2026 THIRD QUARTER REPORT

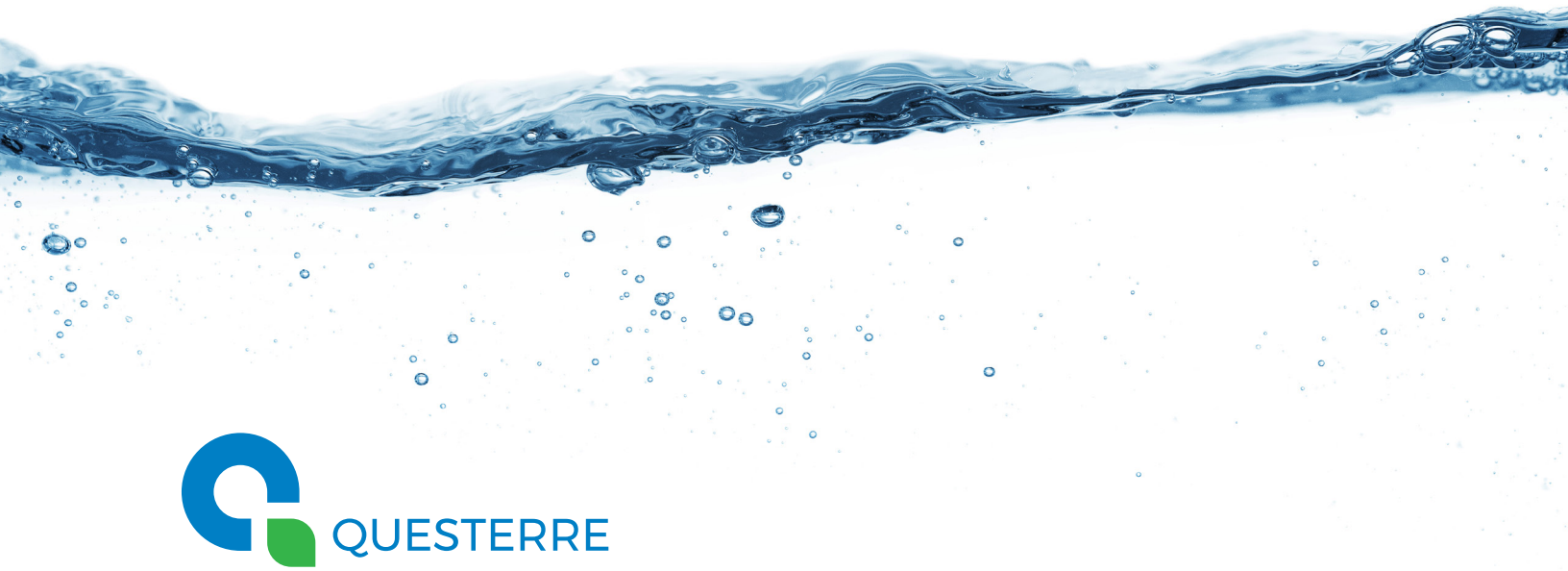
QUESTERRE ENERGY CORPORATION



QUESTERRE

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QUESTERRE

QUESTERRE ENERGY CORPORATION is an energy technology and innovation company focused on responsibly developing oil and gas resources. It is leveraging its expertise gained through early exposure to low permeability reservoirs to acquire significant high-quality resources. We believe we can successfully transition our energy portfolio. With new clean technologies and innovation to responsibly produce and use energy, we can sustain both human progress and our natural environment.

Questerre is a believer that the future success of the oil and gas industry depends on a balance of economics, environment and society. We are committed to being transparent and are respectful that the public must be part of making the important choices for our energy future. Questerre's common shares are traded on the Toronto Stock Exchange and Oslo Stock Exchange under the symbol QEC and its Preferred Shares are traded on the Oslo Stock Exchange under the symbol QGAS.

President's Message

One year ago, we acquired PX Energy, an integrated oil shale business in southern Brazil built around a 35-year-old processing facility. Our goal is to turn it into a business that generates free cash flow and to use it as the platform to prove our Homogeneous Charged Continuous Oxidation ("HCCO") technology. We have made real progress on both fronts this year. We are on track for $11 million in cost savings in Brazil and are targeting a similar amount in 2027. We also successfully tested the HCCO technology in a commercial scale vessel at the facility.

In the third quarter, the plant and the team were tested. A furnace failure shut the plant from late July until August 18. It cost us 19 days of production while our costs continued over the period. Customers also took delivery of product they had paid for earlier in the year. Together, these reduced adjusted funds flow from operations to $2.3 million from $18.3 million in the second quarter. The team completed the repairs on schedule and on budget with no recordable safety incidents, and the retort is back to running at over 90% efficiency. Since then, a minor gas release and the failure of a silo in October have shown how much maintenance the previous owners of the facility deferred. We are sharpening our focus on maintenance and corrective action. Next year's scheduled turnaround will go further than a routine overhaul, with the aim of running the plant longer between turnarounds.

A solid base is also a financial one. PX Energy's bonds are ring-fenced: Questerre has not guaranteed them and is not required to repay them. But ring-fenced is not the same as right-sized. With a larger turnaround and a prudent contingency for unexpected maintenance next year, we believe PX Energy's debt should be restructured to fit its cash flow and investment cycle. This is one of our main objectives for the coming months. We will support a restructuring only if we believe it is in the interests of Questerre's shareholders.

Restructuring PX Energy right matters well beyond next year. Twenty years ago, shale gas and tight oil were thought too costly to produce, until technology changed that[4] and revolutionized North American production. We believe oil shale could be next, and PX Energy is where we are proving the technology. We plan to run an extended test of the HCCO technology in 2027.

We have spent the better part of this year refocusing the operations of PX Energy on our key objectives of safety, efficiency and profitability. Next year our goal is a stronger base and a more optimal debt structure.

In Quebec, the debate on local natural gas has reopened as the province weighs how to meet its energy needs while imported and renewable gas becomes more expensive. Public opinion is moving too. In a recent Ipsos poll, more than two-thirds of Quebecers supported developing the province's own natural gas. During the quarter, the Government approved our carbon storage pilot near Bécancour. We also signed a mediation protocol with the Attorney General of Quebec and the Ministry of the Economy, Innovation and Energy. We look forward to working with the new Government. In Nova Scotia, we were the successful bidder in the province's first bid round and are negotiating a Petroleum Exploration Agreement for lands in the onshore Cumberland Basin.

We are also building our base of conventional production in Western Canada with a four-well drilling program this winter.

Highlights

- Completed the unscheduled turnaround at PX Energy on schedule and on budget, with no recordable safety incidents
- Received approval from the Government of Quebec for our carbon storage pilot
- Signed a mediation protocol with the Attorney General of Quebec and the Ministry of the Economy, Innovation and Energy
- Selected by the Province of Nova Scotia as the successful bidder, and negotiating a Petroleum Exploration Agreement
- Average daily production of 4,634 boe per day
- Adjusted funds flow from operations of $2.3 million, after $4.8 million of idle capacity costs during shutdown and a $5.6 million reduction in contract liabilities as customers took delivery of pre-paid product, and net cash from operating activities of $1.7 million

Oil Shale

When we acquired PX Energy, it was breaking even before maintenance capital. Since taking full management control in January, we have strengthened the local team. Our new Chief Operating Officer in Brazil also serves as President of our subsidiary, Red Leaf Resources Inc. We also reorganized management and introduced contracting discipline. We have also made safety our first priority, recording one recordable incident this year compared to eight last year. That is encouraging, and there is more to do.

In late July, a pipe failed in the furnace that heats the retort, and we shut the plant until August 18. The repair demonstrated our operational capability. There were no recordable incidents, compared to five during the last scheduled turnaround. We also removed the buildup in the retort left by an improper restart after last year's turnaround. Efficiency recovered from about 75% to over 90%, and internal fuel use fell by more than 25%.

The quarter also showed how much remains to be done. Since the restart, we have had a minor gas release and, on October 1, the failure of a silo that stores processed shale from the retort. No one was injured, and production fell by less than 10% for the month. Repairs are expected to cost about US$4.0 million, most of it in the fourth quarter. Like the furnace, both incidents trace back to deferred maintenance.

We are sharpening management's focus on maintenance and on acting quickly once a problem is found. We are investing in the people who run the plant and assessing critical equipment before it fails. The 2027 turnaround will go further than a routine overhaul. By addressing structural integrity, we aim to extend the interval between turnarounds from 24 months to 30 to 36 months. Fewer turnarounds mean more production days and lower maintenance costs over time.

Commercially, higher Brent prices have attracted cheaper, lower-quality fuels into our local market, where demand for high-sulphur fuel oil is shrinking. So far, higher oil prices have more than offset lower sales volumes and wider discounts. Through September, PX Energy's operating results were in line with, or slightly ahead of, its budget. Repairs in the fourth quarter will reduce some of that margin. We are enforcing our sales contracts for our minimum sales volumes. Our commercial team is working hard to diversify our markets and broaden our customer base.

PX Energy's bonds were issued by its holding company and are secured against the Brazilian business. No principal is due before the bonds mature in April 2028, and two one-year extensions to 2030 are available. Interest for 2026 is being paid in kind. From 2027, it is payable in cash unless Brent is below US$65 per barrel. Most of its costs are fixed, so its cash flow would fall if oil prices return to more normal levels. The scope of next year's scheduled turnaround has grown, and its cost could exceed our original estimate of US$10 million. Together with a prudent contingency for unexpected maintenance, that spending comes ahead of the cash flow it will generate. That is why we believe the debt should be restructured to fit its cash flow and investment cycle.

The resource behind the opportunity is enormous. The Green River Formation in the western United States alone holds an estimated 4.3 trillion barrels of oil in place[2], more than twice the oil in place in Alberta's oil sands[3]. The shale revolution helped make the United States the world's largest crude oil producer[4]. We believe HCCO can help oil shale follow the same path.

Our test of HCCO in a commercial-sized vessel at PX Energy's facility earlier this year cost a fraction of a greenfield pilot because we used an existing facility. The next step is an extended test with continuous oxygen injection, which we estimate could reduce internal fuel use by up to 15%. We plan to run it in 2027, while keeping our first priority on executing the scheduled turnaround safely and to plan.

Quebec

The Government of Quebec's long-term energy plan, published in June, relies on natural gas at least through 2050, including to ease winter pressure on the electricity grid and to meet industrial demand[5]. In October, outgoing Finance Minister Eric Girard said the province needs more natural gas[6].

Quebec produces almost none of the gas it uses, which leaves consumers exposed to imported supply and its costs[7]. Énergir, the provincial gas distributor, has proposed a 16% increase in balancing rates included in the price of gas supply, citing a supply deficit on the TC Energy pipeline system[8].

The province is also turning to renewable natural gas. Hydro-Québec intends to use TC Energy's 350 MW Bécancour plant during winter peaks, supplied with renewable natural gas, starting around 2028 or 2029[9]. In 2025, only about 18% of Énergir's renewable gas came from Quebec projects, and much of the rest was bought in the United States[10]. Its latest rate filing increased the renewable gas costs spread across customers by $228.3 million, raising the average bill by 7.6% and industrial bills by 13.5%[11]. Renewable gas costs roughly 3.4 times as much as conventional gas[13]. If Bécancour is supplied the same way as Énergir is, Quebec's insurance for its peak demand days may come at a steep price to ratepayers.

These pressures have reopened the debate on local production, and public opinion is shifting with it. In an October poll by Ipsos for the Montreal Economic Institute, 68% of Quebecers supported developing the province's own natural gas to meet its needs and export any surplus, while 20% were opposed[13]. The Globe and Mail reported in October that Quebec was having second thoughts about its oil and gas bans[12]. Energy expert Yvan Cliche said Quebec

should keep natural gas open as an option beyond 2035[14]. Rising heating oil costs have also strengthened the case for a more diverse energy supply, including natural gas[15].

We believe our Utica discovery is part of the answer. It is local supply less than ten kilometres from Bécancour and well positioned to supply natural gas at peak demand. Paired with carbon storage, it could have lower emissions than imported gas.

We see the approval of our carbon storage pilot as confirmation of our strategy to pursue a business and political solution. The pilot is authorized for five years and may be extended for two more years[16]. It will evaluate the subsurface near the Bécancour industrial park for long-term carbon dioxide storage. We are seeking funding from the provincial and federal governments and talking with potential partners.

Alongside this business and political path, we continue to protect our shareholders' rights through the legal process. On September 3, we announced that we had signed a mediation protocol with the Attorney General of Quebec and the Ministry of the Economy, Innovation and Energy[17]. The next steps in the court timetable will be deferred by a minimum of 120 days from the date of signature. The mediation is voluntary and non-binding and no party is obliged to reach an agreement. The process is confidential. We will not comment further on the proceedings or the mediation while it continues, except as required by securities laws.

Nova Scotia

Nova Scotia ended its ban on hydraulic fracturing[17] in 2025. We believe the lands we are negotiating for in the onshore Cumberland Basin are a large-scale, early-stage exploration opportunity, much like Quebec when we acquired our land position over 25 years ago. We expect to finalize the Petroleum Exploration Agreement in the coming months.

Operating & Financial

With lower production in Brazil due to the shut-in, production averaged 4,634 boe per day in the third quarter, compared to 5,694 boe per day in the second quarter and 2,926 boe per day in the same period last year. Year-to-date production averaged 5,496 boe per day (2025: 2,587 boe per day). Production for the month of October has averaged approximately 5,300 boe per day.

This year's volumes include PX Energy in Brazil, which we acquired at the end of the third quarter of 2025. Canadian volumes declined year over year because of the sale of Kakwa Central effective May 1, 2026, and no new wells were brought on production this year. Last year, we brought on three (1.5 net) wells at Kakwa North. We plan to drill four wells in Saskatchewan before year-end.

Revenue was $50.8 million for the quarter and $143.9 million year to date. Higher commodity prices improved our realized prices, partly offset by a $0.5 million realized loss on commodity hedges. Operating costs in Brazil increased by $5.7 million over the prior quarter, including $4.8 million of idle capacity costs during the plant shutdown. General and administrative expenses decreased to $5.0 million from $7.3 million in the second quarter.

We reported a net loss of $27.6 million for the quarter and $17.6 million year to date. The quarter included net finance expense of $24.2 million, most of it non-cash. Of that, $15.7 million came from higher forward Brent prices,

which increased the value of the derivative based on Brent-linked interest on PX Energy's bonds. No cash interest is due or has been paid on the bonds this year.

Adjusted funds flow from operations was $2.3 million for the quarter compared to $18.3 million in the second quarter, and $41.4 million year to date. Two things explain the drop. The first is the shutdown. The plant was down for 19 days while its costs carried on, including $4.8 million of idle capacity costs. The second is timing. In the second quarter, minimum sales contracts added $6.9 million to adjusted funds flow. The third quarter included a $5.6 million reduction in contract liabilities as customers took delivery of product they had paid for earlier in the year, which brought in no new cash relative to sales.

The working capital deficit improved to $13.3 million at September 30, 2026, from $19.1 million at June 30, 2026 and $52.0 million at December 31, 2025. The Company holds $42.9 million in cash and cash equivalents.

Outlook

Our priorities for 2027 are to:

- Complete a more comprehensive turnaround at PX, aimed at more production days between turnarounds;
- Restructure PX's debt to fit its cash flow and investment cycle;
- Run the extended HCCO test;
- Finalize the Petroleum Exploration Agreement in Nova Scotia; and
- Continue the mediation process and meet with the new Government of Quebec.

Just over 20 years ago, the U.S. Congress passed the Energy Policy Act of 2005. It declared oil shale and other unconventional fuels "strategically important domestic resources that should be developed to reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports"[18]. Twenty years later, oil shale is still largely undeveloped. We are building the platform to change that.

We believe we have the technology to help unlock one of the largest undeveloped oil resources in the world, and we hold a giant natural gas discovery in a province that needs more energy. We remain focused on turning both into value for our shareholders.



Michael Binnion
President and Chief Executive Officer

Forward Looking Advisory

Please refer to the section Forward Looking Statements in the Management Discussion and Analysis regarding the forward-looking information provided in this President's Message.

Footnotes:

[1] The Energy Mix, "N.S. premier says he's pleased with interest from companies after end of fracking ban" (May 25, 2026). https://www.theenergymix.com/n-s-premier-says-hes-pleased-with-interest-from-companies-after-end-of-fracking-ban/

[2] U.S. Geological Survey, "In-Place Oil Shale Resources Examined by Grade in the Major Basins of the Green River Formation, Colorado, Utah, and Wyoming," Fact Sheet 2012–3145. https://pubs.usgs.gov/fs/2012/3145

[3] Estimate of approximately 1.8 trillion barrels of oil in place in the oil sands by the Energy Resources Conservation Board (now the Alberta Energy Regulator), as reported by CBC News, https://www.cbc.ca/news/canada/calgary/alberta-oilsands-production-bright-outlook-1.4031788

[4] U.S. Energy Information Administration, "The United States produced more crude oil than any other country in 2025," Today in Energy (July 9, 2026). https://www.eia.gov/todayinenergy/detail.php?id=67844

[5] Gouvernement du Québec, Plan de gestion intégrée des ressources énergétiques du Québec 2026–2050 (June 2026), pp. 14, 20 and 32. https://cdn-contenu.quebec.ca/cdn-contenu/adm/min/economie/publications-adm/politique/PO-plan-gestion-integre-ressources-energetiques.pdf

[6] FM93, "Éric Girard plaide pour plus de gaz dans le mix énergétique du Québec" (October 19, 2026). https://www.fm93.com/audio/809613/eric-girard-plaide-pour-plus-de-gaz-dans-le-mix-energetique-du-quebec

[7] Canada Energy Regulator, "Provincial and Territorial Energy Profiles – Quebec" (updated March 26, 2026). https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-quebec.html

[8] Énergir, s.e.c., Cause tarifaire 2026–2027, Régie de l'énergie file R-4334-2026, exhibit B-0033 (May 14, 2026), section 2. https://www.regie-energie.qc.ca/fr/participants/dossiers/R-4334-2026/doc/R-4334-2026-B-0033-DemAmend-Piece-2026_05_14.pdf

[9] Hydro-Québec, "Sécurité énergétique du Québec – Hydro-Québec confirme les prochaines étapes en vue de l'utilisation d'une centrale à Bécancour durant les périodes de pointe" (January 22, 2026). https://nouvelles.hydroquebec.com/nouvelles/communiques/tout-quebec/securite-energetique-quebec-hydro-quebec-confirme-prochaines-etapes-vue-utilisation-centrale-becancour-durant-periodes-pointe.html

[10] B. Marcoux, "Le gaz renouvelable dans la transition énergétique du Québec," filed with the Régie de l'énergie, file R-4353-2026 (September 2026), pp. 14 and 20. https://www.regie-energie.qc.ca/fr/participants/dossiers/R-4353-2026/doc/R-4353-2026-A-0035-Preuve-Corresp-2026_09_16.pdf

[11] Énergir, s.e.c., Cause tarifaire 2026–2027, R-4334-2026, exhibit B-0033, section 2.1, p. 5. The average bill impact includes the effects of the commodity price and the cap-and-trade system; the industrial figure is for a client consuming 20 million cubic metres per year. https://www.regie-energie.qc.ca/fr/participants/dossiers/R-4334-2026/doc/R-4334-2026-B-0033-DemAmend-Piece-2026_05_14.pdf

[12] The Globe and Mail, "Quebec has second thoughts on oil and gas development bans" (October 4, 2026). https://www.theglobeandmail.com/business/article-quebec-has-second-thoughts-on-oil-and-gas-development-bans/

[13] Montreal Economic Institute, G. Giguère, "Let's Repeal Quebec's Policy on Gas from Renewable Sources." Comparison for 2025–2026, including the cap-and-trade system. https://www.iedm.org/lets-repeal-quebecs-policy-on-gas-from-renewable-sources/

[14] 98.5 Montréal, "Exploitation du gaz naturel : « Il faut garder les options ouvertes » – Yvan Cliche" (October 19, 2026). https://www.985fm.ca/audio/809596/exploitation-du-gaz-naturel-il-faut-garder-les-options-ouvertes-yvan-cliche

[15] La Presse, "Le coup de grâce pour le mazout ?" (October 21, 2026). https://www.lapresse.ca/affaires/2026-10-21/hausse-de-prix/le-coup-de-grace-pour-le-mazout.php

[16] Questerre Energy Corporation, "Government of Quebec approves carbon storage pilot application" (August 20, 2026). https://mfn.se/one/a/questerre-energy/government-of-quebec-approves-carbon-storage-pilot-application-f9b5df38

[17] Questerre Energy Corporation, "Questerre enters mediation protocol in Quebec proceedings" (September 3, 2026). https://mfn.se/one/a/questerre-energy/questerre-enters-mediation-protocol-in-quebec-proceedings-9f08977a

[18] Energy Policy Act of 2005, Pub. L. 109-58, s. 369, codified at 42 U.S.C. § 15927(b). https://www.law.cornell.edu/uscode/text/42/15927

Environmental, Social and Governance

Questerre believes the oil and gas industry can go from laggards to leaders on the global environment.

