Yangarra Resources Ltd.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2025

Management's discussion and analysis ("MD&A") of the financial condition and the results of operations should be read in conjunction with the Company's September 30, 2025 unaudited condensed interim consolidated financial statements and the December 31, 2024 audited consolidated financial statements, together with the accompanying notes.

Yangarra Resources Ltd. (the "Company" or "Yangarra") 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.

Additional information about Yangarra filed with Canadian securities commissions is available on-line at www.sedarplus.ca.

The MD&A has been prepared using information that is current to October 28, 2025.

The financial information presented herein has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Throughout this discussion, percentage changes are calculated using numbers rounded to the decimal to which they appear. All references to dollar amounts are in Canadian dollars.

BOE Presentation

Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalent wellhead value for the individual products. Such disclosure of boe may be misleading, particularly if used in isolation. Figures that are presented on a boe basis herein are calculated as the total aggregate amount for the period divided by boe production volumes for the period. Readers should be aware that historical results are not necessarily indicative of future performance.

Non–IFRS and Additional IFRS Measures

This document contains "funds flow from operations" or "FFO", which is an additional IFRS measure. This document also contains the terms "adjusted net debt", "netbacks" "adjusted EBITDA" and "capital expenditures", which are non-IFRS financial measures. The Company uses these measures to help evaluate its performance. These non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that such financial measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of the Company's performance.

Funds flow from operations ("FFO")

Yangarra's determination of FFO and FFO per share may not be comparable to that reported by other companies. Management uses FFO to analyze operating performance and leverage and considers FFO to be a key measure as it demonstrates the Company's ability to generate cash flow necessary to fund future capital investments and to repay debt, if applicable. FFO is calculated using cash flow from operating activities before changes in non-cash working capital and decommissioning costs incurred. Yangarra presents FFO per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net income per share.

The following table reconciles FFO to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Cash flow from operating activities	$ 14,254	$ 14,306	$ 47,874	$ 55,744
Decommissioning costs incurred	357	526	357	526
Changes in non-cash working capital	(1,430)	(1,114)	451	3,118
Funds flow from operations	$ 13,181	$ 13,718	$ 48,682	$ 59,388

Netbacks

The Company considers corporate netbacks to be a key measure that demonstrates Yangarra's profitability relative to current commodity prices. Corporate netbacks are comprised of operating, field operating, FFO and net income (loss) netbacks. Field Operating netback is calculated as the average sales price of its commodities (including realized gains (losses) on financial instruments) less royalties, operating costs and transportation expenses. Operating netback starts with Field Operating netback and subtracts realized gains (losses) on financial instruments. FFO netback starts with the Operating netback and further deducts general and administrative costs, finance expense and adds finance income. To calculate the net income (loss) netback, Yangarra takes Operating netback and deducts share-based compensation expense as well as depletion and depreciation charges, accretion expense, unrealized gains (losses) on financial instruments, any impairment or exploration and evaluation expense and deferred income taxes. See "Company Netbacks", below, for the Company's calculation of netbacks.

FFO margins and operating margins

FFO margins and operating margins are calculated as the ratio of FFO netbacks to sales price and operating netback to sales price, respectively.

Adjusted net debt

Adjusted net debt is used to assess efficiency, liquidity and the general financial strength of the Company. We define adjusted net debt as the sum of our existing credit facilities, trade and other payables, and trade receivables and prepaids. The following table summarizes our calculation of adjusted net debt:

	Sep 30, 2025	Dec 31, 2024
Bank Debt	$ 119,874	$ 115,785
Accounts receivable	(24,267)	(28,878)
Prepaid expenses and inventory	(10,379)	(9,223)
Accounts payable and accrued liabilities	15,430	25,463
Adjusted net Debt	$ 100,658	$ 103,147

Adjusted earnings before interest, taxes, depletion and depreciation, amortization

Adjusted earnings before interest, taxes, depletion and depreciation, amortization ("Adjusted EBITDA") which represents EBITDA, excluding changes in the fair value of commodity contracts, is used to assess efficiency, liquidity and the general financial strength of the Company.

