



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024



LETTER TO OUR SHAREHOLDERS

November 12, 2025

Dear Shareholder:

On October 15, 2025, the Company closed the acquisition of approximately 3,850 BOE/d (91% liquids) of production within its core operating area of Greater Provost in East Central Alberta. Total purchase price was \$112.0 million before closing adjustments (\$105.8 million after closing adjustments) with an effective date of August 1, 2025. Over 85% of the acquired assets are under waterflood with a low decline of approximately 10% with associated PDP reserves evaluated as at December 31, 2024 related to the acquisition of 6.8 MMBOE. The purchase price was funded through an expanded bank credit facility led by ATB Financial including a component of term debt repayable over two years as part of the borrowing base. Post closing of the acquisition, the Company estimates debt to be approximately 1.1 times forecast cashflow.

In connection with the asset acquisition, the Company reduced its issued and outstanding common shares to 115.8 million through the repurchase and cancellation of 16.9 million shares at a price of \$0.80 per common share in reliance on an exemption from the formal issuer bid rules.

Additionally, we are happy to welcome Lex Capital Management as a new shareholder. Lex has purchased more than 20% of the outstanding shares of the Company. In connection with Lex's strategic investment, the Company has granted it certain rights including director nominee rights and pre-emptive subscription rights in respect of future sales of equity securities by the Company.

In conjunction with these transactions, Mitch Putnam and Craig Golinowski have resigned from the Board of Directors. We thank Mitch and Craig as well the teams at 32 Degrees and Carbon Infrastructure Partners for their support over the last nine years and wish them the best in the future. The Company welcomes Dean Popil and Stacy Knull to the Board Directors effective November 7, 2025. Mr. Popil is the Managing Partner and Chief Executive Officer of Lex Capital Management Inc. and Mr. Knull is the former President and CEO of Saguaro Resources Ltd.

In the third quarter of 2025, the Company's average production was 7,301 boe/d (69% liquids) and the Company generated adjusted funds flow from operations of \$16.0 million for the three months ended September 30, 2025. The Company's current production is 11,500 boe/d.

During the third quarter of 2025, capital expenditures were \$28.1 million and Karve brought on new production from 17 gross (17.0 net) horizontal Viking wells. This included \$22.0 million of capital expenditures on drilling and completions and \$6.1 million on facilities, well equipping and other. Karve continues to benefit from low maintenance capital requirements, driven by the success of its ongoing waterflood program. Production remains predictable with low decline rates, enhancing our future sustainability with stable strong operating and financial results.

Based on current commodity price expectations, Karve plans to invest approximately \$73.2 million in its 2025 capital program (excluding acquisitions). The capital program consists of an estimated \$50.3 million on drilling and completions, \$17.3 million on facilities and waterflood, \$4.6 million on asset retirement obligations and \$1.0 million on land and other.

Enclosed are the Karve Energy Inc. unaudited interim consolidated financial statements and MD&A for the quarter ended September 30, 2025. These financial statements have been prepared in accordance with International Financial Reporting Standards. If you would like to be added to our email distribution list to receive financial statements and MD&A by email, please send your request to info@karveenergy.com. We look forward to reporting our progress and thank all of our shareholders for their ongoing support.

On behalf of the Board of Directors,

Signed "Bob Chaisson"

Bob Chaisson
Chief Executive Officer
Karve Energy Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") is a review of Karve Energy Inc.'s ("Karve" or the "Company") results and management's analysis of its financial performance for the period from January 1, 2025 to September 30, 2025. It is dated November 12, 2025 and should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2025 and the audited consolidated financial statements for the year ended December 31, 2024. Both statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"). The MD&A contains non-generally accepted accounting principles ("non-GAAP") measures and forward-looking statements and readers are cautioned that the MD&A should be read in conjunction with Karve's disclosure under "Non-GAAP Measurements" and "Forward-Looking Information and Statements" included at the end of this MD&A. All amounts are in Canadian dollars unless otherwise noted.