From today to 2050, the world's population is estimated to grow from 8.3 billion to almost 10 billion who will expect a better standard of living[1]. We believe providing the increased energy needed tomorrow, with lower environmental impacts than today, is one of the great challenges ahead. Transforming our energy consumption to lower emissions is essential to meeting this challenge.

Our project in Quebec was designed with a goal to significantly reduce emissions associated with the production of natural gas. We are also assessing how to reduce other environmental impacts. It is an example of the steps needed to meet this global challenge.

Our project in Brazil includes creating a permanent forest reserve, contributing to biodiversity and creating a carbon sink. We are targeting further reductions to our emissions footprint through the planned usage of our proprietary process that incorporates carbon capture.

It requires a new way of thinking to become leaders on environmental issues. Our industry plays a vital role in today's energy systems. We have the experience, expertise, capital and technology to help address the world's energy and environmental challenges. Delivering on projects like ours in Quebec is just one example of how our industry can be leaders on transforming our global energy systems.

Questerre is proactively working with communities and First Nations for local benefits. For example, we have committed to share a portion of our profits in Quebec with them. We have also engaged with local First Nations to include them in our contracting and benefits program.

People know they need energy to maintain progress for their families and communities. They want to know the providers of that energy are being responsible and sustainable in the way it is supplied.

Footnote:

https://www.un.org/en/desa/world-population-projected-reach-98-billion-2050-and-112-billion-2100#:~:text=The%20current%20world%20population%20of,Nations%20report%20being%20launched%20today

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared as of November 12, 2026, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes of Questerre Energy Corporation ("Questerre" or the "Company") as at and for the three and nine months ended September 30, 2026, and 2025, as well as the audited annual consolidated financial statements and related notes for the year ended December 31, 2025. Additional information relating to Questerre, including Questerre's Annual Information Form for the year ended December 31, 2025, dated March 31, 2026 ("AIF"), is available on SEDAR+ under Questerre's profile at www.sedarplus.ca.

The unaudited 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"), specifically International Accounting Standard ("IAS") 34, Interim Financial Reporting, in Canadian dollars, except where indicated otherwise. Accounting policies adopted by the Company are set out in the notes to the audited annual consolidated financial statements for the year ended December 31, 2025, and Note 2 of the unaudited interim consolidated financial statements for the period ended September 30, 2026. The unaudited interim consolidated financial statements of Questerre have been prepared by management and approved by the Company's Board of Directors.

Description of Business

Questerre is an energy technology and innovation company actively involved in the acquisition, exploration and development of oil and gas projects with a particular focus on non-conventional projects such as tight oil, oil shale, shale oil and shale gas. Questerre is committed to the economic development of its resources in an environmentally conscious and socially responsible manner. The Company's Class "A" Common voting shares ("Common Shares") are listed on the Toronto Stock Exchange and Euronext Oslo Stock Exchange under the symbol "QEC". The Company's Series 2 Preferred Shares ("Preferred Shares") are listed on Euronext Growth Oslo under the symbol "QGAS".

Following the acquisition of Paraná Xisto S.A. ("PX Energy") on September 26, 2025 (the "Acquisition") and the acquisition of the remaining interest in Red Leaf Resources Inc. ("Red Leaf") on December 30, 2025, Questerre's operations are organized into four operating segments:

- Brazil — Integrated oil shale operations conducted through PX Energy, comprising mining, processing, refining and distribution activities in São Mateus do Sul, in the state of Paraná in southern Brazil. PX Energy represents Questerre's largest business and the primary contributor to its production, revenue and adjusted funds flow.
- Western Canada — Conventional and unconventional exploration, development and production activities across Alberta, Saskatchewan and Manitoba, producing crude oil, natural gas liquids and natural gas.
- Quebec — Pursuing development of its Utica natural gas discovery through a collaborative approach with the Government of Quebec while protecting shareholder rights for the attempted revocation of its licences, including the discovery, through the legal process.
- Corporate & Other — Head office administration, the activities of Red Leaf, a U.S. subsidiary with a proprietary technology, Homogeneous Charged Continuous Oxidation ("HCCO"), to produce oil from organic material, including oil shale, and activity in the Kingdom of Jordan.

Forward-Looking Statements

Certain statements contained within this MD&A constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified using the use of words such as “anticipate”, “assume”, “believe”, “budget”, “can”, “commitment”, “continue”, “could”, “estimate”, “expect”, “forecast”, “foreseeable”, “future”, “intend”, “may”, “might”, “plan”, “potential”, “project”, “will” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A.

This MD&A contains forward-looking statements including, but not limited to, those pertaining to the following:

- the issuance of the Common Shares as consideration for the Acquisition;
- the assumption of convertible promissory notes;
- the potential outcomes of the termination of the BCA;
- the achievement of the performance milestones attached to the contingent consideration payable pursuant to the Acquisition, and the timing thereof, if at all;
- the utilization of Red Leaf technology, including the testing, results and commercialization of the HCCO process;
- drilling plans, including the Company’s planned drilling program in Saskatchewan, and the development and optimization of producing assets;
- the mediation process with the Attorney General of Quebec and MEIE and the status of the Company’s claim made in connection with Quebec’s Bill 21;
- working collaboratively to find a political and business solution with the Government of Quebec for the development of its natural gas discovery;
- future production of oil, natural gas and natural gas liquids;
- the enhancement of existing production through workovers and expanding the pilot secondary recovery scheme while assessing future drilling locations;
- future commodity prices in light of decisions by OPEC and its allies, including Saudi Arabia and Russia on production levels, the war in Ukraine, and the conflict in the Middle East;
- legislative and regulatory developments in the Province of Quebec;
- the Company plans for a carbon storage pilot project under Bill 21 and the funding thereof;
- liquidity and capital resources;
- the financial liquidity of PX Energy, including addressing maintenance requirements;
- development of new markets to broaden the customer base of PX Energy;
- the restructuring of the senior secured bonds of Forbes Resources Brazil Holding SA to fit PX Energy’s cash flow and investment cycle, and the Company’s support for any such restructuring;
- PX Energy’s maintenance program, including the scope, timing and cost of the scheduled 2027 turnaround and the objective of extending the interval between turnarounds;
- the expected cost of repairs following the October 2026 silo failure;
- PX Energy’s operating results relative to its 2026 budget and targets;

- the timing and results of the extended test of the HCCO process and plans for a commercial-scale pilot of the HCCO process;
- the negotiation of a Petroleum Exploration Agreement in Nova Scotia;
- the reimbursement of transportation and storage costs by a customer of PX Energy;
- targeting and meeting future anticipated cost reductions at PX Energy in 2026 and 2027;
- ability of the Company to meet its foreseeable obligations;
- capital expenditures and the funding thereof;
- the funding of acquisitions;
- impacts of capital expenditures on the Company's reserves;
- commitments and Questerre's participation in future capital programs;
- risks and risk management;
- potential for equity and debt issuances and farm-out arrangements;
- counterparty creditworthiness;
- the timing of receivables from joint venture partners;
- insurance;
- use of financial instruments; and
- critical accounting estimates.

Forward-looking statements are based on a number of assumptions, including assumptions about: Brent and WTI crude oil prices and natural gas prices; exchange rates between the Canadian dollar, the U.S. dollar and the Brazilian real; PX Energy's operating efficiency, production and sales volumes, and maintenance costs; the scope, timing and cost of the 2027 turnaround; the willingness of bondholders to agree to amended terms; the availability of capital on acceptable terms; the receipt of regulatory approvals; and the performance of the Company's customers, suppliers and joint venture partners.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A, the AIF, and the documents incorporated by reference into this document:

- successful negotiation of a Petroleum Exploration Agreement in Nova Scotia;
- PX Energy operations are in Brazil and may be adversely affected by changes in foreign government policies and legislation, social instability or other factors not in the control of Questerre;
- equipment and structural failures at PX Energy's facility, including as a result of deferred maintenance, and the risk of further unplanned shutdowns;
- PX Energy's reliance on its principal supplier of feedstock, which also purchases certain of its products and whose prices serve as the reference for its sales;
- competition from lower-cost, lower-quality fuels and declining demand for high-sulphur fuel oil in Brazil;
- environmental administrative proceedings relating to PX Energy's facility;
- the dispute regarding the First Tranche Common Shares and the working capital pursuant to the Acquisition;
- litigation in connection with the Acquisition, including with prior prospective joint venture participants;
- loss of key personnel of PX Energy, including employees and contractors with specialized knowledge of its process;
- debt obligations of PX Energy, including the ability to restructure its senior secured bonds on acceptable terms, or at all;
- litigation in connection with the Acquisition, including with prior prospective joint venture participants;

- potential tariffs and counter tariffs on trade with the United States and other countries;
- Quebec's Bill 21, the revocation of licenses in Quebec and potential compensation;
- the impact of the termination of the BCA;
- volatility in market prices for oil, natural gas liquids and natural gas due to, among other things, the production agreements between OPEC and its allies, including Saudi Arabia and Russia, on production levels, the war in Ukraine, and the conflict in the Middle East;
- access to capital;
- general economic conditions;
- the terms and availability of credit facilities;
- counterparty credit risk;
- changes or fluctuations in oil, natural gas liquids and natural gas production levels;
- liabilities inherent in oil and natural gas operations;
- adverse judicial rulings, regulatory rulings, orders and decisions;
- attracting, retaining and motivating skilled personnel;
- uncertainties associated with estimating oil and natural gas reserves and resources;
- insufficient advancement by Red Leaf in the engineering of its proprietary process;
- competition for, cost and availability of, among other things, capital, acquisitions of reserves, undeveloped land, equipment, skilled personnel and services;
- incorrect assessments of the value of acquisitions and targeted exploration and development assets;
- fluctuations in foreign exchange or interest rates;
- stock market volatility, market valuations and the market value of the securities of Questerre;
- failure to realize the anticipated benefits of acquisitions;
- actions by governmental or regulatory authorities, including changes in royalty structures and programs, and income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- limitations on insurance;
- changes in environmental, tax, or other legislation applicable to the Company's operations, and its ability to comply with current and future environmental and other laws; and
- geological, technical, drilling and processing problems, and other difficulties in producing oil, natural gas liquids and natural gas reserves.

Statements relating to reserves are by their nature deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The discounted and undiscounted net present values of future net revenue attributable to reserves do not represent the fair market value thereof.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A and the documents incorporated by reference herein are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities law. Certain information set out herein with respect to forecasted results is "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding the Company's reasonable expectations as to the anticipated results of its proposed business activities. Readers are cautioned that this financial outlook may not be appropriate for other purposes.

BOE Conversions

Barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil and is based on an energy equivalent conversion method application at the burner tip and does not necessarily represent an economic value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Non-GAAP Measures

This document contains certain financial measures, as described below, which do not have standardized meanings prescribed under IFRS Accounting Standards and may not be comparable to similar measures presented by other issuers. As these measures are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

This document contains the term "adjusted funds flow from operations", which is an additional non-GAAP measure. The Company uses this measure to help evaluate its performance. Questerre considers adjusted funds flow from operations to be a key measure because it demonstrates the Company's ability to generate the cash necessary to fund operations and support activities related to its major assets. The measure excludes transaction costs related to non-recurring acquisition activities and includes changes in contract liabilities related to minimum sales volumes. Contract liabilities related to minimum sales volumes represent amounts invoiced to customers under take-or-pay contracts in respect of volumes the customer has not yet lifted. Management includes these amounts in adjusted funds flow from operations when invoiced because they represent funds available for operations, notwithstanding the Company's continuing obligation to deliver the underlying product against future lifting by the customer. As an indicator of the Company's performance, adjusted funds flow from operations should not be considered as an alternative to, or more meaningful than, net cash from operating activities as determined in accordance with GAAP. The Company's determination of adjusted funds flow from operations may not be comparable to that reported by other companies.

The following table reconciles net cash from operating activities to adjusted funds flow from operations:

	Three months ended September 30,			*Nine months ended September 30,*		
($ thousands)	**2026**		2025	**2026**		2025
Net cash from operating activities	**$ 1,697**	$	1,294	**$ 14,208**	$	10,940
Transaction costs related to PX Energy Acquisition	**–**		2,689	**–**		2,689
Change in non-cash operating working capital	**6,294**		(1,170)	**19,190**		(2,268)
Change in contract liabilities	**(5,646)**		–	**8,005**		–
Adjusted Funds Flow from Operations[(1)]	**$ 2,345**	$	2,813	**$ 41,403**	$	11,361

(1) Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital, other than changes in non-cash contract liabilities related to minimum sales volumes, which are included in the measure.

This document also contains the terms “operating netbacks”, “cash netbacks” and “working capital surplus/(deficit),” which are non-GAAP measures.

Operating and cash netbacks, as presented, do not have any standardized meaning prescribed by GAAP, are most directly comparable to net income (loss) and may not be comparable with the calculation of similar measures for other entities. Operating netbacks have been defined as revenue less royalties, transportation and operating costs. Cash netbacks have been defined as operating netbacks less general and administrative costs. Netbacks are generally discussed and presented on a per boe basis.

Working capital surplus/(deficit), as presented, does not have any standardized meaning prescribed by GAAP, and may not be comparable with the calculation of similar measures for other entities. Working capital surplus/(deficit), as used by the Company, is calculated as current assets less current liabilities.

This document also contains “Brazil operating costs per boe excluding idle capacity costs”, a non-GAAP ratio. It is calculated as operating costs in Brazil, less fixed costs expensed while the facility was shut down (idle capacity costs), divided by sales volumes. Management believes it helps readers compare unit costs between periods in which the facility operated normally. For the third quarter of 2026, operating costs in Brazil were $26.1 million, including $4.8 million of idle capacity costs.

Select Information

	Three months ended September 30,		*Nine months ended September 30,*	
As at/for the period ended,	**2026**	2025	**2026**	2025
Financial ($ thousands, except as noted)				
Petroleum and Natural Gas Sales	**50,761**	11,801	**143,871**	34,606
Adjusted Funds Flow from Operations[(1)]	**2,345**	2,813	**41,403**	11,361
Net Cash from Operating Activities	**1,697**	1,294	**14,208**	10,940
Basic and diluted ($/share)	**–**	–	**0.03**	0.02
Net (Loss) Income	**(27,577)**	(5,334)	**(17,575)**	(6,007)
Basic and diluted ($/share)	**(0.06)**	(0.01)	**(0.04)**	(0.01)
Capital Expenditures	**2,434**	2,248	**6,425**	21,160
Working Capital Surplus (Deficit)[(2)]	**(13,288)**	(40,330)	**(13,288)**	(40,330)
Total Assets	**406,217**	384,853	**406,217**	384,853
Shareholders' Equity	**63,761**	135,053	**63,761**	135,053
Common Shares Outstanding (thousands)	**452,764**	428,516	**452,764**	428,516
Preferred Shares Outstanding (thousands)	**45,276**	–	**45,276**	–
Weighted average - basic (thousands)	**452,764**	428,516	**451,729**	428,516
Weighted average - diluted (thousands)	**452,764**	428,516	**451,729**	428,516
Operations (units as noted)				
Average Production				
Crude Oil and Natural Gas Liquids (bbls/d)	**3,565**	1,512	**4,114**	1,402
Natural Gas (Mcf/d)	**6,411**	8,485	**8,299**	7,111
Total (boe/d)	**4,634**	2,926	**5,496**	2,587
Average Sales Price[(3)(5)]				
Crude Oil and Natural Gas Liquids in Canada ($/bbl)	**115.68**	82.96	**103.65**	82.29
Crude Oil and Natural Gas Liquids in Brazil ($/bbl)	**127.49**	–	**130.12**	–
Natural Gas in Canada ($/Mcf)	**1.83**	0.79	**2.13**	1.65
Natural Gas in Brazil ($/Mcf)	**19.64**	–	**18.58**	–
Total ($/boe)	**112.55**	44.32	**106.35**	49.00
Netback ($/boe)				
Petroleum and Natural Gas Sales	**112.55**	44.32	**106.35**	49.00
Royalties Expense	**(1.95)**	(4.01)	**(3.50)**	(5.41)
Percentage	**2%**	9%	**3%**	11%
Direct Operating Expense	**(66.03)**	(23.79)	**(55.36)**	(21.75)
Operating Netback	**44.57**	16.52	**47.49**	21.84
General and Administrative Expense [(4)]	**(10.99)**	(6.34)	**(12.71)**	(6.12)
Cash Netback	**33.58**	**10.18**	**34.78**	**15.72**

[(1)] Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital, other than changes in non-cash contract liabilities related to minimum sales volumes, which are included in the measure.

[(2)] Refer to the Current Assets and Current Liabilities in the Balance Sheet as at September 30, 2026 and 2025.

[(3)] Refer to the MD&A pricing chart for the three and nine months ended September 30, 2026 and 2025.

[(4)] Refer to MD&A chart for general and administrative costs for the three and nine months ended September 30, 2026 and 2025.

[(5)] Prices per boe are based on sales volumes representing produced volumes less volumes consumed in internal processes.

Highlights

- Completed the unscheduled turnaround at PX Energy on schedule and on budget, with no recordable safety incidents
- Received approval from the Government of Quebec for our carbon storage pilot
- Signed a mediation protocol with the Attorney General of Quebec and the Ministry of the Economy, Innovation and Energy
- Selected by the Province of Nova Scotia as the successful bidder, and negotiating a Petroleum Exploration Agreement
- Average daily production of 4,634 boe per day
- Adjusted funds flow from operations of $2.3 million, after $4.8 million of idle capacity costs during shutdown and a $5.6 million reduction in contract liabilities as customers took delivery of pre-paid product, and net cash from operating activities of $1.7 million

Third Quarter 2026 Activities

Oil Shale

The Company's objective for PX Energy is to develop a cash-generating operating platform, supported by long-life reserves and existing infrastructure, on which to demonstrate Red Leaf's HCCO technology at scale. To achieve this, PX Energy is reducing costs, diversifying its markets and addressing the facility's maintenance backlog.

In late July, a pipe failed in the furnace that supplies heat to the retort, the main processing facility, and the Company shut down the facility for emergency corrective maintenance. No one was injured and the retort was not damaged. The work was completed on schedule and on budget with no recordable safety incidents, and the facility resumed operations on August 18, 2026. The Company also used the shutdown to remove shale buildup on the retort's interior walls caused by an improper restart after the scheduled maintenance in 2025. This buildup had reduced retort efficiency from over 90% to approximately 75% in the second quarter. The retort has since returned to over 90% efficiency, and internal fuel use fell to 548 boe per day from 748 boe per day in the second quarter.

Since the restart, a minor gas release occurred at the facility in October, which was reported to the regulator. On October 1, a silo that temporarily stores processed shale from the retort failed. No one was injured, and production was reduced by less than 10% for the month. Repairs are under way at an expected cost of approximately US$4.0 million, most of which will be incurred in the fourth quarter. Based on its preliminary assessment, management believes that, like the furnace failure, both incidents reflect maintenance deferred by the facility's previous owners and a gap between inspection and corrective action.