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Net income for the Period	$ 2,294	$ 3,964	$ 14,455	$ 22,344
Finance	2,627	2,980	7,794	8,964
Deferred tax expense	1,049	1,185	5,311	7,411
Depletion and depreciation	8,756	7,690	27,744	26,269
Change in fair value of commodity contracts	(262)	(67)	(2,949)	(455)
Adjusted EBITDA	$ 14,464	$ 15,752	$ 52,355	$ 64,533

Working capital surplus (deficit)

Working capital surplus (deficit) is the total of current assets less current liabilities and is used to assess efficiency, liquidity and the general financial strength of the Company.

Forward-looking Statements

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond the Company's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company can derive from such events.

Overview

Yangarra is a junior oil and gas company engaged in the exploration, development and production of natural gas and oil with operations in Western Canada, with a main focus on the Cardium and Belly River in Central Alberta, where the Company has extensive infrastructure and land holdings. Yangarra is dedicated to creating value for its shareholders through its commitment to a clear business strategy and performance objectives. The Company's strategy is to increase the value of its corporate assets through the drill bit and by assembling a large, focused land base in Central Alberta that features high-quality, long-life light oil and liquids-rich gas reserves. The Company has assembled a significant future drilling inventory and will strive to grow this inventory through drilling, geology and strategic acquisitions.

Third Quarter Highlights

- Funds flow from operations of $13.2 million ($0.12 per share – fully diluted), a decrease of 4% from the same period in 2024
- Oil and gas sales of $24.4 million, a decrease of 7% from the same period in 2024
- Adjusted EBITDA of $14.5 million ($0.13 per share – fully diluted), a decrease of 8% from the same period in 2024
- Net income of $2.3 million ($0.02 per share – fully diluted), a decrease of 42% from the same period in 2024
- Average production of 9,554 boe/d (42% liquids), a 3% increase from the same period in 2024
- Operating costs of $8.65/boe (including $3.18/boe of transportation costs)
- Operating netback of $19.49/boe
- Operating margin of 70% and funds flow from operations margin of 54%
- G&A costs of $1.62/boe
- Royalties at 5% of oil and gas revenue
- All in cash costs of $14.17/boe
- Capital expenditures of $12.4 million
- Adjusted net debt to third quarter annualized funds flow from operations of 1.91: 1
- Adjusted net debt was $100.7 million
- Retained earnings of $352.4 million
- Decommissioning liabilities of $17.1 million (discounted)

Operations Update

Due to low AECO natural gas prices and weaker fundamentals on WTI, Yangarra limited capital expenditures on drilling and completions and focused on an active stimulation program while optimizing field operations.

Average third quarter production was impacted by approximately 500 boe/d due to two major third-party turnarounds. The shut-in production was brought back on stream in mid-October.

Yangarra re-commenced the drilling program in early August with one Belly River well drilled & completed during the quarter and two Cardium wells drilled in the Chambers area, that will be completed in Q4. The Company remains cautious due to a volatile macro environment and expects to spend within the previous guidance on capital expenditures.

Financial Information

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Statements of Income and Comprehensive Income				
Petroleum & natural gas sales	$ 24,401	$ 26,260	$ 88,055	$ 102,403
Income before tax	$ 3,343	$ 5,149	$ 19,766	$ 29,755
Net income	$ 2,294	$ 3,964	$ 14,455	$ 22,344
Net income per share - basic	$ 0.02	$ 0.04	$ 0.14	$ 0.23
Net income per share - diluted	$ 0.02	$ 0.04	$ 0.13	$ 0.21
Statements of Cash Flow				
Funds flow from operations	$ 13,181	$ 13,718	$ 48,682	$ 59,388
Funds flow from operations per share - basic	$ 0.13	$ 0.14	$ 0.48	$ 0.61
Funds flow from operations per share - diluted	$ 0.12	$ 0.13	$ 0.44	$ 0.57
Cash flow from operating activities	$ 14,254	$ 14,306	$ 47,874	$ 55,744
Weighted average number of shares - basic	101,276	98,734	101,039	97,882
Weighted average number of shares - diluted	109,736	105,053	109,487	104,246

	September 30, 2025	December 31, 2024
Statements of Financial Position		
Property and equipment	$ 804,590	$ 786,521
Total assets	$ 876,197	$ 860,383
Working capital surplus (deficit)	$ 17,927	$ 8,897
Adjusted net debt	$ 100,658	$ 103,147
Shareholders equity	$ 588,180	$ 569,628