DESCRIPTION OF THE COMPANY

Karve is a private oil and natural gas company whose principal business activities are the acquisition, exploration and development of oil and natural gas properties in Western Canada. The Company was incorporated under the laws of the Province of Alberta on January 30, 2014, under the name "1799380 Alberta Ltd.". On June 16, 2014, the Company changed its name to "Bruin Oil & Gas Inc." ("Bruin") and on September 15, 2016, the Company changed its name to "Karve Energy Inc.". On July 15, 2019, the Company amalgamated with High Ground Energy Inc. The consolidated financial information of the Company is comprised of Karve and its wholly owned subsidiary "DTC Energy Inc.".

OPERATIONAL AND FINANCIAL SUMMARY

	For the three months ended		For the nine months ended	
FINANCIAL (Canadian \$000, except per share and per boe amounts)	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Net income	770	6,058	6,374	20,500
Per share - basic	0.01	0.04	0.05	0.15
Per share - diluted	0.01	0.04	0.04	0.13
Funds flow from operations ⁽¹⁾	14,155	25,053	45,936	75,888
Per share - basic ⁽¹⁾	0.11	0.18	0.34	0.54
Per share - diluted ⁽¹⁾	0.10	0.16	0.31	0.50
Adjusted funds flow from operations ⁽¹⁾	16,010	25,668	49,819	78,681
Per share - basic ⁽¹⁾	0.12	0.18	0.36	0.56
Per share - diluted ⁽¹⁾	0.11	0.17	0.34	0.52
Total net capital expenditures	28,066	36,669	54,195	86,684
Net debt ⁽¹⁾	(27,957)	(27,830)	(27,957)	(27,830)
Total assets	484,339	518,892	484,339	518,892
Shares outstanding, weighted average (000s)	132,544	140,681	137,090	140,681
Shares outstanding, end of period (000s)	132,544	140,930	132,544	140,930
OPERATIONAL				
Average sales volumes				
Viking oil (bbl/d)	4,713	5,428	4,697	5,409
Heavy oil (bbl/d)	-	319	-	303
NGLs (bbl/d)	311	362	287	336
Natural gas (mcf/d)	13,663	16,819	13,719	17,117
Total (boe/d)	7,301	8,912	7,271	8,901
Average sales prices (excluding hedging gains and losses)				
Viking oil (\$/bbl)	81.90	95.24	84.25	95.15
Heavy oil, net of blending expense (\$/bbl)	-	76.50	-	74.32
NGLs (\$/bbl)	53.92	60.86	58.04	63.11
Natural gas (\$/mcf)	1.16	1.13	1.88	1.74
Boe basis (\$/boe)	57.34	65.36	60.26	66.07
Field netback (\$/boe excluding hedging gains and losses)				
Sales price	57.34	65.36	60.26	66.07
Royalties	(6.63)	(8.66)	(7.21)	(8.18)
Operating expense	(21.97)	(20.27)	(22.17)	(20.66)
Transportation expense	(1.66)	(2.66)	(1.81)	(2.13)
Field netback ⁽¹⁾	27.08	33.77	29.07	35.10

(1) Non-GAAP measure, see page 15 for details.

SALES VOLUMES

Sales volumes averaged 7,301 boe/d during the three months ended September 30, 2025 compared to 8,912 boe/d during the three months ended September 30, 2024. The decrease in sales volumes during the three months ended September 30, 2025 is due to the disposition of the heavy oil assets in December 2024. In addition, the Company added 32 gross (32.0 net) Viking wells to production from October 1, 2024 to September 30, 2025, compared to 46 gross (45.0 net) Viking wells from October 1, 2023 to September 30, 2024.

	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Sales volumes				
Viking oil (bbl/d)	4,713	5,428	4,697	5,409
Heavy oil (bbl/d)	-	319	-	303
NGLs (bbl/d)	311	362	287	336
Natural gas (mcf/d)	13,663	16,819	13,719	17,117
Total (boe/d)	7,301	8,912	7,271	8,901

SALES PRICES AND REVENUE

For the three months ended September 30, 2025, the Company generated total revenue of \$38.5 million (three months ended September 30, 2024 - \$53.6 million) on average sales volumes of 7,301 boe/d. Revenue is shown before transportation expenses. The average sales price per boe for the three months ended September 30, 2025 was \$57.34 compared to \$65.36 for the three months ended September 30, 2024. The decrease in revenue period over period is due to lower sales volumes and lower realized sales prices.