PX Energy is sharpening its focus on maintenance and corrective action. This includes condition assessments of critical equipment and structures, holding critical spares ahead of need, and training and succession planning for its specialized operating staff. The scope of the scheduled 2027 turnaround has grown to include structural integrity work, with the objective of extending the interval between turnarounds from 24 months to 30 to 36 months. As a result, the cost of the turnaround could exceed the original estimate of US$10 million. The budget will be set as part of PX Energy's 2027 business plan.

Western Canada

On May 1, 2026, the Company closed the sale of its non-operated minority working interest in the Kakwa Central assets for cash consideration of $23.5 million (the "Disposition"). The purchaser also assumed the related decommissioning liabilities and the Company's firm transportation and processing commitments. The Company recognized a gain on disposition of $17.5 million in the second quarter of 2026.

The Company plans to participate in future drilling at its Kakwa North joint venture subject to the operator's plans, commodity prices and the proposed drilling and completion programs.

In Saskatchewan, the Company plans to drill four (4.0 net) wells before the end of the year.

Quebec

The Company's strategic objective in Quebec remains the pursuit of a business and political solution for the development of its natural gas discovery in the province. Concurrently, the Company continues to protect its legal rights following the enactment in August 2022 of Bill 21, *An Act mainly to end petroleum exploration and production and the public financing of those activities in Quebec* ("Bill 21").

In August, the Ministry of Economy, Innovation and Energy ("MEIE") approved the Company's application for a carbon storage pilot project, as published in the Official Gazette of Quebec on August 19, 2026. The pilot, if advanced, will evaluate subsurface formations for long-term carbon dioxide storage. It provides for the drilling of injection and observation wells and the use of one of the Company's existing wells. The authorization has an initial term of five years and may be extended by two years. The Company is working with the provincial and federal governments on funding for the pilot. It is also working with the Government of Quebec to validate its pre-existing rights to explore for carbon storage, which it held before Bill 21 was enacted.

The Company received a notice from MEIE regarding the requirements under Bill 21 to decommission its twelve suspended wells in the province within 36 months of July 30, 2026. The Company contests these requirements. Under Bill 17, existing wells may be used in carbon storage pilot projects, and the Company is reviewing the decommissioning of its wells with the Government of Quebec in the context of the pilot. Under Bill 21, the Government will fund up to 75% of qualified expenditures for decommissioning liabilities.

On September 3, 2026, the Company signed a mediation protocol with the Attorney General of Quebec and MEIE in relation to its proceedings before the Quebec Superior Court. Utica Resources Inc. and its affiliates, a separate plaintiff in the test cases, are also parties to the protocol. Under the protocol, the parties will jointly apply to the court to defer the next steps in the court timetable by a minimum of 120 days. The mediation is voluntary, non-binding and confidential, and no party is obliged to reach an agreement. The Company will not comment further on the proceedings or the mediation while it continues, except as required by securities law.

Corporate

In August, the Company was selected as the successful bidder in the first bid round under Nova Scotia's Subsurface Energy Research and Development Investment Program. The Company is negotiating a Petroleum Exploration Agreement with the province covering lands in the onshore Cumberland Basin of northern Nova Scotia, which is prospective for oil and natural gas in multiple formations.

Effective October 16, 2026, the Company elected not to proceed with the renewal of its undrawn revolving credit facility with a Canadian chartered bank following terms proposed by the lender regarding collateralization of its Quebec asset retirement obligations. Management determined that securing the facility on the terms requested was unnecessary given the Company's current liquidity position. Existing letters of credit and hedging instruments are currently cash secured. The facility was terminated with zero drawings and no penalties incurred. Questerre's operations outside Brazil remain funded through existing cash and cash flows.

Third Quarter 2026 Financial Results

Production and Sales Volumes

Three months ended September 30,	**2026**			2025		
	Oil and Liquids (bbls/d)	**Natural Gas (Mcf/d)**	**Equivalent (boe/d)**	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Production Volumes						
Canada	**510**	**3,388**	**1,074**	1,512	8,485	2,926
Brazil	**3,056**	**3,024**	**3,560**	–	–	–
	3,566	**6,412**	**4,634**	1,512	8,485	2,926
Sales Volumes						
Canada	**510**	**3,388**	**1,074**	1,512	8,485	2,926
Brazil	**3,679**	**897**	**3,829**	–	–	–
	4,189	**4,285**	**4,903**	1,512	8,485	2,926

Nine months ended September 30,	**2026**			2025		
	Oil and Liquids (bbls/d)	**Natural Gas (Mcf/d)**	**Equivalent (boe/d)**	Oil and Liquids (bbls/d)	Natural Gas (Mcf/d)	Equivalent (boe/d)
Production Volumes						
Canada	**809**	**4,755**	**1,601**	1,402	7,111	2,587
Brazil	**3,305**	**3,544**	**3,895**	–	–	–
	4,114	**8,299**	**5,496**	1,402	7,111	2,587
Sales Volumes						
Canada	**809**	**4,755**	**1,602**	1,402	7,111	2,587
Brazil	**3,171**	**1,098**	**3,354**	–	–	–
	3,980	**5,853**	**4,956**	1,402	7,111	2,587

Note: Oil and liquids includes light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Production volumes for the third quarter of 2026 and year to date ended September 30, 2026 increased over the comparative periods of 2025 following the Acquisition. Compared to the second quarter of 2026, production decreased by 19% or 1,060 boe per day from 5,694 boe per day. Just over half of this reflects the emergency shutdown at PX Energy and the remainder is due to lower production in Canada.

In Canada, relative to last year, production volumes decreased due to the Disposition and natural declines, with no new wells brought on-stream at either Kakwa joint venture in 2026. By comparison, volumes in 2025 included three (1.5 net) new wells at Kakwa North brought on production in the second quarter of 2025. Compared to the second quarter of 2026, production in Canada decreased by 30% or 471 boe per day from 1,545 boe per day, reflecting the

full quarter impact of the Disposition. The Disposition which closed on May 1, 2026, accounted for 650 boe per day in the first quarter.

In Brazil, production in the third quarter of 2026 decreased by 14% to 3,560 boe per day from 4,149 boe per day from the prior quarter. This decrease in production is mainly attributed to the shutdown of the facility for emergency corrective maintenance following a critical pipe failure in the furnace that supplies heat to the main processing facility. Following the restart, retort efficiency returned to over 90% from approximately 75% in the second quarter. During the quarter, internal fuel usage was reduced to 548 boe per day compared to 748 boe per day in the second quarter.

Brazil sales volumes for the third quarter increased by 24% to 3,829 boe per day from 3,088 boe per day in the prior quarter. Sales exceeded production as customers lifted volumes held in third-party storage terminals, including volumes previously invoiced under minimum volume commitments. Year to date, the variance attributable to the shortfall between sales and contractual commitments was 171 boe per day. Although the Company continues to collect cash for these shortfall volumes, it is seeking to diversify its customer base by targeting new markets to reduce the risk of future shortfalls.

Sales volumes in Brazil, specifically fuel oil, are subject to contractual minimum monthly sales volumes with existing customers. Customers are invoiced for any shortfall between actual sales and the minimum contract sales volumes. These amounts are invoiced and collected in the following month. The amounts related to the shortfall are not included in revenue for the current period and are to be settled in accordance with the terms of the contracts.

Petroleum and Natural Gas Revenue

Three months ended September 30,	**2026**			2025		
($ thousands)	**Oil and Liquids**	**Natural Gas**	**Total**	Oil and Liquids	Natural Gas	Total
Canada	**$ 5,423**	**$ 570**	**$ 5,993**	$ 11,157	$ 644	$ 11,801
Brazil	**43,148**	**1,620**	**44,768**	**–**	**–**	**–**
	$ 48,571	**$ 2,190**	**$ 50,761**	$ 11,157	$ 644	$ 11,801

Note: Oil and liquids include light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Nine months ended September 30,	**2026**			2025		
($ thousands)	**Oil and Liquids**	**Natural Gas**	**Total**	Oil and Liquids	Natural Gas	Total
Canada	**$ 22,888**	**$ 2,771**	**$ 25,659**	$ 31,407	$ 3,199	$ 34,606
Brazil	**112,643**	**5,569**	**118,212**	**–**	**–**	**–**
	$ 135,531	**$ 8,340**	**$ 143,871**	$ 31,407	$ 3,199	$ 34,606

Note: Oil and liquids includes light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Consistent with the increase in production volumes following the Acquisition, the Company reported higher petroleum and natural gas revenue for both the current quarter and year to date period ended September 30, 2026 compared with the corresponding periods of 2025.

In Canada, revenue decreased for the quarter and year to date, as lower sales volumes more than offset higher realized prices. Compared to the second quarter of 2026, revenue in Canada declined by 33% from $9.0 million, reflecting the full quarter impact of the Disposition and natural declines. In Brazil, revenue increased by 9% to $44.8 million from $41.2 million in the second quarter, as a 24% increase in sales volumes more than offset a 15% decrease in the realized oil price. Year to date, revenue from Brazil was $118.2 million.

Pricing

	Three months ended September 30,		*Nine months ended September 30,*	
	2026	2025	**2026**	2025
Benchmark prices:				
Natural Gas - AECO, daily spot ($/Mcf)	**1.51**	0.63	**1.65**	1.42
Crude Oil - Mixed Sweet Blend ($/bbl)	**119.12**	86.39	**114.78**	88.65
Crude Oil - Brent ($/bbl)	**134.71**	–	**125.01**	–
Realized prices:				
Natural Gas in Canada ($/Mcf)	**1.83**	0.79	**2.13**	1.65
Natural Gas in Brazil ($/Mcf)	**19.64**	–	**18.58**	–
Crude Oil and Natural Gas Liquids in Canada($/bbl)	**115.68**	82.96	**103.65**	82.29
Crude Oil and Natural Gas Liquids in Brazil ($/bbl)	**127.49**	–	**130.12**	–

Note: Crude Oil and Natural Gas Liquids include light & medium crude oil and natural gas liquids. Natural gas includes conventional and shale gas.

Global crude oil prices remained elevated in the third quarter of 2026, reflecting conflict in the Middle East and its impact on global supply. The Canadian Mixed Sweet Blend benchmark averaged $119.12 per barrel for the quarter (Q3 2025: $86.39 per barrel). The Company's realized price for crude oil and natural gas liquids in Canada averaged $115.68 per barrel for the quarter (Q3 2025: $82.96 per barrel), reflecting the higher benchmark price partially offset by differentials on the Company's products.

In Brazil, prices for the Company’s oil production are primarily based on Brent pricing with applicable quality differentials and premiums. For the third quarter of 2026, the benchmark Brent crude oil price averaged $134.71 per barrel, compared with the Company’s realized price of $127.49 per barrel. The realized price reflects produced volumes net of volumes used in the production process, product quality, and commercial arrangements. Year to date, the realized price averaged $130.12 per barrel, compared with the Brent benchmark of $125.01 per barrel.

The AECO daily spot price averaged $1.51 per Mcf for the third quarter of 2026 (Q3 2025: $0.63 per Mcf), reflecting continued oversupply in the Western Canadian market relative to demand. Year to date, AECO averaged $1.65 per Mcf (2025: $1.42 per Mcf). The Company's realized natural gas price in Canada was $1.83 per Mcf for the third quarter of 2026 (Q3 2025: $0.79 per Mcf), reflecting the benchmark price and the higher heat content of the Company's gas volumes from Kakwa.

Royalties

	Three months ended September 30,				*Nine months ended September 30,*			
($ thousands)	**2026**		2025		**2026**		2025	
Canada	**$**	**409**	$	1,069	**$**	**1,865**	$	3,822
Brazil		**470**		–		**2,873**		–
	$	**879**	$	1,069	**$**	**4,738**	$	3,822
% of Revenue:								
Canada		**7%**		9%		**7%**		11%
Brazil		**1%**		–		**2%**		–
Total Company		**2%**		9%		**3%**		11%

Royalties decreased in the third quarter of 2026 and increased year to date compared to the same periods in 2025 due to the timing of the Acquisition of Brazilian assets in 2025 and the Kakwa Disposition in 2026.

Royalties on production in Canada were $0.4 million or 7% of revenue for the quarter (Q3 2025: $1.1 million or 9%), declining following the Disposition. Year to date, royalties were 7% of revenue (2025: 11%) and have been lower than the prior year due to an increase in the credits received for processing the Crown's share of production in Alberta.

Royalties on production in Brazil averaged 1% and 2% of revenue, respectively, in the current quarter and year to date. This reflects a 5% royalty on the value of oil shale production and a 2% royalty on production volumes from waste oil processing.

Operating Costs

	Three months ended September 30,				*Nine months ended September 30,*			
($ thousands)	**2026**		2025		**2026**		2025	
Canada	**$**	**3,702**	$	6,338	**$**	**10,859**	$	15,359
Brazil		**26,076**		**–**		**64,030**		**–**
	$	**29,778**	$	6,338	**$**	**74,889**	$	15,359
$/boe:								
Canada	**$**	**37.46**	$	23.79	**$**	**24.84**	$	21.75
Brazil		**74.04**		–		**69.93**		–
Total Company	**$**	**66.03**	$	23.79	**$**	**55.36**	$	21.75

Operating costs increased to $29.8 million for the third quarter of 2026 mainly due to the inclusion of PX Energy following the Acquisition.

In Canada, the operating costs of $3.7 million for the quarter (Q3 2025: $6.3 million) and $10.9 million year to date (2025: $15.4 million) reflect the Disposition and lower production volumes from Kakwa North. On a boe basis, operating costs increased to $37.46 for the quarter (Q3 2025: $23.79) and $24.84 year to date (2025: $21.75), due to higher variable costs per boe and fixed costs being spread over lower production volumes.

Operating costs in Brazil are largely fixed and include mining, refining, energy and other costs associated with PX Energy's operations. Although the facility was shut down for emergency corrective maintenance, Brazil operating costs increased in the third quarter to $26.1 million from $20.4 million in the second quarter. There were two reasons. First, most costs continued to be incurred during the shutdown, and approximately $4.8 million of fixed costs that could not be absorbed into production (idle capacity costs) and were expensed in the quarter rather than included in the cost of inventory. Second, sales exceeded production, so operating costs also include the cost of inventory produced in earlier periods and sold during the quarter from third-party storage terminals. Year to date, operating costs in Brazil were $64.0 million.

Changes in volumes have a significant impact on unit costs as costs in Brazil are largely fixed. On a boe basis, operating costs rose to $74.04 in the third quarter from $72.67 in the second quarter. The higher cost base was largely offset by a 24% increase in sales volumes to 3,829 boe per day from 3,088 boe per day. Excluding idle capacity costs, operating costs in Brazil were approximately $60.41 per boe for the quarter (a non-GAAP ratio; see "Non-GAAP Measures"). Year to date, operating costs in Brazil averaged $69.93 per boe.

Notwithstanding these specific cost increases, PX Energy remains on track to achieve estimated savings of $11.0 million in the current year through its cost-cutting program. It is targeting similar savings through a second round of cost reductions in 2027.

General and Administrative Expenses

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Canada general and administrative expenses	**$ 2,452**	$ 1,689	**$ 8,155**	$ 4,320
Brazil general and administrative expenses	**2,505**	–	**9,043**	–
General and administrative expenses, net	**$ 4,957**	$ 1,689	**$ 17,198**	$ 4,320

General and Administrative expenses ("G&A") increased in the current year following the Acquisition and the consolidation of its ownership of Red Leaf. In Canada, G&A of $2.5 million for the quarter decreased from $3.5 million in the second quarter, which included one-time fees of approximately $0.6 million for the listing of the Series 2 Preferred Shares and higher legal costs for the Company's Quebec assets. Compared to the third quarter of 2025, G&A in Canada increased by $0.8 million from $1.7 million, mainly reflecting additional corporate staff and consultants supporting PX Energy and Red Leaf.

In Brazil, G&A of $2.5 million in the third quarter decreased from $3.8 million incurred in the second quarter, primarily reflecting lower consulting services and marketing costs.

The year-over-year increase in consolidated G&A primarily reflects inclusion of Brazilian G&A of $9.0 million following the acquisition of PX Energy in September 2025, together with higher Canadian G&A for the current quarter. No comparable Brazilian G&A were incurred in the 2025 comparative periods as the Acquisition closed in September 2025.

Depletion, Depreciation, and Impairment

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Canada	**$ 1,635**	$ 5,172	**$ 7,545**	$ 13,673
Brazil	**10,500**	–	**33,263**	**–**
Total Company	**$ 12,135**	$ 5,172	**$ 40,808**	$ 13,673
$/boe:				
Canada	**16.54**	19.42	**17.26**	19.36
Brazil	**29.81**	–	**36.33**	–
Total Company	**$ 26.91**	$ 19.42	**$ 30.17**	$ 19.36

The increase in depletion and depreciation expense compared to the prior year period reflects the inclusion of expense related to the Brazil assets following the Acquisition. Depletion and depreciation in Brazil are higher than in Canada due to the higher volumes and nature of the acquired asset base.

For the entire company, this increased from $19.42 per boe last year to $26.91 per boe this year. In Canada, on a unit of production basis, depletion and depreciation were lower due to the Disposition. In Brazil, on a unit of production basis, depletion and depreciation was $29.81 per boe (Q2 2026: $41.58 per boe), with the decrease reflecting higher sales volumes relative to production in the quarter.

On a corporate basis, depletion and depreciation increased to $30.17 per boe from $19.36 per boe for the nine months ended September 30, 2025, driven by Brazil at $36.33 per boe. In Canada, depletion and depreciation decreased to $17.26 per boe from $19.36 per boe in the comparative period due to the Disposition.

At September 30, 2026, the Company assessed its property, plant, and equipment assets for indicators of impairment or impairment reversals. No impairment was recorded for the three and nine months ended September 30, 2026. Commodity prices increased compared to year-end 2025, and as a result, no new impairment indicators were identified. The Company also considered whether the increase in commodity prices represented an indicator of impairment reversal for the impairments recorded at year-end 2025. No impairment reversal was recorded during the quarter. Management concluded that the increase in commodity prices may be temporary and influenced by geopolitical factors. Therefore, it did not provide sufficient evidence of sustained improvement in long-term pricing assumptions or asset recoverability.

Share Based Compensation

For the quarter, the Company recorded share-based compensation expense of $0.2 million (Q3 2025: $0.2 million) net of $0.03 million (Q3 2025: $0.03 million) in expense that was capitalized during the quarter. Year to date, the Company recorded share-based compensation expense of $1.1 million (2025: $0.9 million) net of $0.1 million (2025: $0.2 million) in expense that was capitalized during the year.

Finance income and expenses

Finance expense is driven mainly by non-cash items related to the senior secured bonds. For the third quarter of 2026, the Company recorded finance income of $0.8 million and finance expense of $25.0 million (Q3 2025: finance

income of $0.1 million; finance expense of nil), resulting in net finance expense of $24.2 million (Q3 2025: $0.1 million net finance income). This included a non-cash fair value loss of $15.7 million on the embedded derivative. No cash interest has been paid on the bonds in 2026.

Year to date, the Company recorded finance income of $9.2 million and finance expense of $38.0 million (2025: finance income of $0.5 million; finance expense of less than $0.1 million), resulting in net finance expense of $28.8 million (2025: $0.5 million net finance income).

Year to date, finance income consists mainly of a non-cash foreign exchange gain of $7.2 million on U.S. dollar and Brazilian real denominated balances, mostly the U.S. dollar denominated senior secured bonds held by the Company's Brazilian subsidiary. The remaining $2.1 million is made up of $1.0 million of interest earned on cash and short term investments, $1.0 million of other finance income, and $0.1 million of interest income on leases.