Business Environment

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Realized Pricing (Including realized commodity contracts)				
Light Crude Oil ($/bbl)	$ 90.72	$ 100.04	$ 89.79	$ 98.20
NGL ($/bbl)	$ 38.66	$ 49.92	$ 40.80	$ 46.41
Natural Gas ($/mcf)	$ 1.26	$ 0.91	$ 1.78	$ 1.56
Realized Pricing (Excluding commodity contracts)				
Light Crude Oil ($/bbl)	$ 90.72	$ 101.61	$ 90.42	$ 99.94
NGL ($/bbl)	$ 38.26	$ 49.92	$ 41.22	$ 46.41
Natural Gas ($/mcf)	$ 0.81	$ 0.74	$ 1.66	$ 1.52
Oil Price Benchmarks				
West Texas Intermediate ("WTI") (US$/bbl)	$ 65.74	$ 76.24	$ 67.40	$ 78.50
Edmonton Par ($/bbl)	$ 85.29	$ 101.44	$ 87.87	$ 97.11
Edmonton Par to WTI differential (US$/bbl)	$ (3.82)	$ (1.85)	$ (4.36)	$ (7.12)
Natural Gas Price Benchmarks				
AECO (5A - daily) gas ($/mcf)	$ 0.60	$ 0.65	$ 1.42	$ 1.38
Foreign Exchange				
Canadian Dollar/U.S. Exchange	0.73	0.73	0.72	0.74

Benchmarks oil prices decreased by 14% for Q3 2025, with the West Texas Intermediate ("WTI") reference price averaging US$65.74 /bbl compared with US$76.24/bbl in the same period in 2024. For the nine months ended September 30, 2025, WTI prices were down 14% averaging US$67.40/bbl. Demand for crude oil is generally tied to global economic growth, but is also influenced by factors such as infrastructure, political instability, market uncertainty, weather conditions, government tariffs and the wars in Ukraine and the Middle East.

Edmonton par differentials to WTI widened in Q3 2025 when compared to Q3 2024, moving from a US$1.85/bbl differential in Q3 2024 to US$3.82/bbl in Q3 2025. In the nine months ended September 30, 2025, Edmonton par differentials narrowed from US$7.12/bbl to US$4.36/bbl. The Edmonton par reference price is denominated in Canadian dollars. Edmonton par is the closest reference price point for Yangarra's oil and therefore is the closest proxy to realized pricing.

When compared to the three and nine months ended September 30, 2024, realized pricing on oil earned in the 2025 periods decreased by 11% and 10% respectively, excluding commodity contracts, and decreased by 9% for both periods, when the effects of commodity contracts are included. The decrease in oil pricing is a direct result of decreased WTI pricing.

When compared to the three and nine months ended September 30, 2024, liquids pricing earned in the 2025 periods decreased by 23%, and 11%, respectively, excluding commodity contracts, and decreased by 23% and 12%, respectively, when the effects of commodity contracts are included, due to lower condensate pricing which is linked to oil prices.

AECO natural gas prices decreased by 8% to $0.60/mcf for the three months ended September 30, 2025 and increased by 3% to $1.42/mcf for the nine months ended September 30, 2025 as compared to the 2024 periods.

When compared to the three and nine months ended September 30, 2024, realized pricing on natural gas earned in the 2025 periods increased by 9%, excluding commodity contracts, and increased by 38% and 14%, respectively, when the effects of commodity contracts are included.

Results of Operations

Net petroleum and natural gas production, pricing and revenue

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Daily production volumes				
Natural Gas (mcf/d)	33,435	34,872	35,668	37,837
Light Crude Oil (bbl/d)	1,641	1,702	1,833	2,184
NGL's (bbl/d)	2,340	1,743	2,368	2,107
Combined (BOE/d 6:1)	9,554	9,257	10,146	10,597
Revenue				
Petroleum & natural gas sales	$ 24,401	$ 26,260	$ 88,055	$ 102,403
Realized gain (loss) on commodity contract settlement	1,452	297	559	(688)
Total sales	25,853	26,557	88,614	101,715
Royalty expense	(1,116)	(1,679)	(5,226)	(6,275)
Total Revenue - Net of royalties	$ 24,737	$ 24,878	$ 83,388	$ 95,440

Total sales in Q3 2025 decreased by 3% to $25,853 from $26,557 in 2024. The change is attributable to:

- A 10% decrease in average product prices
- A 3% increase in production (on a boe basis)
- Realized gains on commodity contracts of $1,452 in Q3 2025 versus $297 in Q3 2024