	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
KARVE AVERAGE REALIZED PRICE ⁽¹⁾				
Revenue (\$'000s)	38,514	53,593	119,605	161,131
Viking oil (\$/bbl)	81.90	95.24	84.25	95.15
Heavy oil, net of blending expense (\$/bbl)	-	76.50	-	74.32
NGLs (\$/bbl)	53.92	60.86	58.04	63.11
Natural gas (\$/mcf)	1.16	1.13	1.88	1.74
Karve realized price (\$/boe)	57.34	65.36	60.26	66.07
AVERAGE BENCHMARK PRICES ⁽²⁾				
Crude oil - WTI (\$US/bbl)	64.93	75.13	66.70	77.55
Crude oil - Canadian light sweet (\$CDN/bbl)	85.00	98.43	88.70	99.95
Crude oil - WCS (\$CDN/bbl)	74.95	84.93	78.09	84.76
Natural gas - AECO-C spot (\$CDN/mcf)	0.61	0.70	1.49	1.35
Exchange Rate - (\$US/\$CAD)	0.72	0.73	0.71	0.74

(1) Excludes hedging gains and losses.

(2) Average benchmark pricing obtained from U.S. Energy Information Administration and Sproule Associates Limited.

DERIVATIVE CONTRACTS

The Company utilizes financial derivative contracts to manage certain market risks. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors.

The components of the (loss) gain on financial derivative contracts is as follows:

	For the three months ended		For the nine months ended	
(\$'000s)	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Unrealized (loss) gain on financial derivative contracts	(284)	320	1,355	234
Realized gain (loss) on financial derivative contracts	198	-	73	(182)
(LOSS) GAIN ON FINANCIAL DERIVATIVE CONTRACTS	(86)	320	1,428	52

i) Commodity contracts

From time to time, the Company may hedge a portion of its crude oil sales using financial derivative contracts. In accordance with standard industry practice, financial derivative contracts are marked to market.

At September 30, 2025, the Company had the following commodity contracts in place:

Type	Term	Basis ⁽¹⁾	Volume (Bbl/d)	Put Price (\$CAD/Bbl) ⁽¹⁾	Call Price (\$CAD/Bbl) ⁽¹⁾	Swap Price (\$CAD/Bbl) ⁽¹⁾
Swap	Oct. 1/25 - Dec. 31/25	WTI	2,250	-	-	88.65
Swap	Jan.1/26-Dec. 31/26	WTI	2,623	-	-	84.77
Swap	Jan.1/27-Sept. 30/27	WTI	1,665	-	-	83.25
Collar	Oct. 1/25 - Dec. 31/25	WTI	1,600	80.91	90.84	-
Collar	Jan.1/26-Dec. 31/26	WTI	759	82.00	87.59	-
Collar	Jan.1/27-Sept. 30/27	WTI	508	82.00	85.90	-

(1) Nymex WTI monthly average in \$CAD.

Type	Term	Basis ⁽¹⁾	Volume (GJ/d)	Swap Price (\$CAD/GJ) ⁽¹⁾
Swap	Oct. 1/25 - Dec. 31/25	AECO	3,200	1.94
Swap	Jan.1/26-Dec. 31/26	AECO	3,630	2.79
Swap	Jan.1/27-Sept. 30/27	AECO	5,129	2.81

(1) AECO 5(A)

At September 30, 2025, the fair value of the commodity derivative contracts outstanding was in a current asset position of \$1.0 million and a long-term liability position of \$491,000 (December 31, 2024 – current liability of \$836,000), resulting in an unrealized gain of \$1.4 million for the nine months ended September 30, 2025 (nine months ended September 30, 2024 – unrealized gain of \$234,000). The fair value, or mark-to-market value, of these contracts are based on the estimated amount that would have been received or paid to settle the contracts as at September 30, 2025, and may be different from what will eventually be realized. For the nine months ended September 30, 2025, the Company realized a gain of \$73,000 (nine months ended September 30, 2024 – loss of \$182,000) on its commodity derivative contracts.

Subsequent to September 30, 2025, the Company entered into the following derivative contract:

Type	Term	Basis ⁽¹⁾	Volume (Bbl/d)	Put Price (\$CAD/Bbl) ⁽¹⁾	Call Price (\$CAD/Bbl) ⁽¹⁾
Collar	Nov. 1/25 - Dec. 31/25	WTI	1,000	82.00	87.50

(1) Nymex WTI monthly average in \$CAD.

ii) Foreign exchange contracts

The Company is exposed to the risk of changes in the U.S./Canadian dollar exchange rate (“USD/CAD”) on crude oil sales based on U.S. dollar benchmark prices. Foreign exchange risk is mitigated by entering into foreign exchange contracts.