For the same period, finance expense of $38.0 million is also primarily non-cash and comprises the following:

- $11.2 million related to a net increase in the fair value of the embedded derivative for the Brent-linked interest on the secured bonds;
- $6.4 million of accretion expense on the secured bonds, as the carrying value accretes from the acquisition-date fair value toward face value over the bonds' remaining term;
- $14.0 million in paid-in-kind interest expense on the secured bonds, with accrued interest added to outstanding principal rather than paid in cash; and
- $6.2 million in interest expense on other obligations, including customer advances and lease liabilities at PX Energy.

The significant variability in finance income and expense between quarters reflects the non-cash changes in fair value of the embedded derivative associated with the Brent-linked interest component of the senior secured bonds. The fair value of the derivative is directly related to forward Brent prices. As forward Brent prices declined in the second quarter, the value of the embedded derivative decreased, and the Company recognized a fair value gain in finance income. This largely offset the first quarter loss associated with this derivative. In the third quarter, forward Brent prices increased, resulting in a fair value loss of $15.7 million on the embedded derivative.

Under the agreed terms, the interest rate on the secured bonds was revised to a variable rate based on forward Brent prices with a maximum rate of 20% if Brent prices are US$95 per barrel or higher in the applicable quarter. Notwithstanding, the interest on the secured bonds is capped at 16% over the life of the bond. The issuer, being the Company's indirect subsidiary, has elected to pay interest for 2026 in kind and not in cash. The embedded derivative will continue to be remeasured each reporting period, with changes recognized in finance expense or income. As a result, this will increase or decrease in future periods depending on movements in forward Brent prices and other valuation inputs.

The Company's finance income and expenses are expected to remain volatile from period to period given the sensitivity of the embedded derivative fair value to movements in forward Brent prices. Refer to "Risk Management — Interest Rate Risk" for further discussion.

Other Comprehensive Income (Loss)

For the third quarter of 2026 and year to date, the Company recorded foreign currency translation adjustments of $0.3 million gain (Q3 2025: $1.7 million gain) and $2.2 million gain (2025: $1.7 million gain) related to its foreign subsidiaries, mainly due to the strengthening Canadian dollar relative to the Brazilian real.

Net Income (Loss) and Total Comprehensive Income (Loss)

For the third quarter of 2026, the Company recorded a net loss of $27.6 million (Q3 2025: net loss of $5.3 million). The net loss for the quarter reflects net finance expense of $24.2 million, depletion and depreciation of $12.1 million, other losses of $4.8 million and a loss on commodity risk management contracts of $2.0 million.

Year to date, the Company recorded a net loss of $17.6 million (2025: net loss of $6.0 million) reflecting the third quarter net loss of $27.6 million and the first quarter net loss of $17.8 million, partially offset by second quarter net income of $27.8 million, which included the $17.5 million gain on the Disposition. Total comprehensive loss for the third quarter was $27.2 million (Q3 2025: $3.5 million) and year to date was $15.4 million (2025: $4.5 million), reflecting the net loss partially offset by foreign currency translation gains on the Company's foreign subsidiaries.

Summary of Cash Flows

The following table summarizes the Company's cash flows:

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Cash from operations before changes in non-cash working capital	**$ 7,991**	124	**$ 33,398**	8,672
Change in non-cash operating working capital	**(6,294)**	1,170	**(19,190)**	2,268
Net cash from operating activities	**1,697**	1,294	**14,208**	10,940
Net cash from (used) in investing activities	**(2,687)**	(829)	**10,711**	(23,893)
Net cash used in financing activities	**(368)**	(15)	**(7,628)**	(45)
Effect of foreign exchange on cash and cash equivalents	**2**	–	**179**	–
Change in cash, and cash equivalents	**(1,356)**	450	**17,470**	(12,998)
Cash and equivalents, beginning of period	**44,245**	18,343	**25,419**	31,791
Cash, and cash equivalents, end of period	**$ 42,889**	$ 18,793	**$ 42,889**	18,793

In the third quarter, cash and cash equivalents decreased by $1.4 million to $42.9 million. Cash from operating activities of $1.7 million was more than offset by $2.7 million used in investing activities and $0.4 million used in financing activities. Year to date, cash and cash equivalents increased by $17.5 million, mainly due to $23.5 million of proceeds from the Disposition and $14.2 million of cash from operating activities, partially offset by capital expenditures, contingent consideration payments and repayments of $7.9 million on customer-funded loans at PX Energy.

Cash Flow from Operating Activities

The increase in cash from operations before working capital changes over the comparative periods reflects the net cash contribution from PX Energy following the Acquisition. This was partially offset by cash taxes paid of $6.7 million

in the quarter and $8.6 million year to date. The comparative third quarter also included $2.7 million of transaction costs related to the Acquisition.

Changes in non-cash working capital used $6.3 million of cash during the quarter (Q3 2025: $1.2 million provided) and $19.2 million year to date (2025: $2.3 million provided). In the quarter, the use of cash mainly reflects a $5.6 million reduction in contract liabilities as customers lifted volumes previously invoiced under minimum volume commitments and a $3.4 million decrease in accounts payable and accrued liabilities. These were partially offset by a $2.8 million drawdown of inventory. Year to date, the use of cash mainly reflects a $21.7 million decrease in accounts payable and accrued liabilities and increases in deposits and prepaid expenses of $15.3 million and accounts receivable of $4.3 million. These were partially offset by increases in other liabilities of $11.4 million and contract liabilities of $8.0 million.

Cash Flow from (used in) Investing Activities

The investing activities resulted in a net cash outflow of $2.7 million for the third quarter of 2026 (Q3 2025: $0.8 million outflow). The current quarter reflects $2.4 million of capital expenditures and $1.1 million paid for contingent consideration relating to the previous acquisition of PX Energy, partially offset by a $0.9 million inflow from non-cash working capital changes. The comparative quarter reflected $2.2 million of capital expenditures on the Company's Kakwa North program, partially offset by $1.2 million of cash acquired through the business combination.

Year to date, investing activities generated a net cash inflow of $10.7 million (2025: $23.9 million outflow). This reflects $23.5 million in proceeds from the Disposition, partly offset by $6.4 million of capital expenditures, $3.3 million of contingent consideration payments, $2.2 million of cash consideration paid on the Red Leaf preferred shares, and a $1.2 million increase in restricted cash. Non-cash working capital changes provided $0.4 million. The comparative period reflected $21.2 million of capital expenditures, primarily for the Company's 2025 Kakwa North program, and a $4.0 million non-cash working capital movement, partially offset by $1.2 million of cash acquired through the business combination.

Cash Flow used in Financing Activities

For the current quarter, cash used in financing activities included $0.3 million in lease liability payments and $0.1 million in share issuance costs. Year to date, financing activities included repayments of $7.9 million on customer-funded loans at PX Energy, lease payments of $0.8 million and share issuance costs of $0.1 million, partially offset by $1.2 million in proceeds received from the exercise of stock options in the first quarter.

Capital Expenditures

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Canada	**$ 1,176**	$ 2,248	**$ 2,115**	$ 21,160
Brazil	**1,257**	–	**4,309**	–
Total Company	**$ 2,434**	$ 2,248	**$ 6,425**	$ 21,160

Note: Capital expenditures exclude certain non-cash items such as, share based compensation and asset retirement obligations.

For the third quarter of 2026, the Company incurred capital expenditures of $2.3 million and $6.3 million, respectively. Year to date expenditures were comprised of:

- In Canada, $2.0 million was incurred year to date to complete and tie-in one well in Antler and expand the pressure support scheme; and
- In Brazil, $4.3 million was spent year to date on production assets.

For the third quarter and year to date of 2025, the Company incurred capital expenditures of $2.2 million and $21.2 million, respectively. Year to date expenditures were comprised of:

- In Alberta, $17.7 million year to date on completing and tying-in three (1.5 net) wells at the Kakwa North;
- In Saskatchewan, $3.3 million was incurred year to date to drill a new well and expand the pressure maintenance scheme; and
- The remaining $0.2 million was spent on other assets including Jordan.

Liquidity and Capital Resources

The Company's objectives when managing its capital are, first, to maintain financial flexibility and the ability to meet financial obligations as they come due, and second, to optimize the cost of capital at an acceptable level of risk to sustain the long-term development of the business. Management approaches liquidity management on both a consolidated basis and on a standalone entity basis. The financial obligations of its Brazil subsidiary including its senior secured bonds are non-recourse to the parent. For more information, please refer to Note 10 of the Financial Statements.

Sources of liquidity include cash and cash flow generated by operating activities. Subject to market conditions, the Company may have access to equity and debt capital markets as well as future asset dispositions or joint venture arrangements where such transactions are accretive to shareholder value.

At September 30, 2026, the Company's consolidated current liabilities were $95.8 million. These include $28.5 million of liabilities that primarily relate to the Acquisition and are expected to be settled in equity. In addition, contract liabilities of $10.0 million are expected to be settled through future product deliveries rather than in cash. Excluding these amounts, current liabilities requiring cash settlement were $57.2 million. The Company's consolidated current assets were $82.5 million, including $42.9 million in cash and cash equivalents.

On a consolidated basis, the Company reported a working capital deficit of $13.3 million. This compares to a deficit of $19.1 million at June 30, 2026, and $52.0 million at December 31, 2025. The material improvement in the reported

working capital deficit since year-end reflects the $23.5 million cash proceeds from the Disposition and the cash generated from operating activities.

On a standalone basis, at September 30, 2026, the Company's Brazil assets had a working capital deficit of $43.7 million and Canada and Other had a working capital surplus of $30.4 million. The obligations of the Brazil segment are non-recourse to the parent company.

At September 30, 2026, the Company's indirect subsidiary, Forbes Resources Brazil Holding SA, had senior secured bonds outstanding with a face value of US$80 million. The bonds mature on April 26, 2028, with two one-year extensions available for a fee of 2% of principal each, and are secured by a fiduciary assignment of the equity of PX Energy and security over its assets. The bonds are non-recourse to Questerre, the parent company, which has not guaranteed them.

For 2026, the issuer has elected to settle interest in kind rather than in cash, with accrued interest added to the principal outstanding. The carrying value of the secured bonds increased to $134.6 million at September 30, 2026, from $100.8 million at December 31, 2025. The increase reflects the following:

- $14.0 million of accrued interest;
- $6.4 million of accretion as the bonds accrete from their acquisition-date fair value toward face value;
- $2.3 million of foreign currency translation adjustments; and
- $11.2 million representing the fair value of the embedded derivative.

In the second quarter, the Company's wholly owned subsidiary notified the counterparties of the business combination agreement ("BCA") with a special purpose acquisition company ("SPAC") that it was terminating the BCA for breaches asserted by the subsidiary. The counterparties have disputed the validity of the termination. The Company believes the termination was validly effected in accordance with the terms of the BCA. The outcome of this matter cannot be determined at this time, and there can be no assurance as to how or when it will be resolved. The Company intends to vigorously defend its position and continues to reserve all its rights and remedies. In connection with the Acquisition, the Company recorded a liability of $7.6 million representing the estimated fair value of its obligations under the BCA.

From 2027, interest is payable in cash unless Brent is below US$65 per barrel. The bonds require an interest coverage ratio above 1.3 times and minimum liquidity of US$3.2 million. At September 30, 2026, the issuer was in compliance with these covenants, and principal and capitalized interest outstanding totalled US$86.9 million ($123.3 million).

Most of PX Energy's costs are fixed. In 2027, PX Energy must fund its scheduled turnaround, the scope of which has grown and the cost of which could exceed the original estimate of US$10 million, and maintain a contingency for unexpected maintenance. This spending comes ahead of the cash flow it will generate. Management therefore expects that PX Energy's debt should be restructured to fit its cash flow and investment cycle, and this is a priority for the coming months. The Company will support a restructuring only if it believes it is in the interests of Questerre's shareholders. There is no assurance that a restructuring will be completed or on what terms.

At September 30, 2026, there were no material borrowings under the Company's Canadian credit facility. Effective October 2026, the Company elected not to renew the undrawn facility, as the terms proposed by the lender would

have required collateralization of its Quebec asset retirement obligations. Existing letters of credit and hedging instruments are cash secured, and no penalties were incurred on termination.

For a detailed discussion of the risks and uncertainties associated with the Company's business and operations, see the Risk Management section of the MD&A and the AIF.

Share Capital

The Company is authorized to issue an unlimited number of Common Shares. The Company is also authorized to issue an unlimited number of Class "B" Common voting shares and an unlimited number of preferred shares, issuable in one or more series. At September 30, 2026, and December 31, 2025, there were no Class "B" common voting shares outstanding and no other preferred shares outstanding besides the Series 2 Preferred Shares.

The following table summarizes outstanding Common Shares, Preferred Shares and options as at the date of the MD&A and the current reporting date and the preceding fiscal year-end.

(thousands)	**November 12, 2026**	**September 30, 2026**	December 31, 2025
Common Shares	**452,764**	**452,764**	445,764
Series 2 Preferred Shares	**45,276**	**45,276**	–
Stock Options - Common shares	**33,115**	**33,065**	35,790
Stock Options - Preferred shares	**1,255**	**1,250**	–
Weighted average common shares			
Basic		**451,729**	429,083
Diluted		**451,729**	433,267

During the first quarter of 2026, the Company issued 6.5 million Common Shares on the exercise of stock options at a weighted average exercise price of $0.18 per share, for gross cash proceeds of approximately $1.2 million. The exercise increased share capital by the $1.2 million of cash proceeds and the $0.9 million previously recorded in contributed surplus.

In connection with the exercise, the Company agreed to reimburse employees for the withholding tax obligations as an incentive to promote share ownership, subject to the optionees holding the shares for a minimum of six months from the date of exercise. The holding period ended during the third quarter of 2026, and $0.2 million was paid.

During the first half of 2026, the Company settled $2.4 million of the pending share issuance liability arising from December 30, 2025 acquisition of the remaining interest in Red Leaf Resources Inc. (see Note 5). The settlement comprised a cash payment of $2.2 million and the issuance, in the second quarter, of 0.55 million Common Shares and 55,000 Series 2 Preferred Shares with a combined value of $0.2 million. The Preferred Share component reflects the mechanical entitlement under the January 2026 capital reorganization, and no additional value was ascribed to it.

At the Annual and Special Meeting of Shareholders held on June 23, 2026, shareholders approved a consolidation of the Company's Series 2 Preferred Shares on the basis of one new Preferred Share for every ten Preferred Shares

previously outstanding. The consolidation was implemented on June 30, 2026, prior to the first day of trading of the Preferred Shares.

On June 30, 2026, the Company completed the listing of its Preferred Shares on Euronext Growth Oslo under the ticker symbol QGAS. The Preferred Shares were issued in January 2026 as part of a reorganization of the Company's capital that conveyed the economic benefits of the Company's Quebec assets to Preferred shareholders.

No Common Shares or Preferred Shares were issued during the third quarter of 2026.

As part of the Acquisition at the end of the third quarter of 2025, the Company was obligated to issue 15 million Common Shares with a deemed value of $5.0 million (the "First Tranche Common Shares"). As at September 30, 2026, these shares had not been issued, pending resolution of the dispute with the vendor regarding the closing working capital adjustment, and the related amount remains recognized as a current liability.

The consideration also includes contingent equity consideration comprised of two additional tranches of 25 million Common Shares. At the acquisition date, these contingent shares were measured at an estimated fair value of $13.9 million and have been classified as equity and recorded in contributed surplus.

A summary of the Company's common stock option activity during the periods ended September 30, 2026, and December 31, 2025, are as follows:

	September 30, 2026		December 31, 2025	
	Number of Options *(thousands)*	**Weighted Average Exercise Price**	Number of Options *(thousands)*	Weighted Average Exercise Price
Outstanding, beginning of period	**35,790**	**$ 0.25**	38,295	$ 0.25
Granted	**13,075**	**0.27**	6,675	0.23
Forfeited	**(8,025)**	**0.28**	(2,880)	0.22
Expired	**(1,325)**	**0.18**	(325)	0.16
Exercised	**(6,450)**	**0.18**	(5,975)	0.20
Outstanding, end of period	**33,065**	**$ 0.27**	35,790	$ 0.25
Exercisable, end of period	**19,736**	**$ 0.28**	28,288	$ 0.26

During the third quarter of 2026, 7.0 million options on Common Shares were forfeited. There were no options granted, exercised or expired during the quarter.

Risk Management

Companies engaged in the petroleum and natural gas industry face a variety of risks. For Questerre, these include risks associated with commodity prices, foreign exchange, interest rates, access to capital, credit exposure, exploration and development drilling, and production operations. Unforeseen significant changes in markets, prices, royalties, government regulations and global economic conditions could have an impact on the Company's future operating results or financial condition. While management realizes that all such risks may not be controllable, Questerre believes they can be monitored and managed. For more information, refer to the "Risk Factors" and "Industry Conditions" sections of the AIF and Note 15 to these condensed interim consolidated financial statements.

The Company operates in an industry that is highly sensitive to commodity prices, market access, regulatory developments and the availability of capital. The Company's financial performance is substantially dependent on crude oil prices (both Brent and WTI benchmarks) and, to a lesser extent, on North American natural gas prices and refined product pricing in Brazil. In 2026, prices were elevated by the conflict in the Middle East and remain sensitive to geopolitical and trade developments.

A sustained decline in commodity prices, or widening price differentials, could reduce the Company's cash flow from operations, limit funds available for capital expenditure and adversely affect the economic viability and value of its reserves and development opportunities. This may impair the Company's ability to replace production, advance projects and maintain financial flexibility.

Following the Acquisition, a substantial portion of the Company's operations and cash generation is located in Brazil. Brazilian laws and policies affecting foreign trade, the oil and gas fiscal regime and investment may change, and conducting business often entails numerous procedural requirements and formalities that can cause unexpected or lengthy delays; failure to comply may call into question the validity of corporate acts. Management cannot predict the impact of additional corporate or regulatory formalities that may be adopted, including whether they would materially increase costs or restrict operations. Questerre's financial condition and results of operations therefore depend to a significant extent on macroeconomic, political and regulatory conditions in Brazil and on exchange rates between the Brazilian reais, the U.S. dollar, and Canadian dollar any of which—individually or in combination—could have a material adverse effect on the Company. In Canada, the Company remains exposed to Western Canadian pricing dynamics, natural gas market conditions, infrastructure availability and evolving regulatory and environmental requirements. Although the Trans Mountain Expansion has improved crude oil market access and reduced certain export constraints, the Canadian oil and natural gas industry continues to face risks relating to transportation availability, permitting timelines and emissions-related regulation, including methane requirements.

PX Energy operates a single production train at a facility with more than three decades of operating history. Equipment or structural failures, such as those experienced in 2026, can cause unplanned shutdowns that reduce production and cash flow while most costs continue to be incurred. PX Energy is addressing deferred maintenance through its maintenance program and an expanded 2027 turnaround, but there can be no assurance that these will prevent future failures. PX Energy also relies on a small number of employees and contractors with specialized knowledge of its process.

PX Energy's principal supplier of feedstock also purchases certain of its products, and its prices serve as the reference for PX Energy's sales. Changes in that relationship, including scheduled reductions in contracted feedstock volumes, could affect PX Energy's operations and results. PX Energy sells most of its fuel oil to a small number of customers, and demand for high-sulphur fuel oil in Brazil is declining as lower-cost alternatives enter the market.

PX Energy is subject to environmental administrative proceedings relating to certain plant systems, which it is contesting where appropriate. If decided adversely, these proceedings could result in penalties or operating restrictions, including on its licences.

Access to capital is also a significant risk for the Company. As a junior exploration and production company, Questerre relies on cash flow from operations, debt and equity financing and strategic arrangements to fund its activities. There can be no assurance that sufficient capital will be available when required or that it will be available

on acceptable terms. If the Company is unable to obtain sufficient capital, it may be required to defer, reduce or restructure planned capital programs or other strategic initiatives. Questerre faces several financial risks over which it has no control, such as commodity prices, exchange rates, interest rates, access to credit and capital markets, as well as changes to government regulations and tax and royalty policies. The senior secured bonds of PX Energy's holding company are discussed under "Liquidity and Capital Resources"; there is no assurance that they can be restructured on acceptable terms.