Total sales in the nine months ended September 30, 2025 decreased by 13% to $88,614 from $101,715 million in the same period 2024. The change is attributable to:

- A 10% decrease in average product prices; and
- A 4% decrease in production (on a boe basis)
- Realized gains on commodity contracts of $559 versus losses of $688 in 2024

Company Netbacks ($/boe)

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Sales price	$ 27.76	$ 30.83	$ 31.79	$ 35.27
Royalty expense	(1.27)	(1.97)	(1.89)	(2.16)
Production costs	(5.47)	(6.98)	(5.33)	(6.60)
Transportation costs	(3.18)	(1.61)	(3.30)	(1.75)
Field operating netback	17.84	20.27	21.27	24.76
Realized gain (loss) on commodity contract settlement	1.65	0.35	0.20	(0.24)
Operating netback	19.49	20.62	21.47	24.52
G&A	(1.62)	(1.03)	(1.39)	(1.39)
Cash finance expenses	(2.63)	(3.41)	(2.45)	(2.74)
Depletion and depreciation	(9.96)	(9.03)	(10.02)	(9.05)
Non Cash - finance expenses	(0.36)	(0.09)	(0.36)	(0.35)
Abandonment Expenses	(0.27)	(0.11)	(0.08)	(0.03)
Stock-based compensation	(1.15)	(0.99)	(1.10)	(0.88)
Unrealized gain (loss) on financial instruments	0.30	0.08	1.06	0.16
Deferred income tax	(1.19)	(1.39)	(1.92)	(2.55)
Net income netback	$ 2.61	$ 4.65	$ 5.21	$ 7.69

The overall average price earned by the Company in Q3 2025 was lower when compared to Q3 2024 as although natural gas prices increased by 38%, oil prices decreased by 9% and liquids prices decreased by 23%. The average sales price decreased by 10% in Q3 2025 when compared to Q3 2024.

Field netbacks decreased by 12% in Q3 2025 and decreased by 14% for the nine months ended September 30, 2025 with lower realized pricing in the 2025 periods.

Operating netbacks decreased by 5% in Q3 2025 and decreased by 12% for the nine months ended September 30, 2025 when compared to the same periods in 2024 with minimal changes in realized commodity contracts.

Royalty Expense

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Royalty expense	$ 1,116	$ 1,679	$ 5,226	$ 6,275
Per BOE	$ 1.27	$ 1.97	$ 1.89	$ 2.16
As a % of sales (including commodity contracts)	4%	6%	6%	6%
As a % of sales (excluding commodity contracts)	5%	6%	6%	6%

Royalties were down to $1,116 or 5% as a percentage of sales (excluding commodity contacts) during Q3 2025 and decreased to $5,226 or 6% as a percentage of sales for the nine months ended September 30, 2025. The decrease is a result of decreased royalty rates due to lower commodity pricing.

Production and Transportation Costs

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Production costs	$ 4,812	$ 5,943	$ 14,764	$ 19,174
Per BOE	$ 5.47	$ 6.98	$ 5.33	$ 6.60
Transportation costs	$ 2,795	$ 1,375	$ 9,136	$ 5,067
Per BOE	$ 3.18	$ 1.61	$ 3.30	$ 1.75
Combined	$ 7,607	$ 7,318	$ 23,900	$ 24,241
Combined ($/BOE)	$ 8.65	$ 8.59	$ 8.63	$ 8.35

Production and transportation costs increased by 1% on a per boe basis in Q3 2025 and increased by 3% in the nine months ended September 30, 2025 as compared to the 2024 periods due to production variances. Overall costs have remained relatively flat over the last two years.

Depletion and depreciation

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Depletion and depreciation	$ 8,756	$ 7,690	$ 27,744	$ 26,269
Per BOE	$ 9.96	$ 9.03	$ 10.02	$ 9.05

Depletion and depreciation expense is higher in Q3 2025 and the nine months ended September 30, 2025 as compared to the 2024 periods due to an increase in the per boe depletion rate. The 2025 per boe depletion rates increased as compared to the 2024 rates due to a lower 2025 2P reserve base which was partially offset by lower finding and development costs.