The Company did not have any foreign exchange contracts outstanding as at September 30, 2025. At December 31, 2024, the fair value of the foreign exchange contract was \$nil as all of the contracts expired on December 31, 2024. During the year ended December 31, 2024, the Company realized a loss of \$181,000 on the foreign exchange contracts.

ROYALTIES

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Royalties	4,452	7,101	14,312	19,957
Royalties as a % of revenue	12%	13%	12%	12%
Per boe (\$)	6.63	8.66	7.21	8.18

Royalties include crown, freehold and gross overriding royalties. Royalty expense for the three months ended September 30, 2025 was \$4.5 million (\$6.63 per boe) compared to \$7.1 million (\$8.66 per boe) for the three months ended September 30, 2024. The decrease in royalties is primarily due to lower sales volumes and lower average realized pricing. For the three months ended September 30, 2025, the Company’s royalty rate decreased to 12% of revenues compared to 13% during the three months ended September 30, 2024.

OPERATING EXPENSE

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Operating expense	14,754	16,626	44,004	50,380
Per boe (\$)	21.97	20.27	22.17	20.66

Operating expense includes activities in the field required to operate the wells and facilities. Operating expenses were \$14.8 million (\$21.97 per boe) during the three months ended September 30, 2025, compared to \$16.6 million (\$20.27 per boe) during the three months ended September 30, 2024. The decrease in operating expenses is due to lower sales volumes, lower costs incurred relating to pipeline maintenance and lower electricity pricing in the third quarter of 2025.

TRANSPORTATION EXPENSE

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Transportation expense	1,113	2,181	3,600	5,190
Per boe (\$)	1.66	2.66	1.81	2.13

Transportation expense includes costs paid to third parties for transporting clean oil and sales gas to a third-party pipeline or processing plant point of sale. Transportation expenses were \$1.1 million (\$1.66 per boe) during the three months ended September 30, 2025 and \$2.2 million (\$2.66 per boe) during the three months ended September 30, 2024. This decrease in transportation expense period over period is due to lower sales volumes, combined with higher trucking in the three months ended September 30, 2024 due to maintenance at a third-party trucking terminal. The Company will continue to look to deliver volumes to the highest netback delivery points, which may lead to variability in transportation expense.

FIELD NETBACK

The components of field netbacks are summarized in the following table:

(\$000s, except per boe amounts)	For the three months ended		For the three months ended	
	Sept. 30, 2025		Sept. 30, 2024	
	\$	\$/boe	\$	\$/boe
Revenue	38,514	57.34	53,593	65.36
Royalties	(4,452)	(6.63)	(7,101)	(8.66)
Operating expense	(14,754)	(21.97)	(16,626)	(20.27)
Transportation expense	(1,113)	(1.66)	(2,181)	(2.66)
FIELD NETBACK (\$)⁽¹⁾	18,195	27.08	27,685	33.77

(1) Non-GAAP measure, see page 15 for details.

(\$000s, except per boe amounts)	For the nine months ended		For the nine months ended	
	Sept. 30, 2025		Sept. 30, 2024	
	\$	\$/boe	\$	\$/boe
Revenue	119,605	60.26	161,131	66.07
Royalties	(14,312)	(7.21)	(19,957)	(8.18)
Operating expense	(44,004)	(22.17)	(50,380)	(20.66)
Transportation expense	(3,600)	(1.81)	(5,190)	(2.13)
FIELD NETBACK (\$)⁽¹⁾	57,689	29.07	85,604	35.10

(1) Non-GAAP measure, see page 15 for details.

The period over period change in field netback is explained by the discussions of the netback components above.

OTHER INCOME

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Processing fee income	748	887	2,065	2,562
Other	37	46	146	155
Total other income	785	934	2,211	2,718
Per boe (\$)	1.17	1.14	1.11	1.11

Other income for the three months ended September 30, 2025 was \$785,000 (\$1.17 per boe) and \$934,000 (\$1.14 per boe) for the three months ended September 30, 2024.