The Company uses the following guidelines to address financial exposure:

- Internally generated cash flow provides the initial source of funding on which the Company's annual capital expenditure program is based.
- Equity, if available on acceptable terms, may be raised to fund acquisitions and capital expenditures.
- Debt may be utilized to expand capital programs, including acquisitions, when it is deemed appropriate and where debt retirement can be controlled.
- Farm-outs of projects may be arranged if management considers that a project requires too much capital or where the project affects the Company's risk profile.

Credit risk represents a potential financial loss to the Company if a customer or counterparty to a financial instrument fails to meet or discharge their obligation to the Company. Credit risk to the Company arises principally from cash and cash equivalents, restricted cash, accounts receivable from petroleum and natural gas customers and fuel distributors, receivables from joint venture partners, financial-asset deposits (including Brazilian tax contributions recoverable from Brazilian tax authorities) and the fair value of derivative financial assets. In the event such entities fail to meet their contractual obligations to the Company, such failures may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The maximum credit exposure at the reporting date is equal to the carrying amounts of these financial assets as reported in the condensed interim consolidated balance sheet. Cash and cash equivalents and restricted cash are held with major Canadian chartered banks and with regulated Brazilian financial institutions; management monitors the credit standing of these counterparties on an ongoing basis and does not expect any counterparty to fail to meet its obligations.

Substantially all of the accounts receivable are with oil and natural gas marketers and joint venture partners and fuel distributors in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these customers and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable counterparties and partners.

Accounts receivable related to the sale of the Company's petroleum and natural gas production are paid in the following month from major oil and natural gas marketing and infrastructure companies and fuel distribution companies and the Company has not experienced any credit loss relating to these sales to date. Pursuant to IFRS 9, the Company made a provision for Canada of $0.06 million at September 30, 2026, for its expected credit losses related to its accounts receivable.

Receivables from joint venture partners are typically collected within one to three months after the joint venture bill is issued. The Company mitigates this risk by obtaining pre-approval of significant capital expenditures.

Exploration and development drilling risks are managed through the use of geological and geophysical interpretation technology, employing technical professionals and working in areas where those individuals have experience. For its

non-operated properties, the Company strives to develop a good working relationship with the operator and monitors the operational activity on the property. The Company also carries appropriate insurance coverage for risks associated with its operations.

The Company may use financial instruments to reduce corporate risk in certain situations. Questerre's hedging policy permits hedging up to a maximum of 40% of total production at management's discretion. Year to date, the Company entered into commodity risk management contracts to manage its exposure to commodity price risk. At September 30, 2026, the Company had an AECO natural gas swap and a WTI crude oil swap outstanding for the period from October 1, 2026, to December 31, 2026, with a combined fair value liability of $1.0 million. The fair value of these contracts is based on observable forward commodity prices and foreign exchange rates and is classified as a Level 2 fair value measurement. For the third quarter of 2026, the Company recorded a loss on risk management contracts of $2.0 million, comprising a realized loss of $0.5 million and an unrealized loss of $1.5 million.

($ thousands)	**Volume**		**Rate**		**September 30, 2026**
Swap AECO 7A (GJ)[(1)]	305,000	$	1.94	$	71
Swap WTI (USD) (bbl) [(1)]	48,800	$	74.50	$	(1,059)
Total					**(988)**

(1) Term effective October 1, 2026 - December 31, 2026

The following table details the composition of the Company's gain (loss) on risk management contracts:

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Realized loss on risk management contracts	**$ (477)**	$ –	**$ (1,297)**	$ –
Unrealized loss on risk management contracts	**(1,522)**	–	**(988)**	–
Total loss on risk management contracts	**$ (1,999)**	$ –	**$ (2,285)**	$ –

Environmental Regulation and Risk

The Company's operations are subject to extensive environmental laws and regulations in the jurisdictions in which it operates. These requirements govern, among other things, emissions, water use, waste handling, site restoration, abandonment and reclamation, and remediation of contaminated properties. Compliance with these requirements may increase capital expenditures, operating costs and administrative obligations, and may affect the timing and economics of the Company's exploration, development and production activities. Failure to comply could result in penalties, the suspension or revocation of approvals, remediation orders or other liabilities.

In Alberta, the Company remains exposed to changing emissions and methane requirements, including the TIER regime and enhanced methane rules that will require additional compliance, monitoring and operational costs over time. In Québec, the regulatory environment remains highly restrictive for hydrocarbon development. Québec has revoked exploration and production licences and requires the permanent closure and restoration of wells drilled under those licences, which may limit the Company's ability to realize value from those assets and may increase closure and reclamation obligations. MEIE has notified the Company that its twelve suspended wells in Quebec must be decommissioned within 36 months of July 30, 2026, a requirement the Company contests. In Brazil, PX Energy is subject to environmental administrative proceedings described above.

More broadly, climate-related policy, carbon regulation, methane requirements and changing stakeholder expectations may increase the Company's costs, reduce operational flexibility and affect the competitiveness and economic viability of certain projects. These developments may also affect reserve values, access to capital and the Company's ability to advance portions of its asset base. While the Company seeks to manage these risks through compliance, operational planning and ongoing monitoring of regulatory developments, there can be no assurance that future environmental or climate-related measures will not have a material adverse effect on its business, financial condition and results of operations.

For more information, please refer to the "Risk Factors" and "Industry Conditions" sections of the AIF.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Following the Acquisition, the Company is exposed to financing cost variability through the senior secured bonds assumed as part of the transaction. While the bonds have a fixed principal amount of US$80 million, the amended interest terms include a variable interest rate mechanism linked to Brent crude oil prices.

Under the amended bond terms, interest accrued to December 31, 2025 was to convert into shares on completion of the SPAC transaction, and no 2025 interest was payable if the transaction did not proceed. In the second quarter, the Company's subsidiary terminated the business combination agreement. The counterparties dispute the termination, and pending resolution no 2025 interest has been converted or paid. Beginning in 2026, interest is payable quarterly at rates determined by reference to Brent crude oil prices, ranging from 4% per annum when Brent is below US$55 per barrel to 20% per annum when Brent exceeds US$95 per barrel, subject to an overall cap such that interest does not exceed 16% per annum over the term of the bonds. Interest in 2026 may be settled in cash or in kind at the issuer's election. From 2027 onward, interest is payable in cash unless Brent is below US$65 per barrel. The Brent-linked interest feature introduces variability in the Company's future finance costs and may impact the amount and timing of interest payments. The Company has separated the Brent-linked interest feature as an embedded derivative measured at fair value through profit or loss, giving rise to material non-cash movements in reported finance expense as forward Brent prices change. Higher forward Brent prices generally increase the fair value of the embedded derivative liability and result in non-cash finance expense; lower forward prices have the opposite effect. Because the issuer has elected payment-in-kind settlement for 2026, movements in the embedded derivative do not affect cash finance costs during the current year.

At September 30, 2026, the Company's exposure to the Brent-linked interest feature was based on the bonds' US$80 million face value. The Company monitors this exposure as part of its assessment of financing costs, expected liquidity requirements, fair value movements and the potential cash or payment-in-kind settlement of future interest obligations.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and judgments have risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The Company's critical accounting estimates are described in its MD&A for the year ended December 31, 2025. The estimates most relevant to the period are summarized below, including the valuation of the embedded derivative in the senior secured bonds.

Petroleum and Natural Gas Reserves

All of Questerre's petroleum and natural gas reserves are evaluated and reported on by independent petroleum engineering consultants in accordance with *National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities* and the COGE Handbook. For further information, please refer to "Statement of Reserves Data and Other Oil and Gas Information" in the AIF.

The estimation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production, commodity prices and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Company expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of future drilling, testing, production levels and changes in costs and commodity prices. These estimates are evaluated by independent reserve engineers at least annually.

Reserve estimates impact a number of the areas, in particular, the valuation of property, plant and equipment and the calculation of depletion.

Cash Generating Units ("CGU")

A CGU is defined as the lowest grouping of assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations. Factors considered in the classification include geography and the way management monitors and makes decisions about its operations.

Impairment of Property, Plant and Equipment, Exploration and Evaluation Assets and Goodwill

The Company assesses its oil and natural gas properties, including exploration and evaluation assets and goodwill, for possible impairment or reversal of previously recognized impairments, other than goodwill, if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable or indications that previously recognized losses should be reversed. Determining if there are facts and circumstances present that indicate that carrying values of the assets may not be recoverable requires management's judgment and analysis of the facts and circumstances. Goodwill is tested for impairment annually.

The recoverable amounts of CGUs have been determined based on the higher of value in use and fair value less costs of disposals. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated future commodity prices, expected production volumes, the discount rate, future operating and development costs and recent land transactions. Changes to these assumptions will affect the recoverable amounts of the CGUs and may require a material adjustment to their related carrying value. At September 30, 2026,

management concluded that higher commodity prices did not provide sufficient evidence to reverse the impairments recorded at December 31, 2025, as the increase may be temporary and influenced by geopolitical factors.

Embedded Derivative

The Brent-linked interest feature of the senior secured bonds is accounted for as an embedded derivative measured at fair value through profit or loss. Its fair value depends on forward Brent prices, whether interest is expected to be settled in cash or in kind, the term of the bonds and discount rates. Changes in these inputs can cause material non-cash movements in finance income and expense, as in the third quarter of 2026, when higher forward Brent prices resulted in a $15.7 million fair value loss.

Asset Retirement Obligation

Determination of the Company's asset retirement obligation is based on Government regulations, operator estimates, internal estimates using current costs and technology in accordance with existing legislation and industry practice and must also estimate timing, a risk-free rate and inflation rate in the calculation. These estimates are subject to change over time and, as such, may impact the charge against profit or loss. The amount recognized is the present value of estimated future expenditures required to settle the obligation using a risk-free rate. The associated abandonment and retirement costs are capitalized as part of the carrying amount of the related asset. The capitalized amount is depleted on a unit of production basis in accordance with the Company's depletion policy. Changes to assumptions related to future expected costs, risk-free rates and timing may have a material impact on the amounts presented.

Share Based Compensation

The Company has a stock option plan enabling employees, officers and directors to receive Common Shares or cash at exercise prices equal to the market price or above on the date the option is granted. Under the equity settled method, compensation costs attributable to stock options granted to employees, officers or directors are measured at fair value using the Black-Scholes option pricing model. The assumptions used in the calculation are: the volatility of the stock price, risk-free rates of return and the expected lives of the options. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Changes to assumptions may have a material impact on the amounts presented.

Income Tax Accounting

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax assets could be impacted.

The determination of the Company's income and other tax assets or liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax asset or liability may differ significantly from that estimated and recorded by management.

Design and Evaluation of Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Questerre is required to comply with National Instrument 52-109 "*Certification of Disclosure in Issuers' Annual and Interim Filings*" ("NI 52-109") and is required to make specific disclosures with respect to NI 52-109 as follows:

- The Company has designed and evaluated the effectiveness of Disclosure Controls and Procedures ("DC&P"). The President and Chief Executive Officer and the Chief Financial Officer have concluded that DC&P are designed appropriately and are operating effectively as at September 30, 2026.
- The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR"), in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's ICFR as at September 30, 2026, and have concluded that such ICFR have been designed appropriately and are operating effectively as at September 30, 2026, other than in respect of certain deficiencies identified in the internal controls of PX Energy for which a remediation plan is being implemented, as described further below.
- The Company reports that no changes were made to ICFR during the quarter ended September 30, 2026, that have materially affected or are reasonably likely to materially affect the Company's ICFR.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. Since the date of the Acquisition, Management has completed preliminary assessments of the internal controls over financial reporting of PX Energy and has identified certain deficiencies. Management is developing a remediation plan to address these deficiencies during the fiscal year 2026 and to integrate PX Energy's controls into the Company's overall internal control framework.

Quarterly Financial Information

($ thousands, except as noted)	**Sep 30 2026**	Jun 30 2026	Mar 31 2026	Dec 31 2025
Production (boe/d)	**4,634**	5,694	6,180	7,046
Average Realized Price ($/boe)	**112.55**	118.94	89.47	65.61
Petroleum and Natural Gas Revenue	**50,761**	50,140	42,970	42,530
Adjusted Funds Flow from Operations[(1)]	**2,345**	18,263	20,801	4,322
Net Cash from Operating Activities	**1,697**	9,428	3,089	1,680
Net Income (Loss)	**(27,577)**	27,839	(17,832)	(75,066)
Basic and Diluted ($/share)	**(0.06)**	0.06	(0.04)	(0.17)
Capital Expenditures, net of acquisitions and dispositions	**2,434**	2,220	1,772	4,459
Working Capital Deficit[(2)]	**(13,288)**	(19,131)	(49,628)	(51,971)
Total Assets	**406,217**	421,667	401,366	395,262
Shareholders' Equity	**63,761**	90,894	61,800	76,659
Weighted Average Common Shares Outstanding				
Basic (thousands)	**452,764**	452,213	450,183	429,083
Diluted (thousands)	**452,764**	454,081	452,115	434,968

($ thousands, except as noted)	Sep 30 2025	Jun 30 2025	Mar 31 2025	Dec 31 2024
Production (boe/d)	2,926	3,091	1,729	1,887
Average Realized Price ($/boe)	44.32	48.62	58.66	55.43
Petroleum and Natural Gas Revenue	11,801	13,675	9,130	9,622
Adjusted Funds Flow from Operations[(1)]	2,813	5,005	3,543	3,703
Net Cash from Operating Activities	1,294	6,288	3,359	3,844
Net Income (Loss)	(5,334)	(677)	4	(8,143)
Basic and Diluted ($/share)	(0.01)	–	–	(0.02)
Capital Expenditures, net of acquisitions and dispositions	2,248	1,048	17,864	7,543
Working Capital Surplus (Deficit)[(2)]	(40,330)	13,157	9,202	23,035
Total Assets	384,853	169,976	181,519	170,723
Shareholders' Equity	135,053	138,355	139,006	138,629
Weighted Average Common Shares Outstanding				
Basic (thousands)	428,516	428,516	428,516	428,516
Diluted (thousands)	434,523	431,505	431,700	432,473

(1) Adjusted Funds Flow from Operations is a non-GAAP measure defined as cash flows from operating activities before changes in non-cash operating working capital, other than changes in non-cash contract liabilities related to minimum sales volumes, which are inlcuded in the measure.
(2) Working capital surplus is a non-GAAP measure calculated as current assets less current liabilities.

The general trends over the last eight quarters are as follows:

- The Acquisition significantly changed the Company's financial and operating profile effective September 26, 2025. It increased production, revenue, adjusted funds flow, total assets, total liabilities and the working capital deficit.

- Production increased in the fourth quarter of 2025 following the Acquisition and decreased in the first quarter of 2026, reflecting lower volumes in Brazil and natural declines in Canada. It decreased further in the second quarter of 2026 following the Disposition and in the third quarter of 2026, reflecting the emergency shutdown at PX Energy and the full quarter impact of the Disposition.
- Petroleum and natural gas revenue was $50.8 million in the third quarter of 2026 compared to $50.1 million in the second quarter of 2026, reflecting higher sales volumes in Brazil.
- Adjusted funds flow increased materially following the Acquisition, before declining to $2.3 million in the third quarter of 2026, reflecting the shutdown at PX Energy and the reduction in contract liabilities as customers lifted previously invoiced volumes.
- Capital expenditures varied by quarter based on the timing and number of wells drilled, completed and brought on production in Canada. Current period capital expenditures relate to sustaining capital in Brazil.
- The working capital deficit decreased to $13.3 million at September 30, 2026, from $49.6 million at March 31, 2026, primarily due to cash proceeds from the Disposition and cash generated from operating activities.
- Total assets increased to $406.2 million at September 30, 2026, primarily due to the Acquisition and subsequent foreign exchange movements.
- Shareholders' equity decreased to $63.8 million at September 30, 2026 from $76.7 million at December 31, 2025, reflecting the year to date loss.

Off-Balance Sheet Transactions

The Company did not engage in any off-balance sheet transactions during the three and nine months ended September 30, 2026.

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations,* Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Questerre Energy Corporation for the interim reporting period of three and nine months ended September 30, 2026, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's external auditors, Ernst & Young LLP, have not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's external auditor.

Condensed Interim Consolidated Balance Sheets *(unaudited)*

($ thousands)	Note	September 30, 2026	December 31, 2025
Assets			
Current Assets			
Cash and cash equivalents		**$ 42,889**	$ 25,419
Accounts receivable	15	**12,309**	11,160
Inventory	6	**10,496**	8,593
Deposits and prepaid expenses		**16,804**	6,408
		82,498	51,580
Right-of-use assets	12	**975**	1,459
Property, plant and equipment	7	**250,010**	275,924
Exploration and evaluation asset	8	**5,599**	5,599
Intangible assets	9	**5,683**	5,452
Restricted cash	11	**5,655**	3,521
Other non-current assets		**5,652**	5,766
Goodwill	4	**50,145**	45,961
		$ 406,217	$ 395,262
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	15	**$ 24,052**	$ 44,752
Advances from customers	15	**5,457**	13,367
Contract liabilities	15	**10,031**	2,026
Risk management contracts	15	**988**	–
Contingent consideration for original acquisition of PX Energy	13,15	**11,567**	3,259
Pending share issuance for acquisition	4,5,15	**5,783**	8,153
Lease liabilities	12,15	**462**	988
Liabilities related to business combination	4,15	**22,760**	22,760
Other current liabilities	14,15	**12,841**	5,301
Current portion of asset retirement obligation	11	**1,845**	2,945
		95,786	103,551
Lease liabilities	12,15	**512**	485
Contingent consideration for original acquisition of PX Energy	13,15	**11,794**	13,228
Long-term debt	10,15	**134,637**	100,755
Asset retirement obligation	11	**30,864**	33,100
Other long-term liabilities	14,15	**9,099**	10,187
Deferred tax liability		**59,764**	57,297
		$ 342,456	$ 318,603
Shareholders' Equity			
Share capital	17(a)	**$ 437,333**	$ 435,225
Contributed surplus	17(b)	**44,823**	44,427
Accumulated other comprehensive loss		**(452)**	(2,630)
Deficit		**(417,943)**	(400,363)
		63,761	76,659
		$ 406,217	$ 395,262

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

Signed on behalf of the Board of Directors

(Signed) Bjorn Inge Tonnessen, Director (Signed) Dennis Sykora, Director

Condensed Interim Consolidated Statements of Net Loss *(unaudited)*

($ thousands)	Note	*Three months ended September 30,* **2026**	2025	*Nine months ended September 30,* **2026**	2025
Revenue					
Petroleum and natural gas sales including royalty revenue	18	**$ 50,761**	$ 11,801	**$ 143,871**	$ 34,606
Royalties		**(879)**	(1,069)	**(4,738)**	(3,822)
Loss on commodity contracts	15	**(1,999)**	–	**(2,285)**	–
		47,883	10,732	**136,848**	30,784
Expenses					
Operating		**29,778**	6,338	**74,889**	15,359
General and administrative		**4,957**	1,689	**17,198**	4,320
Depletion and depreciation	7,9,12	**12,135**	5,172	**40,808**	13,673
Accretion	11	**225**	117	**1,659**	384
Transaction costs related to PX Energy acquisition	4	**–**	2,689	**–**	2,689
Share based compensation	16	**176**	191	**1,144**	858
Gain on asset disposition	7	**–**	–	**(17,452)**	–
Other loss (gain)	19	**4,808**	(6)	**10,083**	(18)
Total Expenses		**52,079**	16,190	**128,329**	37,265
Finance income	20	**837**	124	**9,210**	484
Finance expense	20	**(25,037)**	–	**(38,012)**	(10)
Net loss before taxes		**$ (28,396)**	$ (5,334)	**$ (20,283)**	$ (6,007)
Deferred tax recovery		**(819)**	**–**	**(2,708)**	**–**
Net loss		**$ (27,577)**	$ (5,334)	**$ (17,575)**	$ (6,007)
Net loss per share					
Basic and diluted	17	**$ (0.06)**	$ (0.01)	**$ (0.04)**	$ (0.01)