General and administrative expenses ("G&A")

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Gross G&A expenses	$ 1,621	$ 1,140	$ 4,505	$ 4,620
G&A recoveries	(199)	(263)	(644)	(593)
Net G&A expenses	$ 1,422	$ 877	$ 3,861	$ 4,027
Per BOE	$ 1.62	$ 1.03	$ 1.39	$ 1.39

During Q3 2025, G&A increased on a gross basis due to additional staff hired in the quarter and increased on a net basis due to lower recoveries when compared to 2024. During the nine months ended September 30, 2025, G&A decreased by 2% on a gross basis due to staffing changes and decreased by 4% on a net basis due to due to higher recoveries.

On a boe basis, for the three and nine months ended September 30, 2025, G&A increased by 57% and increased by 1%, respectively due to the cost of staffing changes offset by the effect of decreased production volumes in 2025.

Other expenses

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Cash Finance				
Cash interest and finance expense	$ 2,293	$ 2,874	$ 6,711	$ 7,693
Lease interest paid	18	32	67	110
Non-Cash Finance				
Accretion of decommissioning liability	177	146	460	419
Accretion of debt issue costs	133	214	538	593
Accretion on lease obligations	6	(286)	18	149
	$ 2,627	$ 2,980	$ 7,794	$ 8,964
Share-based compensation	$ 1,010	$ 840	$ 3,038	$ 2,548

Interest and financing fees include interest on the Company's bank debt (the average amount drawn in Q3 2025 was $120,346) and bank debt servicing charges.

For the nine months ended September 30, 2025, if interest rates had been 1% lower with all other variables held constant, net income would have been $864 (2024 – $895) 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 September 30, 2025.

During the nine months ended September 30, 2025, the Company issued 4,678 (2024 – 4,893) 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 $1.02 (2024 – $1.17) per RSU.

During the nine months ended September 30, 2025, the Company recognized $3,038 (2024 – $2,548) of share-based compensation in the condensed interim consolidated statements of income and comprehensive income and capitalized $676 (2024 – $1,019) of share-based compensation to property and equipment.

Commodity price risk contracts

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Realized gain (loss) on commodity contract settlement	$ 1,452	$ 297	$ 559	$ (688)
Change in fair value of commodity contracts	262	67	2,949	455
	$ 1,714	$ 364	$ 3,508	$ (233)

As at September 30, 2025 the Company was committed to the following commodity price risk contracts:

Year	Volume		Term	Reference	Type	Strike Price
Oil						
2025	200	bbl/d	Oct 25	WTI-USD	Collar	USD $55.00 - $69.25
2025	400	bbl/d	Oct 25	WTI-USD	Collar	USD $55.00 - $68.25
2025	200	bbl/d	Nov 25	WTI-USD	Collar	USD $55.00 - $69.00
2025	400	bbl/d	Nov 25	WTI-USD	Collar	USD $55.00 - $69.00
Natural Gas						
2025	10,000	GJ/d	Apr 25 - Oct 25	AECO - 7A	Swap	CAD $1.815
2025	4,000	GJ/d	May 25 - Nov25	AECO - 7A	Swap	CAD $1.76
2025	2,000	GJ/d	Apr 25 - Oct 25	AECO - 7A	Swap	CAD $1.98
2025	1,000	GJ/d	Apr 25 - Nov25	AECO - 7A	Swap	CAD $1.75
2025	10,000	GJ/d	Nov 25	AECO - 7A	Swap	CAD $2.435
2025/2026	10,000	GJ/d	Nov 25 - Mar 26	AECO - 7A	Call	CAD $3.50
2025/2026	2,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.49
2025/2026	2,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.665
2025/2026	3,000	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.00
2025/2026	2,500	GJ/d	Dec 25 - Mar 26	AECO - 7A	Swap	CAD $3.00
2025/2026	7,500	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.50 - $4.00
2025/2026	2,000	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.00 - $3.75
2025/2026	2,500	GJ/d	Dec 25 - Jun 26	AECO - 7A	Collar	CAD $1.50 - $3.00
2026	1,000	GJ/d	Apr 26 - Oct 26	AECO - 7A	Swap	CAD $2.505
2026	1,000	GJ/d	Apr 26 - Oct 26	AECO - 7A	Swap	CAD $2.70
2026	7,500	GJ/d	Apr 26 - Jun 26	AECO - 7A	Swap	CAD $2.355
2026	5,000	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.51
2026	2,500	GJ/d	Jul 26 - Sep 26	AECO - 7A	Swap	CAD $2.64
2026	2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Swap	USD $3.84
2026	2,500	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.11
2026	2,000	mmbtu/d	Jul 26 - Sep 26	NYMEX	Collar	USD $3.50 - $4.25
2026/2027	2,000	GJ/d	Nov 26 - Mar 27	AECO - 7A	Swap	CAD $3.465
NGLs						
2025	550	bbl/d	Apr 25 - Nov 25	Conway C3	Swap	USD 0.70/g
2025	300	bbl/d	Apr 25 - Nov 25	Conway C4	Swap	USD 0.8325/g