Processing fee income relates to the Company processing third party oil and gas volumes through Karve owned and operated facilities. Processing fee income was \$748,000 (\$1.11 per boe) during the three months ended September 30, 2025 and \$887,000 (\$1.08 per boe) for the three months ended September 30, 2024. The decrease in processing fee income period over period is primarily due to lower third-party throughput volumes being processed at Karve operated facilities.

GENERAL AND ADMINISTRATION EXPENSE ("G&A")

The following are the main components of G&A for the three months ended September 30, 2025 and September 30, 2024:

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Staff and consulting costs	2,387	2,318	7,533	7,184
Professional fees	253	135	842	511
Office and rent costs	486	469	1,393	1,357
Other	441	374	1,096	1,017
General and administration expense (gross)	3,567	3,296	10,864	10,069
Capitalized G&A and overhead recovery	(638)	(710)	(1,514)	(1,899)
Lease liability reclassification	(116)	(113)	(298)	(292)
General and administration expense (net)	2,813	2,473	9,052	7,878
Per boe (\$)	4.19	3.02	4.56	3.23

General and administrative expenses (net) for the three months ended September 30, 2025 increased to \$2.8 million (\$4.19 per boe) compared to \$2.5 million (\$3.02 per boe) for the three months ended September 30, 2024 due to higher professional fees and lower capitalized G&A and overhead recovery.

OPERATING LOAN AND LONG TERM DEBT

As at September 30, 2025, the Company had total available bank credit facilities of \$55.0 million, comprised of a \$48.0 million Credit Facility and a \$7.0 million operating loan. The credit facility is a committed 364 days + 1 year and extendible upon agreement annually; and amounts outstanding are shown as long term debt on the Company's balance sheet. The operating loan is shown as a current liability. The credit facility and operating loan incur interest based on the applicable Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA") plus between 2.25% and 5.25% depending on the type of borrowing and the Company's debt to EBITDA ratio. The Company is also subject to a standby fee of 0.8125% to 1.3125% based on the Company's debt to EBITDA ratio. As at September 30, 2025, the Company is in compliance with all covenants.

As at September 30, 2025, \$19.5 million (net of unamortized debt issue costs) (December 31, 2024 - \$nil) was drawn on the Credit Facility and \$613,000 (December 31, 2024 - \$nil) was drawn on the operating loan.

The Company has issued letters of credit of \$400,000 as at September 30, 2025 (December 31, 2024 - \$400,000), thereby reducing the available bank credit facility by this amount.

Bank debt as at September 30, 2025 and December 31, 2024 is as follows:

(\$000s)	As at Sept. 30, 2025	As at Dec. 31, 2024
Credit facility	20,000	-
Less: unamortized debt issue costs	(491)	-
LONG TERM DEBT	19,509	-
Operating loan	613	-
TOTAL BANK DEBT	20,122	-

Financing expense for the three and nine months ended September 30, 2025 and September 30, 2024 is comprised of the following:

(\$000s)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Credit facility interest and charges	277	404	878	1,380
Operating loan interest and charges	78	74	224	204
Amortization of debt issue costs	59	38	158	119
Interest on lease liability	18	22	54	65
FINANCING EXPENSES	432	538	1,314	1,768

For the nine months ended September 30, 2025, the effective interest rate on the bank credit facility was 8.13% (September 30, 2024 – 9.78%). As at September 30, 2025, the Company is in compliance with all covenants.

On October 15, 2025, the Company closed an asset acquisition for a purchase price of \$112.0 million before closing adjustments (\$105.8 million after closing adjustments) which was financed through an expanded credit facility whereby the Company increased its available bank credit facilities to \$180.0 million, comprised of a \$120.0 million Credit Facility, a \$30.0 million Operating Facility and a \$30.0 million Term Facility. With the expanded facility, the Company must comply with the following financial covenants: (i) Debt to EBITDA will not exceed 2:00 to 1, and (ii) Fixed Charge Coverage ratio will not be less than 1.75 to 1; and satisfy an affirmative covenant of prescribed hedging requirements. Please refer to Subsequent Events section for more information.