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

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) *(unaudited)*

($ thousands)	*Three months ended September 30,*		*Nine months ended September 30,*	
	2026	2025	**2026**	2025
Net loss	**$ (27,577)**	$ (5,334)	**$ (17,575)**	$ (6,007)
Other comprehensive income (loss), net of tax				
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	**343**	1,700	**2,178**	1,698
Income (loss) on foreign exchange on investment	**–**	85	–	(142)
	343	1,785	**2,178**	1,556
Total comprehensive loss	**$ (27,234)**	(3,549)	**$ (15,397)**	$ (4,451)

Condensed Interim Consolidated Statements of Changes in Equity *(unaudited)*

($ thousands)	Note	*Nine months ended September 30,* **2026**	2025
Share Capital			
Balance, beginning of period		**$ 435,225**	$ 429,878
Shares issued for pending share issuance liability		**171**	–
Share issuance costs		**(106)**	–
Share based compensation reclassification		**882**	–
Proceeds from the exercise of stock options	17	**1,161**	–
Balance, end of period		**$ 437,333**	$ 429,878
Contributed Surplus			
Balance, beginning of period		**44,427**	29,283
Share based compensation reclassification		**(882)**	–
Share based compensation expense		**1,278**	875
Balance, end of period		**$ 44,823**	$ 30,158
Accumulated Other Comprehensive Income			
Balance, beginning of period		**(2,630)**	896
Other comprehensive loss		**2,178**	1,556
Balance, end of period		**$ (452)**	$ 2,452
Deficit			
Balance, beginning of period		**(400,368)**	(321,428)
Net loss		**(17,575)**	(6,007)
Balance, end of period		**$ (417,943)**	$ (327,435)
Total Shareholders' Equity		**$ 63,761**	$ 135,053

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

Condensed Interim Consolidated Statements of Cash Flows *(unaudited)*

($ thousands)	Note	*Three months ended September 30,* **2026**	2025	*Nine months ended September 30,* **2026**	2025
Operating Activities					
Net loss		**$ (27,577)**	$ (5,334)	**$ (17,575)**	$ (6,007)
Adjustments for:					
Accretion of asset retirement obligation	11	**225**	117	**1,659**	384
Depletion, depreciation	7,9,12	**12,135**	5,172	**40,808**	13,673
Unrealized loss of commodity contracts	15	**1,522**	–	**988**	–
Share based compensation	16	**176**	191	**1,144**	679
Gain on asset disposition		**–**	–	**(17,452)**	–
Unrealized foreign exchange loss (gain)		**1,005**	–	**(7,249)**	–
Deferred tax recovery		**(819)**	–	**(2,708)**	–
Gain on equity pickup on investment		**–**	(6)	**–**	(18)
Net finance expense		**22,095**	–	**30,456**	–
Other items not involving cash	21	**7,669**	**–**	**16,121**	**–**
Cash taxes paid		**(6,744)**	–	**(8,570)**	–
Cash interest paid		**(488)**	–	**(1,596)**	–
Abandonment expenditures	11	**(1,208)**	(16)	**(2,628)**	(39)
		7,991	124	**33,398**	8,672
Change in non-cash working capital	20	**(6,294)**	1,170	**(19,190)**	2,268
Net cash from operating activities		**$ 1,697**	$ 1,294	**$ 14,208**	$ 10,940
Investing Activities					
Property, plant and equipment expenditures	7	**(2,434)**	(1,301)	**(6,425)**	(5,151)
Exploration and evaluation expenditures	8	**–**	(947)	**–**	(16,009)
Settlement of preferred shares liability for asset acquisition	5	**–**	**–**	**(2,200)**	**–**
Cash acquired through business combination	4	**–**	1,233	**–**	1,233
Cash proceeds from asset disposition	7	**–**	–	**23,500**	–
Payment for contingent consideration paid by subsidiary	13	**(1,124)**	–	**(3,328)**	–
Restricted cash		**6**	–	**(1,247)**	–
Change in non-cash working capital	21	**865**	186	**411**	(3,966)
Net cash from (used) in investing activities		**$ (2,687)**	$ (829)	**$ 10,711**	$ (23,893)
Financing Activities					
Proceeds from issue of share capital for options exercised	17	**–**	–	**1,161**	–
Share issuance costs		**(104)**	**–**	**(106)**	**–**
Principal portion of lease payments	12	**(264)**	(15)	**(810)**	(45)
Repayment of loans and financing		**–**	–	**(7,873)**	–
Net cash used in financing activities		**$ (368)**	$ (15)	**$ (7,628)**	$ (45)
Effect of foreign exchange on cash and cash equivalents		**2**	**–**	**179**	**–**
Change in cash, and cash equivalents		**(1,356)**	450	**17,470**	(12,998)
Cash and equivalents, beginning of period		**44,245**	18,343	**25,419**	31,791
Cash, and cash equivalents, end of period		**$ 42,889**	$ 18,793	**$ 42,889**	$ 18,793

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2026, and 2025.

1. Reporting Entity and Basis of Preparation

Questerre Energy Corporation ("Questerre" or the "Company") is an energy technology and innovation company actively engaged in the acquisition, exploration and development of oil and gas projects, specifically, non-conventional projects such as tight oil, oil shale, shale oil and shale gas. Questerre is incorporated under the laws of the Province of Alberta and is domiciled in Canada. The address of its registered office is 1650, 801 Sixth Avenue SW, Calgary, Alberta.

The unaudited condensed interim consolidated financial statements include Questerre Energy Corporation, and its wholly-owned subsidiaries including Questerre Energy Corporation/Jordan, which holds interests in Jordan; Forbes Resources Brazil Holding S.A. ("FRBH"), the parent of Paraná Xisto S.A. ("PX Energy"), based in Brazil that owns the integrated oil shale assets in the country; and Red Leaf Resources Inc. ("Red Leaf"), a U.S. based technology company focused on developing its proprietary technology to produce oil from organic material, primarily oil shale.

These unaudited condensed interim consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The financial statements follow the same accounting policies as the most recent annual audited consolidated financial statements. The financial statements note disclosures do not include all of those required by IFRS Accounting Standards applicable for annual consolidated financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2025.

The Financial Statements have been prepared on a historical cost basis except those items that are presented at fair value with changes in fair value recorded in profit or loss and changes due to currency translation adjustments recorded through other comprehensive income or loss.

These Financial Statements are presented in Canadian dollars, which is the functional currency of the parent company, unless otherwise specified. The functional currency of PX Energy is the Brazilian real, Jordanian dinar for Questerre Energy Corporation/Jordan, and the United States dollar for Red Leaf.

These financial statements were authorized for issuance by the Company's board of directors on November 12, 2026.

2. Recent Accounting Pronouncements

New Accounting Standards and Interpretations not yet Adopted

Presentation and Disclosure in Financial Statements

IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18") was issued in April 2024 by the International Accounting Standards Board and replaces IAS 1 'Presentation of Financial Statements'. The standard introduces a new defined structure to the Statement of Comprehensive Income with related disclosure requirements. Key changes to the Statement of Comprehensive Income and Notes to the Condensed Interim Consolidated Financial Statements include:

- classification of income and expenses into defined categories with mandatory new subtotals;
- disclosure of management-defined performance measures in the notes to the financial statements; and
- enhanced aggregation and disaggregation requirements to improve the effectiveness of how information is communicated.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the extent of the impact of IFRS 18 on its consolidated financial statements. IFRS 18 results in a consequential amendment to IAS 7 'Statement of Cash Flows' which will result in a material change to the presentation of the Company's consolidated statement of cash flows, as interest and financing expense currently classified within operating activities will be presented within financing activities. The Company will continue its assessment of the presentation and disclosure impacts of IFRS 18, including finalizing the identification of management-defined performance measures and implementation of the related presentation and disclosure requirements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On May 30, 2024, the IASB issued amendments to IFRS 9, “Financial Instruments”, and IFRS 7, “Financial Instruments: Disclosures”. The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and were adopted by the Company on January 1, 2026. The adoption did not have a material impact on the Financial Statements.

3. Segment Information

Management has determined the operating segments based on information regularly reviewed for the purposes of decision making, allocating resources, and assessing operational performance by Questerre’s chief operating decision makers comprised of the Chief Executive Officer and other members of executive management. The operating segments have been aggregated based on several factors including geographic location and stage of development as well as the assignment of reserves and resources.

The accounting policies applied by the segments are the same as those applied by the Company.

The Company’s operating segments at September 30, 2026 are as follows:

- Brazil – Integrated oil shale operations conducted through PX Energy, comprising mining, processing, refining and distribution activities in São Mateus do Sul, in the state of Paraná in southern Brazil. PX Energy represents Questerre's largest business and the primary contributor to its production, revenue and adjusted funds flow.
- Western Canada – Conventional and unconventional exploration, development and production activities across Alberta, Saskatchewan and Manitoba, producing crude oil, natural gas liquids and natural gas.
- Quebec – Pursuing development of its Utica natural gas discovery through a collaborative approach with the Government of Quebec while protecting shareholder rights for the attempted revocation of its licences, including the discovery, through the legal process.
- Corporate & other – Head office administration, the activities of Red Leaf, a U.S.-subsidiary with a proprietary technology to produce oil from organic material, including oil shale ("HCCO"), and activity in the Kingdom of Jordan.

Segment assets are those assets associated with each operating segment as recorded on the consolidated balance sheets.

The tables below present assets by operating segment and their reconciliation to the consolidated balance sheets, together with the reconciliation of earnings before interest, taxes, depreciation and accretion ("EBITDA") by operating segment to the condensed interim consolidated statements of net income (loss).

($ thousands)	Brazil	Western Canada	Quebec	Corporate & other	Consolidated
Assets by operating segment					
Exploration and evaluation	$ –	$ 5,599	$ –	$ –	$ 5,599
Property, plant & equipment	181,373	64,965	–	3,672	250,010
Other	96,464	53,204	–	940	150,608
Total assets, September 30, 2026	**$ 277,837**	**$ 123,768**	**$ –**	**$ 4,612**	**$ 406,217**
Exploration and evaluation	$ –	$ 5,599	$ –	$ –	$ 5,599
Property, plant & equipment	190,765	81,589	–	3,570	275,924
Other	35,004	51,456	–	27,278	113,739
Total assets, December 31, 2025	$ 225,770	$ 138,644	$ –	$ 30,848	$ 395,262

($ thousands)	Brazil	Western Canada	Quebec	Corporate & other	Consolidated
Results by operating segment for three months ended September 30, 2026					
Revenue	$ 44,768	$ 5,993	$ –	$ –	$ 50,761
Royalties	(470)	(409)	–	–	(879)
Loss on commodity contracts	–	(1,999)	–	–	(1,999)
Operating costs	(26,076)	(3,574)	(128)	–	(29,778)
General and administrative	(2,504)	(1,697)	(364)	(392)	(4,957)
Other expenses	(4,809)	(176)	–	1	(4,984)
EBITDA	$ 10,909	$ (1,862)	$ (492)	$ (391)	$ 8,164
Depletion, depreciation and accretion	(10,512)	(1,819)	–	(29)	(12,360)
Gain on asset disposition	–	–	–	–	–
Net finance income (expense)	(25,050)	495	–	355	(24,200)
Deferred tax recovery	–	–	–	–	819
Net loss	$ (24,653)	$ (3,186)	$ (492)	$ (65)	$ (27,577)
Results by operating segment for three months ended September 30, 2025					
Revenue	$ –	11,801	–	–	$ 11,801
Royalties	–	(1,069)	–	–	(1,069)
Operating costs	–	(6,641)	303	–	(6,338)
General and administrative	–	(1,150)	(539)	–	(1,689)
Other expenses	–	–	–	(2,874)	(2,874)
EBITDA	$ –	$ 2,941	(236)	$ (2,874)	$ (169)
Depletion, depreciation and accretion	–	(5,289)	–	–	(5,289)
Net finance income	–	124	–	–	124
Net loss	$ –	$ (2,224)	$ (236)	$ (2,874)	$ (5,334)

($ thousands)	Brazil	Western Canada	Quebec	Corporate & other	Consolidated
Results by operating segment for nine months ended September 30, 2026					
Revenue	$ 118,212	$ 25,659	$ –	$ –	$ 143,871
Royalties	(2,873)	(1,865)	–	–	(4,738)
Loss on commodity contracts	–	(2,285)	–	–	(2,285)
Operating costs	(64,030)	(10,490)	(369)	–	(74,889)
General and administrative	(9,043)	(6,431)	(599)	(1,125)	(17,198)
Other income (expenses)	(10,114)	(1,144)	–	31	(11,227)
EBITDA	$ 32,152	$ 3,444	$ (968)	$ (1,094)	$ 33,534
Depletion, depreciation and accretion	(34,381)	(8,002)	–	(84)	(42,467)
Gain on asset disposition	–	17,452	–	–	17,452
Net finance income (expense)	(29,848)	508	–	538	(28,802)
Deferred tax recovery	–	–	–	–	2,708
Net loss	**$ (32,077)**	**$ 13,402**	**$ (968)**	**$ (640)**	**$ (17,575)**
Results by operating segment for nine months ended September 30, 2025					
Revenue	$ –	$ 34,606	$ –	$ –	$ 34,606
Royalties	–	(3,822)	–	–	(3,822)
Operating costs	–	(15,359)	–	–	(15,359)
General and administrative	–	(3,649)	(671)	–	(4,320)
Other expenses	–	–	–	(3,529)	(3,529)
EBITDA	$ –	$ 11,776	$ (671)	$ (3,529)	$ 7,576
Depletion, depreciation and accretion	–	(14,057)	–	–	(14,057)
Net finance income		474			474
Net loss	$ –	$ (1,807)	$ (671)	$ (3,529)	$ (6,007)

4. Business Combination

On September 26, 2025, the Company closed the acquisition of 100% of the common shares of PX Energy, a privately held oil shale production and refining company based in southern Brazil (the "Acquisition"), through the purchase of all issued and outstanding shares of its parent company, Forbes Resources Brazil Holding SA. The Acquisition was accounted for as a business combination using the acquisition method under IFRS 3.

As disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2025, the purchase price allocation included total consideration of $41.7 million, comprised of the pending issuance of common shares valued at $5.0 million (the "First Tranche Common Shares"), contingent equity consideration of $13.9 million, and assumed vendor liabilities of $22.8 million. The assumed vendor liabilities included convertible promissory notes with principal of $15.2 million, and the assumption of certain liabilities including obligations under a business combination agreement ("BCA") with a special purpose acquisition company ("SPAC") with an estimated fair value of $7.6 million.

The contingent equity consideration is issuable upon the earlier of: (a) achievement of US$30 million in free cash flow within any twelve month period between the closing of the Acquisition and September 30, 2027, or completion of an equity financing of $25 million at $0.50 per common share on or before September 30, 2027; and (b) achievement of US$40 million in free cash flow within any twelve month period between the closing of the Acquisition and September 30, 2028, or completion of an equity financing of $25 million at $1.00 per common share

on or before September 30, 2028. The contingent equity consideration has been classified as equity. As of September 30, 2026, PX Energy has not met the free cash flow target for the issuance of the contingent equity consideration.

As of September 30, 2026, and December 31, 2025, the First Tranche Common Shares had not been issued, and the related consideration remains recognized as a liability. Issuance is subject to the resolution of a dispute between the Company and the vendor regarding the closing working capital adjustment.

Convertible Promissory Notes and Current Liabilities

As part of the Acquisition, the Company's subsidiary, 2744026 Alberta Ltd., assumed the vendor's obligations under the BCA with the SPAC. Under the BCA, the subsidiary was required to complete a go-public transaction with the SPAC prior to December 31, 2026, subject to certain conditions precedent, including regulatory approvals, the filing of a Proxy/Registration Statement with the US Securities and Exchange Commission. At the acquisition date, the Company recognized obligations and other liabilities related to BCA with an estimated fair value of $7.6 million.

During the second quarter, the subsidiary notified the counterparties to the BCA that it was terminating the BCA for breaches asserted by the subsidiary. The counterparties have disputed the validity of the termination. The Company believes the termination was validly effected in accordance with the terms of the BCA, intends to vigorously defend its position and continues to reserve all its rights and remedies. The outcome of this matter cannot be determined at this time, and there can be no assurance as to how or when it will be resolved. Pending resolution of the dispute, the Company continues to recognize the potential liability of $7.6 million related to the BCA, which represents management's best estimate of the obligation at September 30, 2026. Any change in this estimate will be recognized in profit or loss.

The Acquisition also requires the subsidiary to assume convertible promissory notes, subject to the issuance of the First Tranche Common Shares and related conditions. An obligation has been recorded to assume the notes measured at their fair value of $15.2 million. Under their terms, the notes were convertible into common shares of the SPAC on completion of the SPAC transaction. If the SPAC transaction does not proceed, the notes are due and payable or convertible into equity of the Company's subsidiary. As at September 30, 2026, and December 31, 2025, the notes have not been assumed, and the obligation remains outstanding and is classified as current liability.

The following table summarizes the final allocation of the consideration and the fair values of the assets acquired and liabilities assumed at the date of the Acquisition. The measurement period of the Acquisition ended on September 26, 2026. Any subsequent adjustments, including those arising from the resolution of the closing working capital adjustment, will be recognized in profit or loss.

Consideration Transferred		*($ thousands)*
Pending share issuance for acquisition	**$**	**4,950**
Contingent equity consideration		**13,941**
Obligations related to convertible promissory notes		**15,188**
Assumed liabilities		**7,572**
Total consideration transferred	**$**	**41,651**

Identifiable Assets Acquired and Liabilities Assumed		*($ thousands)*
Cash and cash equivalents	**$**	**1,228**
Restricted cash		**1,254**
Accounts receivable		**5,920**
Prepaid tax contributions		**7,572**
Inventory		**9,128**
Deposits and prepaid expenses		**3,351**
Right-of-use assets		**1,698**
Property, plant and equipment		**209,203**
Intangible asset		**5,755**
Goodwill		**47,900**
Other assets		**709**
Total assets acquired	**$**	**293,718**
Accounts payable and accrued liabilities	**$**	**(15,792)**
Advances from customers		**(10,320)**
Tax Contributions		**(24,964)**
Lease liabilities		**(1,698)**
Deferred tax liabilities		**(61,873)**
Other liabilities		**(15,333)**
Contingent consideration for original acquisition of PX Energy		**(17,348)**
Secured debt		**(95,539)**
Asset retirement obligation		**(9,200)**
Total liabilities assumed	**$**	**(252,067)**
Net Identifiable Assets Acquired	**$**	**41,651**

Goodwill

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 45,961**	$ –
Arising on a business combination (Note 4)	**–**	47,900
Foreign currency translation adjustment	**4,184**	(1,939)
Balance, end of period	**$ 50,145**	$ 45,961

Goodwill of $47.9 million was recognized on the Acquisition, principally due to the recognition of deferred tax liabilities arising from difference between the assigned fair values and the tax basis of the acquired assets and liabilities assumed in a business combination. At September 30, 2026, goodwill was $50.1 million, compared with $46.0 million at December 31, 2025. The $4.2 million increase during the nine months ended September 30, 2026 was due to foreign currency translation adjustments.

Acquisition Related Costs

Acquisition related costs incurred in connection with the transaction were expensed as incurred. These costs were $3.3 million for the year ended December 31, 2025. No additional acquisition related costs were recognized during the three and nine months ended September 30, 2026.

5. Red Leaf Acquisition

On December 30, 2025, the Company acquired the remaining equity interest in Red Leaf, increasing its ownership from approximately 38% to 100%. Total consideration of $8.6 million consisted primarily of (i) the issuance of Questerre Common Shares to Red Leaf common shareholders and (ii) cash consideration payable in respect of the acquisition of Red Leaf preferred shares. During the first quarter of 2026, the Company paid the $2.2 million cash consideration for the Red Leaf preferred shares. During the second quarter of 2026, the Company issued additional Common Shares to Red Leaf common shareholders with a value of $0.2 million, partially settling the pending share issuance liability (see Note 17).