As the Company had a limited number of derivatives in place as at September 30, 2025, 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 consolidated statements of income and comprehensive income.

Deferred Taxes

	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Deferred tax expense	$ 1,049	$ 1,185	$ 5,311	$ 7,411

Yangarra did not pay income taxes in 2024 and does not expect to pay income taxes in 2025 or into the near future as it has sufficient tax pools to cover taxable income. Deferred tax expense is lower in the 2025 periods due to lower estimated taxable income in the 2025 period requiring lower tax pool deductions.

Liquidity and Capital Resources

The following table summarizes the change in adjusted net debt during the periods presented:

	Nine Months ended September 30, 2025	Year ended December 31, 2024
Adjusted net debt - beginning of period	$ (103,147)	$ (118,646)
Funds flow from operations	$ 48,682	75,599
Additions to property and equipment	$ (44,834)	(59,626)
Decommissioning costs incurred	$ (357)	(527)
Issuance of shares	$ 383	2,093
Lease obligation repayment	$ (739)	(1,106)
Other	$ (646)	(934)
Adjusted net debt - end of period	$ (100,658)	$ (103,147)
Credit facility limit	$ 140,000	$ 130,000

As at September 30, 2025, the maximum amount available under the syndicated credit facility was $140,000 (December 31, 2024 – $130,000) comprised of a $120,000 (December 31, 2024 – $105,000) extendable revolving term credit facility and a $20,000 (December 31, 2024 – $25,000) operating facility. 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 29, 2026. If not extended by May 30, 2026, the facilities will cease to revolve, and all outstanding balances will become repayable on May 29, 2027. 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 30% of the forecasted daily production for a rolling twelve-month period is hedged and subject to commodity swaps with a minimum of 15% of such forecasted production being subject to commodity swaps that are swaps only (as opposed to a combination of swaps, collars and/or puts/calls).

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 September 30, 2025 and December 31, 2024.

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.

As at September 30, 2025, the $119,874 (December 31, 2024 – $115,785) reported amount of bank debt was comprised of $11,769 (December 31, 2024 – $11,395) drawn on the operating facility and $110,000 (December 31, 2024 – $105,000) drawn on the revolving facility and net of unamortized transaction costs of $1,895 (December 31, 2024 – $610).

During the nine months ended September 30, 2025, the weighted average effective interest rate for the bank debt was approximately 6.98% (nine months ended September 30, 2024 – 8.46%).

Capital Spending

Cash additions	2025 Q3	2024 Q3	Nine Months Ended 2025	Nine Months Ended 2024
Land, acquisitions and lease rentals	$ 3,052	$ 65	$ 3,844	$ 214
Drilling and completion	7,695	13,196	30,629	32,738
Geological and geophysical	-	-	105	323
Equipment	1,480	2,361	9,596	5,557
Other asset additions	213	45	660	904
	$ 12,440	$ 15,667	$ 44,834	$ 39,736
Exploration & evaluation assets	$ -	$ -	$ -	$ -

During 2025, Yangarra drilled and completed 9 wells, The optimization program on existing wells restarted in February. A facility was also purchased for $3 million as part of a land acquisition in our area. During Q3, upon completion of the remaining earn-in terms from the 2024 farm-in, the Company acquired additional assets, which included a shallow-cut gas facility.

Outlook

The Company's Board of Directors has approved a capital budget of $55 - $60 million for 2025, which will result in revised production of 10,300 – 10,800 boe/d due to the timing of the capital program. Yangarra's primary goal is to hit a debt target of $80 million and subsequently focus on shareholder returns.

Decommissioning Liabilities

As at September 30, 2025, the undiscounted decommissioning obligation associated with the Company's existing properties was estimated to be $22,663 for which $17,136 has been recorded using a discount rate of 2.46% - 3.61% an inflation rate of 2% and an estimated weighted average timing of cash flows of 5 years.

