rates would have an immaterial impact the consolidated statements of income and comprehensive income.

iii. Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices.

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

10. Financial instruments and financial risk management (continued)

c. Market risk (continued)

As at March 31, 2024, the Company was committed to the following commodity price risk contracts:

Year	*Volume*		*Term*	*Reference*	*Type*	*Strike Price*	*Fair Value*
Natural Gas							
2023/2024	6,000	GJ/d	Nov 23 – Jun 24	AECO - 7A	Put	CAD $1.50	$ (84)
2023/2024	7,000	GJ/d	Nov 23 – Jun 24	AECO - 7A	Put	CAD $1.50	(69)
2024	7,000	GJ/d	Jan 24 - Jun 24	AECO - 7A	Put	CAD $1.50	(107)
2024	3,000	GJ/d	Jul 24 - Dec 24	AECO - 7A	Put	CAD $1.50	(15)
2024	4,400	GJ/d	Jul 24 - Dec 24	AECO - 7A	Put	CAD $1.50	(38)
Oil							
2024	1,100	bbl/d	Jan 24 - Jun 24	WTI - USD	Put	USD - $50.00	(364)
2024	500	bbl/d	Jan 24 - Jun 24	WTI - USD	Put	USD - $50.00	(166)
2023/2024	400	bbl/d	Nov 23 - Jun 24	WTI - USD	Collar	USD $60.00 - 100.00	(2)
2023/2024	800	bbl/d	Nov 23 - Jun 24	WTI - CAD	Collar	CAD $90.00 - 127.00	(13)
2024	400	bbl/d	Jul 24 - Dec 24	WTI - USD	Put	USD - $50.00	(162)
2024	800	bbl/d	Jul 24 - Dec 24	WTI - USD	Put	USD - $50.00	(319)
Total							**$ (1,339)**

As the Company had a limited value of derivatives in place as at March 31, 2024, the sensitivity of the fair value of a 10% volatility in commodity prices would have an immaterial impact on unrealized gains (losses) reported in the condensed interim consolidated statements of income and comprehensive income.

d. Fair value of financial instruments

The following table summarizes the carrying value and fair value of the Company's risk management assets and liabilities.

		March 31, 2024		*December 31, 2023*	
	Measurement Level	***Carrying Amount***	***Fair Value***	*Carrying Amount*	*Fair Value*
Financial Assets					
Financial assets at fair value through profit or loss:					
Commodity contracts	2	**$ –**	**$ –**	$ 572	$ 572
Financial Liabilities					
Financial liabilities at fair value through profit or loss:					
Commodity contracts	2	**$ 1,339**	**$ 1,339**	$ 997	$ 997

(unaudited, in thousands of Canadian dollars, except per share and per unit amounts)

11. Capital disclosures

The Company's objective when managing capital is to maintain a flexible capital structure which will allow it to execute its capital expenditure program, which includes expenditures in oil and gas activities which may or may not be successful. Therefore, the Company monitors the level of risk incurred in its capital expenditures to balance the proportion of debt and equity in its capital structure.

The Company considers its capital structure to include shareholders' equity and debt:

		March 31, 2024		*December 31, 2023*
Shareholders' equity	**$**	**548,954**	$	536,598
Bank debt	**$**	**117,337**	$	121,057

The Company monitors capital based on annual cash flow from operating activities before changes in non-cash working capital and capital expenditure budgets, which are updated as necessary and are periodically reviewed and approved by the Board of Directors.

At March 31, 2024 and December 31, 2023, the Company's capital structure was subject to the banking covenant disclosed in note 3. No changes were made to the capital policy in 2024.

12. Finance expense

For the three months ended March 31		***2024***		*2023*
Cash interest and finance costs	**$**	**2,889**	$	2,806
Interest on lease obligations		**89**		54
Accretion of decommissioning liability *(note 5)*		**129**		120
Accretion of debt transaction costs *(note 3)*		**190**		104
Accretion of lease obligations *(note 4)*		**283**		(40)
	$	**3,580**	$	3,044

13. Revenue

The Company derives its revenue from contracts with customers primarily through the sale of commodities at a point in time representing the following major product types:

For the three months ended March 31		***2024***		***2023***
Crude Oil	$	**21,229**	$	24,384
Natural Gas		**9,000**		13,395
Natural Gas Liquids		**10,196**		11,276
	$	**40,425**	$	49,055

At March 31, 2024, receivables from contracts with customers, which are included in trade accounts receivable, were $24,728 (December 31, 2023 – $14,363).

14. Contingency

In the normal conduct of operations, there are pending claims by and against the Company. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, the final determination of these other litigations will not materially affect the Company's financial position or results of operations.