The Company assessed the acquired set of activities and assets and concluded that Red Leaf did not meet the definition of a business under IFRS 3 *Business Combinations*. As substantially all of the fair value of the gross assets acquired was concentrated in a group of similar identifiable assets, the transaction was accounted for as an asset acquisition and not as a business combination.

		($ thousands)
Cash and cash equivalents	**$**	**10,792**
Restricted cash		**2,050**
Property, plant and equipment		**3,570**
Asset retirement obligation		**(3,098)**
Net Assets Acquired	**$**	**13,314**

6. Inventory

($ thousands)	**September 30, 2026**	December 31, 2025
Finished goods [1]	**3,045**	$ 2,646
In-process products [2]	**543**	876
Materials and supplies [3]	**11,117**	8,904
Provision for inventory obsolescence	**(4,209)**	(3,814)
Provision for adjustments to net realizable value	**–**	(19)
Balance, end of period	**$ 10,496**	$ 8,593

(1) Includes fuel oil, LPG, sulfur, naphtha, shale water and fuel gas
(2) Shale oil and oily water
(3) Includes operating materials and sludge acquired from third-party

7. Property, Plant and Equipment

($ thousands)	
Cost or deemed cost:	
Balance, December 31, 2024	$ 326,926
Acquired on close of business combination (Note 4)	209,203
Asset acquisition (Note 5)	3,570
Capital additions	9,609
Transfer from exploration and evaluation assets	23,515
Changes to asset retirement obligation	426
Foreign exchange adjustments	(8,403)
Balance, December 31, 2025	$ 564,846
Capital additions	6,320
Changes to asset retirement obligation	1,149
Disposition of assets	(36,646)
Foreign exchange adjustments	18,552
Balance, September 30, 2026	**$ 554,221**

Accumulated depletion, depreciation and impairment losses:	
Balance, December 31, 2024	$ 210,231
Depletion and depreciation	29,280
Impairment	49,795
Foreign exchange adjustments	(384)
Balance, December 31, 2025	$ 288,922
Depletion and depreciation	39,728
Disposition of assets	(26,063)
Foreign exchange adjustments	1,624
Balance, September 30, 2026	**$ 304,211**

($ thousands)	
Net book value:	
At December 31, 2025	$ 275,924
At September 30, 2026	**$ 250,010**

During the nine months ended September 30, 2026 and year ended December 31, 2025, the Company capitalized administrative overhead charges of $0.3 million (2025: $0.3 million) and share based compensation of $0.1 million

(2025: $0.1 million) that were directly attributable to development activities. Included in the depletion calculation at September 30, 2026, are future development costs of $279.2 million (December 31, 2025: $279.2 million) for Canada and $165.9 million (December 31, 2025: $165.9 million) for Brazil. Property, plant and equipment includes land with a carrying value of $8.4 million and assets under construction with a carrying value of $6.2 million, which are not subject to depletion or depreciation.

At September 30, 2026, there were no indicators of impairment or impairment reversal for PP&E assets.

Disposition of Kakwa Central assets

On May 1, 2026, the Company completed the sale of its non-operated minority working interest in the Kakwa Central assets located in Alberta, Canada, which were producing approximately 650 boe per day at the date of closing. Cash consideration of $23.5 million was received, and the purchaser assumed the associated decommissioning obligations and the Company's commitments under related firm transportation and processing contracts. The Company recognized a gain on disposition of $17.5 million for the nine months ended September 30, 2026, representing the excess of total consideration (comprising cash proceeds and the fair value of obligations transferred) over the net carrying value of the assets and liabilities derecognized.

8. Exploration and Evaluation Assets

Exploration and evaluation assets consist of the Company’s exploration projects which are pending the determination of technical feasibility and commercial viability. Additions represent the Company’s share of costs incurred on exploration and evaluation assets during the period.

A reconciliation of the movements in exploration and evaluation assets is detailed below:

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 5,599**	$ 13,106
Additions	**–**	16,008
Transfers to property, plant and equipment	**–**	(23,515)
Balance, end of period	**$ 5,599**	$ 5,599

During the periods ended September 30, 2026 and December 31, 2025, the Company did not capitalize any administrative overhead or share based compensation expense directly related to exploration and evaluation activities. At September 30, 2026, there were no indicators of impairment for E&E assets.

9. Intangible Assets

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 5,452**	$ –
Software (acquired on close of business combination see Note 4)	**–**	5,755
Additions	**29**	14
Depreciation	**(290)**	(85)
Foreign exchange adjustments	**492**	(232)
Balance, end of period	**$ 5,683**	$ 5,452

($ thousands)		
Net book value:		
Costs	**$ 6,058**	$ 5,537
Accumulated depreciation	**(375)**	(85)
Balance, end of period	**$ 5,683**	$ 5,452

10. Debt

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	$ **100,755**	$ –
Secured bonds acquired through a business combination (see Note 4)	**–**	95,539
Accretion	**6,415**	2,271
Interest expense	**14,008**	–
Foreign currency translation adjustments	**2,255**	2,945
Total secured bonds	**$ 123,433**	$ 100,755
Fair value of embedded derivative	**11,204**	–
Balance, end of period	**$ 134,637**	$ 100,755

Secured Bonds

In connection with the Acquisition, the Company acquired senior secured bonds issued by FRBH with a maturity date of April 26, 2028. The bonds have a face value of US$80 million and had an acquisition date fair value of US$64 million. The carrying amount accretes to the face value over the term of the bonds, with accretion recognized as finance costs using the effective interest method. The bonds are secured by a fiduciary assignment of the equity of PX Energy and security over the assets of PX Energy. The bonds are non-recourse to Questerre, the parent entity, and to Questerre's other subsidiaries. Bondholder claims are limited to the equity and assets of PX Energy and its subsidiaries.

In conjunction with the closing of the Acquisition, the holders of the bonds representing a requisite majority agreed to amend certain bond terms including a reduction in interest from 16% to 10% per annum effective August 1, 2025.

Accrued and unpaid interest to December 31, 2025, will convert into shares in the SPAC transaction. If the SPAC transaction does not proceed, no interest is payable for 2025. Beginning in 2026, interest is payable quarterly based on Brent pricing, ranging from 4% per annum when Brent is below US$55 per barrel to 20% per annum when Brent

is above US$95 per barrel, subject to interest not exceeding 16% over the term of the bonds. Interest in 2026 may be paid in cash or in kind at the issuer's election. From 2027 onward, interest is payable in kind if Brent prices are below US$65 per barrel, as detailed below.

The maturity may be extended for two one year terms for a fee of 2% of the principal for each extension.

Additional amendments to the bond terms were also approved including covenant waivers to permit the normal operation of bank accounts and working capital, including waivers to reduce the minimum liquidity to US$3.2 million and a waiver to comply with the interest coverage ratio up to and including December 31, 2025.

Below are the main financial covenant clauses of the outstanding bonds:

- Interest coverage ratio greater than 1.3x;
- Minimum liquidity of US$3.2 million.

During the second quarter, the Company's wholly owned subsidiary notified the SPAC counterparties that it was terminating the BCA. The counterparties have disputed the validity of the termination. Pending resolution, no accrued 2025 bond interest has been converted into shares.

As at September 30, 2026, the total outstanding principal and capitalized interest was US$86.9 million ($123.3 million) and the Company was in compliance with the covenants under the amended bond terms.

Embedded derivative

The amended bond terms include a variable interest rate mechanism whereby interest payable after December 31, 2025 varies quarterly based on Brent crude oil prices. This feature results in interest increasing or decreasing as Brent prices change, subject to the limits set out in the amended bond terms.

The Company has determined that the Brent-linked interest feature represents an embedded derivative as the economic characteristics and risks of the variable interest feature are not closely related to the host debt instrument. The embedded derivative has been separated from the host debt instrument and is measured at fair value through profit or loss. The host debt instrument is measured at amortized cost using the effective interest method.

At September 30, 2026, the fair value of the embedded derivative was a liability of $11.2 million (December 31, 2025: nil) and is presented with the secured bonds in long-term debt on the consolidated balance sheets. The fair value loss of $15.7 million for the three months and $11.2 million loss for the nine months ended September 30, 2026 is recognized in finance expense (Note 20). The fair value of the embedded derivative is determined using a valuation model that incorporates Brent forward pricing, the contractual interest rate formula, expected interest payment dates, expected cash or payment-in-kind settlement assumptions, foreign exchange rates and a market-based discount rate. The embedded derivative is classified as a Level 3 fair value measurement within the fair value hierarchy.

Credit Facilities

At September 30, 2026, the Company had a $10 million revolving demand credit facility with a Canadian chartered bank, available for general corporate purposes, ongoing operations and capital expenditures in Canada. The facility

had been reduced from $16 million following the Kakwa Central disposition on May 1, 2026, pending completion of the lender's annual review. At September 30, 2026, and December 31, 2025, no amounts were drawn on the facility.

Effective October 16, 2026, the Company elected not to renew the facility, following terms proposed by the lender regarding the collateralization of its Quebec asset retirement obligations. The facility was terminated with no amounts drawn and no penalties incurred.

11. Asset Retirement Obligation

The Company's asset retirement and abandonment obligations result from its ownership interest in oil and natural gas assets. The total asset retirement obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future periods. For the Canadian assets, the Company has estimated the net present value of the asset retirement obligation to be $15.5 million as at September 30, 2026 (December 31, 2025: $20.2 million) based on an undiscounted total future liability of $17.8 million (December 31, 2025: $23.4 million). These payments are expected to be made over the next 20 years. The average discount factor, being the risk-free rate related to the liabilities, is 3.5% (2025: 3.0%). An inflation rate of 2.0% (2025: 2.0%) over the varying lives of the assets is used to calculate the present value of the asset retirement obligation.

For the Brazilian assets, the Company has estimated the net present value of the asset retirement obligation to be $14.2 million as at September 30, 2026, (December 31, 2025: $13.0 million) based on an undiscounted total future liability of $37.0 million (December 31, 2025: $23.9 million). These payments are expected to be made over the next 17 years. The average discount factor, being the risk-free rate related to the liabilities, is 15.0% (December 31, 2025: 12.3%). An inflation rate of 3.5% (December 31, 2025: 3.5%) over the varying lives of the assets is used to calculate the present value of the asset retirement obligation.

The following table provides a reconciliation of the Company's total asset retirement obligation:

($ thousands)		**September 30, 2026**		December 31, 2025
Balance, beginning of year	**$**	**36,045**	$	19,410
Acquired through a business combination (Note 4)		**–**		9,200
Revalue of obligation acquired through a business combination		**–**		2,676
Acquired on an asset acquisition (Note 5)		**–**		3,098
Liabilities incurred		**30**		110
Change in estimates and discount rates		**866**		315
Liabilities settled		**(2,628)**		(1,072)
Liabilities disposed (Note 7)		**(4,535)**		–
Accretion		**1,659**		2,817
Foreign exchange adjustments		**1,272**		(509)
Balance, end of period	**$**	**32,709**	$	36,045
Current portion		**1,845**		2,945
Non-current portion		**30,864**		33,100
Balance, end of period	**$**	**32,709**	$	36,045

Restricted cash at September 30, 2026 was $5.7 million (December 31, 2025 - $3.5 million) and is mainly comprised of deposits in financial institutions to comply with regulatory requirements related to the Company's asset retirement obligations.

PX Energy maintains deposits of $2.5 million in financial institutions to comply with the requirements of ANP Resolution No. 854/2021 related to these asset retirement obligations. These deposits have restricted cash characteristics, and the required balance is reset annually based on the ANP's review of the subsidiary's environmental liabilities and its determination of the amount to be maintained as restricted cash. The current-period increase in the required balance reflects both an ANP-directed revision to the required security amount and the impact of foreign currency movements between the Brazilian real and the Canadian dollar.

Red Leaf maintains a deposit of US$1.4 million (December 31, 2025: US$1.4 million) to secure its abandonment and reclamation obligations in the State of Utah.

12. Right-of-use Assets and Lease Liabilities

a) Right-of-use assets

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 1,459**	$ 128
Acquired through a business combination (Note 4)	**–**	1,698
Additions	**189**	(12)
Depreciation	**(789)**	(285)
Currency translation adjustment	**116**	(70)
Balance, end of period	**$ 975**	$ 1,459

b) Lease liabilities

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 1,473**	$ 139
Additions	**24**	2
Acquired through a business combination (Note 4)	**–**	1,698
Interest expense	**259**	22
Lease payments	**(897)**	(319)
Currency translation adjustment	**115**	(69)
Balance, end of period	**$ 974**	$ 1,473
Current portion	**462**	988
Long term portion	**512**	485
Balance, end of period	**$ 974**	$ 1,473

13. Contingent Consideration for the Acquisition

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 16,487**	$ –
Acquired through a business combination (Note 4)	**–**	17,348
Fair value adjustment in profit and loss	**8,797**	(255)
Payment	**(3,328)**	(2,160)
Reclass to other liabilities	**(175)**	–
Foreign currency translation adjustment	**1,580**	1,554
Balance, end of period	**$ 23,361**	$ 16,487
Current portion	**$ 11,567**	$ 3,259
Long term portion	**11,794**	13,228
Balance, end of period	**$ 23,361**	$ 16,487

In connection with the Acquisition, the Company assumed a liability that formed part of the acquired business and recognized it as an identifiable liability assumed in the business combination. The liability was initially measured at its fair value at the acquisition date.

As part of the prior acquisition agreement in respect of PX Energy, additional contingent consideration is payable annually to Petrobras, the original owner of PX Energy, until the end of 2027. The contingent consideration is determined based on incremental volumes of oil sludge purchased by PX Energy from the seller and is linked to the future price of fuel oil.

The contingent consideration is classified as a financial liability and measured at fair value, taking into account the projected volumes of oil sludge purchases for the remaining term of the arrangement and forecast fuel oil prices. The fair value measurement incorporates significant unobservable inputs and is therefore classified within Level 3 of the fair value hierarchy.

Subsequent changes in the fair value of the contingent consideration, other than measurement period adjustments recorded in accordance with IFRS 3, are recognized in profit or loss in the period of remeasurement.

14. Other Liabilities

($ thousands)	**September 30, 2026**	December 31, 2025
Taxes and contributions	**$ 9,390**	$ **7,077**
Provision for contingencies	**9,488**	**7,876**
Other	**3,062**	**535**
Balance, end of period	**21,940**	**15,488**
Current portion	**12,841**	**5,301**
Long term portion	**9,099**	**10,187**
Balance, end of period	**$ 21,940**	$ **15,488**

15. Financial Instruments and Risk Management

Financial Instruments

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as credit risk, liquidity risk and market risk. The Company manages its exposure to these risks by operating in a manner that minimizes this exposure.

At September 30, 2026, the Company's financial instruments included cash and cash equivalents, accounts receivable, deposits, risk management contracts, accounts payable and accrued liabilities, lease liabilities, contingent consideration from original acquisition of PX Energy and long-term debt, comprised of secured debt and an embedded derivative related to bond interest. At September 30, 2026, the fair values of cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities and approximated their carrying values due to their short-term maturity.

The Company's secured debt and other long-term financial liabilities are recorded at amortized cost using the effective interest method. At September 30, 2026, the carrying value of secured debt accounted for under amortized cost was $123.4 million (December 31, 2025: $100.8 million) and the fair value at September 30, 2026, was $90.7 million (December 31, 2025: $115.7 million). The Company's risk management contracts and the estimated fair value of long-term debt is based on pricing sourced from market data, which are considered as Level 2 measurement in the three-level fair value measurement hierarchy.

Disclosures about the inputs to fair value measurements are required, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information.

The fair value measurement of PP&E, E&E, right-of-use assets and contingent consideration for the original acquisition of PX Energy and the embedded derivative have a fair value hierarchy of Level 3.

Credit risk

Credit risk represents a potential financial loss to the Company if a customer or counterparty to a financial instrument fails to meet or discharge their obligation to the Company. Credit risk arises principally from the Company's receivables from joint venture partners and oil and gas marketers, restricted cash, financial assets deposits (including Brazilian tax contributions recoverable from Brazilian tax authorities) and the fair value of

derivative financial assets. The maximum credit exposure at the reporting date is equal to the carrying value of these financial assets as reported in the condensed interim consolidated balance sheet.

Cash and cash equivalents and restricted cash are held with major Canadian chartered banks, US banks and with regulated Brazilian financial institutions. Management monitors the credit standing of these counterparties on an ongoing basis and does not expect any counterparty to fail to meet its obligations.

Substantially all of the accounts receivable are with oil and natural gas marketers including fuel distributors and joint venture partners in the oil and natural gas industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these customers and therefore, the collection of accounts receivable may be affected by changes in economic or other conditions. Management believes the risk is mitigated by entering into transactions with long-standing, reputable counterparties and partners.

Accounts receivable related to the sale of the Company's petroleum and natural gas production is paid in the following month from major oil and natural gas marketing companies and the Company has not experienced any credit loss relating to these sales. In Brazil, accounts receivable, including invoiced take-or-pay shortfalls, are collected in accordance with contractual terms and monitored by management on an ongoing basis.

Receivables from joint venture partners are typically collected within one to three months of the joint venture bill being issued. The Company mitigates this risk by obtaining pre-approval of significant capital expenditures.

The Company's accounts receivables are aged as follows:

($ thousands)	**September 30, 2026**	December 31, 2025
Current	**$ 9,202**	$ 11,016
31 - 60 days	**2,772**	3
61 - 90 days	**77**	105
>90 days	**258**	36
Balance, end of period	**$ 12,309**	$ 11,160

The Company does not anticipate any material default as it transacts with creditworthy customers and management does not expect any losses from non-performance by these customers. There are no material financial assets that the Company considers past due that are considered impaired.

The Company's derivative financial assets consist of commodity swap contracts entered into with a Canadian chartered bank counterparty. The Company's exposure to counterparty credit risk on these contracts is not considered material.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity risk include ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual capital expenditure budgets which are monitored and are updated as required. In addition, the Company requires authorizations for expenditures on projects to assist with the management of capital.

Since the Company operates in the upstream oil and natural gas industry, it requires sufficient cash to fund capital programs necessary to maintain or increase production, develop reserves and to potentially acquire strategic assets. The Company's capital programs are funded principally by cash on hand, cash from operating activities and equity issuances. During times of low oil and natural gas prices or when cash resources may be limited, a portion of capital programs can generally be deferred, however, due to the long cycle times and the importance to future cash flow in maintaining the Company's production, it may be necessary to utilize alternative sources of capital to continue the Company's strategic investment plan during periods of low commodity prices. As a result, the Company frequently evaluates the options available with respect to sources of long and short-term capital resources. Occasionally, to the extent possible, the Company will use derivative instruments to manage cash flow in the event of commodity price declines.

The Company's financial obligations relate to amounts due under the credit facilities, including trade and other payables, which consist of invoices payable to trade suppliers relating to the office and field operating activities and its capital spending program. The Company processes invoices within a normal payment period and all amounts are due within the next 12 months.