Off Balance Sheet Arrangements

There were no off-balance sheet arrangements.

Share Capital

Details of changes in the number of outstanding equity instruments are detailed in the following table:

	Common Shares	Stock Options	Restricted Share Units
Balance - December 31, 2024	98,734	2,565	5,435
Granted	-	-	4,678
Exercised	592	(592)	-
Vested	1,950	-	(1,950)
Forfeited	-	(888)	(73)
Balance - September 30, 2025 & Date of MD&A	101,276	1,085	8,090

There has been no change to the number of outstanding equity instruments as of the date of this MD&A.

Contingency

In the normal conduct of operations, there are other 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.

Contractual Obligations and Commitments

As at September 30, 2025 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	$ 15,430	$ 15,430	$ 15,430	$ –	$ –
Bank debt	119,874	121,769	121,769	–	–
Lease obligations	1,439	1,747	1,188	393	166
Other liabilities	928	928	–	–	928
Commodity contracts	890	890	886	4	–
	$ 138,561	$ 140,764	$ 139,273	$ 397	$ 1,094

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. A substantial portion of the Company's accounts receivable are with natural gas and liquids marketers and partners on joint operations in the oil and gas industry and are subject to normal industry credit risks.

Purchasers of the Company's natural gas and liquids are subject to credit review to minimize the risk of non-payment.

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

As at	*September 30, 2025*	*December 31, 2024*
Natural gas and liquids marketers	**$** 7,916	$ 11,315
Partners on joint operations	9,580	9,920
Other	6,771	7,643
	$ 24,267	$ 28,878

The Company 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 October 2025.

The Company's receivables are aged as follows:

As at	*September 30, 2025*	*December 31, 2024*
Under 30 days	**$** 12,144	$ 15,757
30 to 60 days	182	575
60 to 90 days	162	461
Over 90 days	11,779	12,085
	$ 24,267	$ 28,878

Capital Resources

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:

	September 30, 2025	*December 31, 2024*
Shareholders' equity	$ 588,180	$ 569,628
Bank debt	$ 119,874	$ 115,785

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

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions including the current economic conditions, the risk characteristics of the Company's petroleum and natural gas assets, the depth of its investment opportunities, current and forecasted net debt levels, current and forecasted commodity prices and other facts that influence commodity prices and funds from operations such as quality and basis differentials, royalties, operating costs and transportation costs. In order to maintain or adjust the capital structure, the Company considers its forecasted cash from operations before changes in non-cash working capital while attempting to finance an acceptable capital expenditure program including acquisition opportunities, the current level of bank debt available from the Company's lender, the level of bank debt that may be attainable from its lender as a result of petroleum and natural gas reserve growth, the availability of other sources of debt with different characteristics than existing debt, the sale of assets, limiting the size of the capital expenditure program and the issue of new equity if available on favorable terms. At September 30, 2025 and December 31, 2024, the Company's capital structure was subject to banking covenants. No changes were made to the capital policy in 2025.

Selected Quarterly Financial Information

	2025 Q3($)	2025 Q2($)	2025 Q1($)	2024 Q4($)
Petroleum & natural gas sales	24,401	29,507	34,147	30,961
Net income	2,294	6,773	5,388	3,884
Net income per share – basic [(1)]	0.02	0.07	0.05	0.04
Net income per share – diluted [(1)]	0.02	0.06	0.05	0.04
Funds flow from operations	13,181	15,499	20,002	16,210
Funds flow from operations per share – basic [(1)]	0.13	0.15	0.20	0.16
Funds flow from operations per share –diluted [(1)]	0.12	0.14	0.18	0.15
Capital expenditures (including E&E)	12,440	15,019	17,376	19,894

	2024 Q3($)	2024 Q2($)	2024 Q1($)	2023 Q4($)
Petroleum & natural gas sales	26,260	35,718	40,425	33,651
Net income	3,964	9,350	9,030	12,435
Net income per share – basic [(1)]	0.04	0.09	0.09	0.13
Net income per share – diluted [(1)]	0.04	0.09	0.09	0.12
Funds flow from operations	13,718	21,411	24,260	17,552
Funds flow from operations per share – basic [(1)]	0.14	0.22	0.25	0.19
Funds flow from operations per share –diluted [(1)]	0.13	0.20	0.24	0.18
Capital expenditures (including E&E)	15,667	8,058	16,011	16,026

[(1)] Sum of quarterly per share figures may not add to annual per share figures due to rounding.

Quarterly activities

Fluctuations in quarterly revenues, net income and FFO over the last eight quarters are due primarily to the volatility in commodity prices and changes in sales volumes due to production growth and declines tied to the timing of drilling activity. The Company reduced capital expenditures on drilling and completions starting in 2024 due to weak natural gas prices and a corresponding decrease in petroleum and natural gas sales occurred. A major turn-around at a third-party facility in the third quarter 2024 also contributed to the reduced production for 2024. Production in 2025, included nine new wells that came on production during the year. Q3 2025 was impacted by a 3rd turn-around which reduced average production.

Business Risks and Uncertainties

The Company is exposed to several operational risks inherent in exploring, developing, producing and marketing light crude oil and natural gas. These inherent risks include: economic risk of finding and producing reserves at a reasonable cost; financial risk of marketing reserves at an acceptable price given current market conditions; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of environment impact; and credit risk of non-payment for sales contracts and joint venture partners. Other than the risks described herein (including the risks and uncertainties listed in the Forward-Looking Statements section in this MD&A) the Company is also subject to the risk factors set forth in the most recently filed AIF of the Company available on SEDAR+ which can be accessed at www.sedarplus.ca

The Company attempts to control operating risks by maintaining a disciplined approach to implementation of its exploration and development programs. Exploration risks are managed by hiring experienced technical professionals and by concentrating the exploration activity on reservoirs where the Company has experience and expertise. The Company also generates internal prospects and participates in projects where ownership interest is considered sufficient to minimize risk. Operational control allows the Company to manage costs, timing and sales of production and to ensure new production is brought on-stream in a timely manner. The Company maintains a comprehensive insurance program to reduce risk to an acceptable level and to protect it against significant losses.

Environmental Risks

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Compliance with such legislation can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which could be material. Senior management continually assesses new and existing regulatory requirements and environmental risks and determines the impact these risks might have on the Company, as well as the appropriate actions necessary to manage those risks. These assessments and the resulting policy decisions are discussed quarterly with the Board of Directors which evaluates the performance and effectiveness of the Company's environmental policies and programs.

The Company's environmental responsibilities includes removing property, plant and equipment as well as reclaiming land and property to its original state, subsequent to the completion of oil and natural gas extraction activities. This requirement results in an asset retirement obligation that provides current recognition of estimated expenditures that will be incurred in the future. The Company's decommissioning liabilities are discussed in further detail under "Critical Accounting Estimates" below, as well as in Note 4 of the Company's September 30, 2025 unaudited condensed interim consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

As at September 30, 2025, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities, was carried out under the supervision and with the participation of Management, including the Chief Executive Officer ("CEO"), and the Chief Financial Officer ("CFO"). Based on this evaluation, the CEO and CFO concluded that, as at September 30, 2025, the design and operation of the Company's disclosure controls and procedures were effective in meeting all regulatory filing requirements.

Internal control over financial reporting ("ICFR") means a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's Generally Accepted Accounting Procedures ("GAAP") and includes those policies and procedures that:

(a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and

(c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial reports;

Management is responsible for establishing and maintaining adequate internal controls over financial reporting.

Management has conducted an evaluation of its internal controls over financial reporting and determined that as at September 30, 2025 the controls were effective to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external reporting purposes. In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission issued an updated Internal Control-Integrated Framework ("2013 Framework") replacing the Internal Control - Integrated Framework (1992). The control framework Yangarra's officers used to design the Company's ICFR is the 2013 Framework.

During the period beginning on July 1, 2025 and ending on September 30, 2025, there were no material changes to the Company's ICFR and the CEO and CFO have filed certifications with the Canadian securities regulators regarding the Company's 2025 public filing documents.

Critical Accounting Judgments and Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts and presentation of assets, liabilities, revenues, expenses and disclosures of contingencies and commitments. Such estimates primarily relate to unsettled transactions and events at the statement of financial position date which are based on information available to management at each financial statement date. Actual results could differ from those estimated. Judgments, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There have been no changes to the Company's critical accounting judgments and estimates during the period ended September 30, 2025. Refer to Note 2 of the Company's December 31, 2024 audited consolidated financial statements.