The timing of cash outflows relating to financial liabilities as at September 30, 2026, and December 31, 2025, are as follows:

($ thousands)	**Less than one year**	**One - Two years**	**Remaining years**	**Total**
Accounts payable and accrued liabilities	**$ 24,052**	**$ –**	$ –	**$ 24,052**
Advances from customers	5,457	–	–	5,457
Risk management contracts	988	–	–	988
Contract liabilities	10,031	–	–	10,031
Contingent consideration for original acquisition of PX Energy	11,567	11,794	–	23,361
Pending Share issuance for acquisition	5,783	–	–	5,783
Lease liabilities	462	61	358	881
Secured debt	–	134,637	–	134,637
Liabilities related to business combination	22,760	–	–	22,760
Other liabilities	12,841	8,141	958	21,940
September 30, 2026	$ 93,941	$ 154,633	$ 1,316	$ 249,890

($ thousands)	Less than one year	One - Two years	Remaining years	Total
Accounts payable and accrued liabilities	**$ 44,752**	**$ –**	$ –	**$ 44,752**
Advances from customers	13,367	–	–	13,367
Contract liabilities	2,026	–	–	2,026
Contingent consideration for original acquisition of PX Energy	3,259	13,228	–	16,487
Pending Share issuance for acquisition	8,153	–	–	8,153
Lease liabilities	988	304	181	1,473
Secured debt	–	100,755	–	100,755
Liabilities related to business combination	22,760	–	–	22,760
Other liabilities	5,301	10,187	–	15,488
December 31, 2025	$ 100,606	$ 124,474	$ 181	$ 225,261

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's profit or loss or the value of the financial instruments. The objective of the Company is to mitigate exposure to these risks while maximizing returns to the Company.

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. The Company's financial performance is closely linked to crude oil and refined product prices (including pricing differentials for various product types) and, to some extent to electricity prices as one of the major costs of production. Commodity prices for oil and natural gas are impacted not only by the relationship between the Canadian and United States dollar, Brazilian Reais and US Dollar, but also world economic events that dictate the levels of supply and demand.

To reduce cash flow volatility, the Company may enter into commodity risk management contracts for future sales of oil and natural gas. These contracts are intended to reduce volatility in revenue by fixing prices on a portion of future production.

At September 30, 2026, the Company had the following outstanding commodity risk management contracts covering the period from July 1, 2026 to December 31, 2026. These contracts had negative fair value of $1.0 million recorded as a liability at September 30, 2026, compared to nil at December 31, 2025.

($ thousands)	**Volume**		**Rate**		**September 30, 2026**
Swap AECO 7A (GJ)[(1)]	305,000	$	1.94	$	71
Swap WTI (USD) (bbl) [(1)]	48,800	$	74.50	$	(1,059)
Total					**(988)**

(1) Term effective October 1, 2026 to December 31, 2026.

The following table details the composition of the Company's loss on risk management contracts:

	Three months ended September 30,				*Nine months ended September 30,*			
($ thousands)		**2026**		2025		**2026**		2025
Realized loss on risk management contracts	**$**	**(477)**	$	–	**$**	**(1,297)**	$	–
Unrealized loss on risk management contracts		**(1,522)**		–		**(988)**		–
Total loss on risk management contracts	**$**	**(1,999)**	$	–	**$**	**(2,285)**	$	–

When assessing the potential impact of these commodity price changes, the Company believes ten percent volatility is a reasonable measure. A ten percent increase or decrease in commodity prices would have resulted in $14.4 million year to date net impact on revenue and net income before tax.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from transactions and balances denominated in currencies other than the functional currency of the applicable entity, primarily the Brazilian real, Canadian dollar, U.S. dollar and Jordanian dinar.

The Company's Canadian petroleum and natural gas sales are denominated in Canadian dollars. However, the underlying market prices for these commodities are influenced by benchmark prices denominated in U.S. dollars and, accordingly, are indirectly affected by movements in the Canadian dollar relative to the U.S. dollar.

In Brazil, revenues are denominated in Brazilian reals; however, commodity prices fluctuate with underlying market prices denominated in U.S. dollars. Operating and capital expenditures in Brazil are primarily denominated in local currency, resulting in exposure to fluctuations in the Brazilian real relative to the Canadian dollar.

The Company also incurs expenditures through its Jordanian subsidiary that are denominated in Jordanian dinars and U.S. dollars, which gives rise to additional foreign currency exposure.

Following the Acquisition, the Company was also exposed to foreign currency risk in respect of the senior secured bonds, which are denominated in U.S. dollars. Fluctuations in the U.S. dollar exchange rate relative to the Company's functional currency may affect the carrying amount of the debt and the related finance expense recognized in the consolidated financial statements.

The Company does not currently hedge its exposure to foreign exchange risk associated with these bonds and, as at September 30, 2026, and December 31, 2025, the Company had no forward foreign exchange contracts in place. Management monitors foreign exchange rates on an ongoing basis in assessing the impact of currency movements on the Company's financial position and cash flows.

Based on the Company's foreign operations at September 30, 2026, a 10% strengthening or weakening of the Canadian dollar relative to the functional currencies of the Company's subsidiaries, with all other variables held constant, would have increased or decreased net income before taxes by approximately $2.7 million as a result of translating the results of those subsidiaries into the Company's presentation currency, the Canadian dollar.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Following the Acquisition, the Company is exposed to variable-rate risk through the senior secured bonds acquired as part of that transaction.

Under the terms of the bonds, all accrued and unpaid interest up to December 31, 2025, converts into shares if the contemplated SPAC transaction is completed. If the SPAC transaction does not proceed, no interest is payable in 2025. Thereafter, interest is payable quarterly at variable rates determined by reference to Brent crude oil prices, ranging from 4% when Brent is below US$55 per barrel to 20% when Brent exceeds US$95 per barrel, subject to an overall cap such that interest does not exceed 16% over the term of the bonds. Interest in 2026 may be settled in cash or in kind at the issuer's election. From 2027 onward, interest is payable in kind if Brent prices are below US$65 per barrel. The maturity of the bonds may also be extended for up to two additional one-year terms for a fee equal to 2% of principal for each extension.

At September 30, 2026 and December 31, 2025, the Company's exposure to variable-rate debt under these bonds was US$80 million. As a result, changes in Brent pricing may affect the amount and timing of interest payable and, in certain periods, whether interest is settled in cash or in kind. The Company monitors this exposure in assessing its financing costs and expected liquidity requirements.

At September 30, 2026, and December 31, 2025, the Company's credit facilities outstanding balance was nil.

Capital management

The Company's objective in managing capital is to maintain financial flexibility, preserve its ability to meet financial obligations as they become due and provide sufficient liquidity to fund ongoing operations and execute its business strategy. The Company believes that, with existing cash, cash flow from operations and other available sources of financing, it will be able to meet its foreseeable capital obligations in the normal course of operations in the near term. The Company defines its capital structure as shareholders' equity, long-term debt, including the senior secured bonds assumed in connection with the Acquisition, and working capital. The Company monitors its capital structure having regard to current and projected cash flow from operations, debt levels, available liquidity and forecast capital expenditures.

The volatility of commodity prices has a material impact on the Company's cash flow from operations. The Company attempts to mitigate the effect of lower prices by entering into risk management contracts, shutting in production in unusually low pricing environments, reallocating capital to more profitable areas and reducing capital spending

based on results and other market considerations. The Company will adjust its capital structure to minimize risk and its cost of capital through the issuance of shares, securing additional credit facilities and adjusting its capital spending as required. The Company monitors its capital structure based on the current and projected funds flow from operations.

Annual and updated budgets are approved by the Board of Directors and are regularly reviewed to assess the Company's funding requirements and financial flexibility.

16. Share Based Compensation

The Company has a stock option program that provides for the issuance of options to purchase Common Shares to its directors, officers and employees at or above grant date market prices. The options granted under the plan generally vest evenly over a three-year period starting at the grant date or one year from the grant date. The grants expire five years from the grant date.

The option plan includes a put right that permits an option holder to request settlement of vested options in cash or Common Shares, subject to the terms and conditions of the plan. Where cash settlement is approved, the settlement amount is calculated as the difference between the closing market price of the Common Shares on the date the put notice is delivered and the exercise price of the options. The Company has the option to decline a put right exercise at any time.

During the nine months ended September 30, 2026, the Company granted 13.1 million stock options with a weighted average exercise price of $0.27 per option. In addition, 6.5 million stock options were exercised at a weighted average exercise price of $0.18 per option, resulting in gross proceeds of approximately $1.2 million. The related amount previously recorded in contributed surplus was reclassified to share capital upon exercise.

The following table summarizes information about stock options on common shares outstanding and exercisable at September 30, 2026, and December 31, 2025:

	September 30, 2026		December 31, 2025	
	Number of Options *(thousands)*	**Weighted Average Exercise Price**	Number of Options *(thousands)*	Weighted Average Exercise Price
Outstanding, beginning of period	**35,790**	**$ 0.25**	38,295	$ 0.25
Granted	**13,075**	**0.27**	6,675	0.23
Forfeited	**(8,025)**	**0.28**	(2,880)	0.22
Expired	**(1,325)**	**0.18**	(325)	0.16
Exercised	**(6,450)**	**0.18**	(5,975)	0.20
Outstanding, end of period	**33,065**	**$ 0.27**	35,790	$ 0.25
Exercisable, end of period	**19,736**	**$ 0.28**	28,288	$ 0.26

As of September 30, 2026, there are 1.25 million options on Preferred Shares outstanding. There are an additional 3.1 million Preferred Shares issuable on the exercise of options on Common Shares issued prior to the ex- date of January 22, 2026, that entitle the holder to acquire both Common Shares and Preferred Shares on exercise.

The fair value of the options granted were calculated using the Black-Scholes valuation model. The following weighted average assumptions were used in the model for options granted in 2026 and 2025:

	September 30, 2026	December 31, 2025
Weighted average fair value per award ($)	**0.18**	**0.18**
Volatility (%)	**86.50**	**102.60**
Forfeiture rate (%)	**8.66**	**8.46**
Expected life (years)	**5.00**	**5.00**
Risk free interest rate (%)	**2.90**	**2.91**

This forfeiture rate estimate is adjusted to the actual forfeiture rate. Expected volatility and expected life is based on historical information.

The number and weighted average exercise prices of stock options are as follows:

	Options Outstanding			Options Exercisable		
	Options *(thousands)*	Weighted Years to Expiry	Weighted Exercise Price	Options *(thousands)*	Weighted Years to Expiry	Weighted Exercise Price
$0.21 - $0.23	8,825	2.38	0.23	6,529	2.05	0.23
$0.24 - $0.26	9,350	3.42	0.26	4,458	2.72	0.25
$0.27 - $0.29	6,800	4.32	0.27	1,117	4.30	0.27
$0.30 - $0.34	8,090	0.56	0.34	7,632	0.33	0.34
	33,065	**2.63**	**$ 0.27**	**19,736**	**1.67**	**$ 0.28**

17. Share Capital

The Company is authorized to issue an unlimited number of Common Shares. The Company is also authorized to issue an unlimited number of Class "B" Common voting shares and an unlimited number of preferred shares, issuable in one or more series. At September 30, 2026, and 2025, there were no Class "B" common voting shares outstanding and the only preferred shares outstanding are the Series 2 Preferred Shares.

a) Issued and outstanding

	Number *(thousands)*	Amount *($ thousands)*
Balance December 31, 2024	428,516	$ 429,878
Shares issued for acquisition (see Note 5)	17,248	5,347
Balance December 31, 2025	445,764	$ 435,225
Shares issued for pending share issuance liability	550	171
Proceeds from the exercise of stock options	6,450	1,161
Share based compensation reclassification	–	882
Series 2 Preferred Shares reclassification	–	(4,522)
Balance Common Shares September 30, 2026	**452,764**	**$ 432,917**

Balance December 31, 2025	–	$ –
Series 2 Preferred Shares issued	452,213	4,522
Series 2 Preferred Shares consolidation on 10-for-1 basis	(406,992)	–
Shares issued for pending share issuance liability	55	–
Shares issuance costs	–	(106)
Balance Preferred Shares September 30, 2026	**45,276**	**$ 4,416**

In January 2026, the Company completed the economic spin out of its Quebec-based assets through a reorganization of capital. The reorganization consisted of the exchange of one old Common Share for one new Common Share and one Series 2 Preferred Share. The Preferred Shares entitle holders to the economic benefits of the Quebec assets, and the Common Shares represent ownership of the remaining assets of the Company.

At the Annual and Special Meeting of Shareholders held on June 23, 2026, shareholders approved a consolidation of the Company's Series 2 Preferred Shares on the basis of one new Preferred Share for every ten Preferred Shares previously outstanding. The consolidation was implemented on June 30, 2026, prior to the first day of trading of the Preferred Shares on Euronext Growth Oslo under the ticker QGAS. Immediately prior to the consolidation, there were 452,213,450 Series 2 Preferred Shares outstanding. Following the consolidation, there were 45,221,345 Series 2 Preferred Shares outstanding. The consolidation did not affect the aggregate dollar value ascribed to the Series 2 Preferred Shares in share capital.

During the nine months ended September 30, 2026, 6.5 million stock options were exercised for cash proceeds of $1.2 million. In connection with the exercise of these stock options, $0.9 million previously recorded in contributed surplus was transferred to share capital. With the issuance of the Series 2 Preferred shares, $4.5 million was reclassified to Series 2 preferred Shares. The reclassification reduced common share capital by $4.5 million with an equal and offsetting increase in Preferred share capital and had no effect on total share capital. Total share capital increased by $2.1 million during the period, reflecting the exercise of stock options and the related transfer from

contributed surplus ($2.0 million) and shares issued to settle the pending share issuance liability ($0.2 million), net of share issuance costs ($0.1 million). No Common Shares or Preferred Shares were issued during the three months ended September 30, 2026

As part of the Acquisition, the Company is obligated to issue 15 million Class "A" common voting shares ("Common Shares") with a deemed value of $5.0 million. As at September 30, 2026, and December 31, 2025, these shares had not yet been issued, and the related amount has been recognized as a current liability. See note 4.

b) Contributed surplus

($ thousands)	**September 30, 2026**	December 31, 2025
Balance, beginning of year	**$ 44,427**	$ 29,283
Contingent equity consideration	**–**	13,941
Share based compensation reclassification	**(882)**	–
Share based compensation expense	**1,278**	1,203
Balance, end of period	**$ 44,823**	$ 44,427

The Company recognized $0.2 million and $1.1 million of share-based compensation expense during the three and nine months ended September 30, 2026, respectively, with a corresponding increase to contributed surplus. In addition, $0.9 million previously recorded in contributed surplus was transferred to share capital resulting from the exercise of stock options during the first quarter of 2026.

As part of the Acquisition completed in prior period, the consideration also included contingent equity consideration comprised of two additional tranches of 25 million Common Shares each. At the acquisition date, these contingent shares were measured at an estimated fair value of $13.9 million, was classified as equity and recorded in contributed surplus.

The contingent equity consideration meets the definition of an equity instrument under IFRS and, accordingly, is not subject to subsequent remeasurement. See Note 4 for further details regarding the Acquisition.

c) Per share amounts

Basic and Diluted net loss per share is calculated as follows:

	Three months ended September 30,		*Nine months ended September 30,*	
(thousands, except as noted)	**2026**	2025	**2026**	2025
Net loss	$ **(27,577)**	**$** (5,334)	$ **(17,575)**	**$** (6,007)
Issued Common Shares at beginning of period	**452,764**	428,516	**445,764**	428,516
Effect of shares issued pursuant to:				
Exercise of share options	**–**	–	**5,780**	–
Shares issued for pending share issuance liability	**–**	–	**185**	–
Weighted average Common Shares (basic)	**452,764**	428,516	**451,729**	428,516
Weighted average Common Shares (diluted)	**452,764**	428,516	**451,729**	428,516
Basic and diluted net loss per share	$ **(0.06)**	**$** (0.01)	$ **(0.04)**	**$** (0.01)

Under the current stock option plan, options can be exchanged for Common Shares of the Company, or for cash at the Company's discretion. They are potentially dilutive; however, as the Company reported a net loss for the three

and nine months ended September 30, 2026 and 2025, all options were anti-dilutive and diluted net loss per share equals basic net loss per share. The average market value of the Common Shares for purposes of calculating the dilutive effect of options was based on quoted market prices for the period that the options were outstanding.

For the three and nine months ended September 30, 2026, 22.8 million options (three and nine months ended September 30, 2025: 22.5 million) were anti-dilutive and would have been excluded from the diluted weighted average number of Common Shares outstanding calculation.

18. Petroleum and Natural Gas Revenue

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Oil and liquids	**$ 5,377**	$ 10,968	**$ 22,648**	$ 31,062
Natural gas	**517**	637	**2,718**	3,163
Royalty revenue	**99**	196	**293**	381
Total Canada	**$ 5,993**	$ 11,801	**$ 25,659**	$ 34,606
Oil and liquids	**$ 43,148**	$ –	**$ 112,643**	$ –
Natural gas	**1,620**	–	**5,569**	–
Total Brazil	**$ 44,768**	$ –	**$ 118,212**	$ –
Total Company	**$ 50,761**	$ 11,801	**$ 143,871**	$ 34,606

During the three months ended September 30, 2026, the Company generated oil revenue of $31.4 million (2025: nil) from two external customers in the Brazil segment and $4.6 million (2025: $3.1 million), from an external customer in the Canadian segment. Year to date, the Company generated oil revenue of $69.1 million (2025: nil) in the Brazil segment, and $19.4 million (2025: $30.2 million) in the Canadian segment from these customers. Each customer accounted for 10% or more of the Company's total revenue.

19. Other Gain (Loss)

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Rental income	**$ 354**	$ –	$ 1,063	$ –
Fair value adjustment for contingent consideration	**(5,175)**	–	**(8,797)**	–
Other	**13**	**(6)**	**(2,349)**	**(18)**
Other gain (loss)	**$ (4,808)**	$ (6)	**$ (10,083)**	$ (18)

20. Net Finance Expenses

($ thousands)	*Three months ended September 30,*		*Nine months ended September 30,*	
	2026	2025	**2026**	2025
Finance Income				
Foreign exchange gain	**$ –**	$ –	**$ 7,150**	$ –
Income from financial investments	**494**	124	**997**	484
Interest income from leases	**26**	–	**76**	–
Other finance income	**317**	–	**987**	–
Total finance income	**$ 837**	$ 124	**$ 9,210**	$ 484
Finance expenses				
Foreign exchange loss	**$ 1,104**	–	**$ -**	$ –
Lease finance costs	**25**	$ –	**90**	$ –
Interest expense on bond	**4,745**	–	**14,008**	–
Accretion on bond	**2,133**	–	**6,415**	–
Fair value adjustment on bond interest embedded derivative	**15,743**	–	**11,204**	–
Interest expense on other obligations	**1,558**	–	**6,346**	–
Other	**(271)**	–	**(51)**	10
Total finance expense	**$ 25,037**	$ **–**	**$ 38,012**	$ **10**
Net finance (expense) income	**$ (24,200)**	$ **124**	**$ (28,802)**	$ **474**

21. Supplemental Cash Flow Information

Changes in non-cash working capital are detailed below:

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Accounts receivable	**$ 536**	1,174	**$ (4,287)**	$ (219)
Inventory	**2,809**	–	**(1,930)**	–
Deposits and prepaid expenses	**109**	(424)	**(10,207)**	(877)
Accounts payable and accrued liabilities	**(3,385)**	605	**(21,712)**	(602)
Contract liabilities	**(5,646)**	–	**8,005**	–
Other liabilities	**148**	–	**11,352**	–
Change in non-cash working capital	**$ (5,429)**	$ 1,355	**$ (18,779)**	$ (1,698)
Related to:				
Operating activities	**$ (6,294)**	1,169	**$ (19,190)**	$ 2,268
Investing activities	**865**	186	**411**	(3,966)
	$ (5,429)	$ 1,355	**$ (18,779)**	$ (1,698)

Other items not involving cash:

	Three months ended September 30,		*Nine months ended September 30,*	
($ thousands)	**2026**	2025	**2026**	2025
Inventory obsolescence	**$ 131**	**$** –	**$ 26**	$ –
Fair value adjustment for contingent consideration of former owner	**5,175**	–	**8,797**	–
Provision for contingencies	**230**	–	**883**	–
Bond accretion	**2,133**	–	**6,415**	–
Total other non-cash items	**$ 7,669**	**$** –	**$ 16,121**	$ –

CORPORATE INFORMATION



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STOCK INFORMATION
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Symbol: QEC
Preferred Shares
Symbol: QGAS

QUESTERRE



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