SHARE-BASED COMPENSATION EXPENSE

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Share-based compensation - options	384	46	781	165
Share-based compensation - performance warrants	165	512	165	1,527
Share-based compensation expense	549	558	946	1,692
Per boe (\$)	0.82	0.68	0.48	0.69

Share-based compensation (“SBC”) is an estimate of the fair value of the share options and performance warrants granted by the Company using the Black-Scholes valuation methodology at the grant date. The Black-Scholes pricing model requires the Company to make assumptions including share volatility, a risk-free rate, and expected life of the options and performance warrants.

SBC expense related to stock options for the three months ended September 30, 2025 was \$384,000 (three months ended September 30, 2024 – \$46,000) and SBC expense related to performance warrants for the three months ended September 30, 2025 was \$165,000 (three months ended September 30, 2024 - \$512,000) using the graded vesting method. There were no stock options or performance warrants exercised during the three months ended September 30, 2025 or September 30, 2024.

On May 14, 2025, an extension of three years to the expiry date for options issued prior to 2025 was approved by the Board of Directors. On June 10, 2025, the Company’s Board of Directors unanimously approved a repricing of 10,504,634 options outstanding that had an exercise price greater than \$0.80 per option to \$0.70 per option. At September 30, 2025, the weighted average fair value of stock options and performance warrants outstanding was \$0.86 per option and \$0.28 per warrant (September 30, 2024 - \$0.93 per option and \$0.60 per warrant).

On August 22, 2025, the Company’s Board of Directors unanimously approved a grant of 19,881,500 new performance warrants (“2025 Warrants”). The grant was subject to a surrender condition whereby the issuance of the 2025 Warrants was conditional on the expiry and surrender of previously existing 2016 and 2017 Warrants held by all grantees. The 2025 Warrants have an exercise price of one-third at each of the following \$0.85, \$1.20 and \$1.40. The warrants vest at such time the current market price or liquidity value per common share exceeds the exercise price per share noted, and expire five years from the date of issuance. On July 19, 2025, 13.6 million 2016 Warrants expired unexercised and 13.8 million 2017 Warrants were surrendered and cancelled.

As at September 30, 2025, 14,086,760 stock options and 19,881,500 performance warrants were outstanding. The weighted average exercise price of stock options and performance warrants outstanding was \$0.59 per option and \$1.15 per warrant.

At September 30, 2025, 12,065,093 stock options were vested and exercisable; and at September 30, 2025, nil performance warrants were vested and exercisable.

DEPLETION, DEPRECIATION AND AMORTIZATION

Depletion, depreciation and amortization (“DD&A”) are associated with production assets and also include the depreciation and amortization of corporate assets such as computer equipment and right of use assets. The net carrying value of production assets is depleted using the unit-of-production method by determining the ratio of production in the period to the related proved plus probable reserves and estimated future development costs necessary to bring those reserves into production.

During the three months ended September 30, 2025, DD&A expense decreased to \$13.0 million (\$19.31 per boe) from \$16.7 million (\$20.32 per boe) during the three months ended September 30, 2024 due to lower production volumes and the heavy oil disposition.

(\$000s, except per boe amounts)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Depletion	12,791	16,585	37,869	47,610
Depreciation and amortization	180	74	531	506
Total DD&A (\$)	12,971	16,659	38,400	48,116
Per boe (\$)	19.31	20.32	19.35	19.73

CAPITAL EXPENDITURES

Net capital expenditures for the three and nine months ended September 30, 2025 and September 30, 2024 consisted of the following:

(\$000s)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Drilling	13,207	21,288	23,200	45,926
Completions	8,743	8,043	16,484	18,364
Facilities and well equipment	6,035	6,166	13,812	18,955
Land	61	1,072	365	2,861
Other	20	100	334	578
TOTAL NET CAPITAL EXPENDITURES ⁽¹⁾	28,066	36,669	54,195	86,684

(1) Non-GAAP measure, see page 15 for details.

During the three months ended September 30, 2025, the Company drilled 21 gross (21.0 net) Viking wells and completed and brought on production 17 gross (17.0 net) Viking wells. During the three months ended September 30, 2024, the Company drilled 16 gross (16.0 net) wells (Viking – 11 gross (11.0 net); heavy - (5 gross (5.0 net))), and completed and brought on production 22 gross (22.0 net) wells (Viking - 16 gross (16.0.0 net); heavy – 6 gross (6.0 net)). During 2025 and 2024, the Company continued the expansion of its successful Viking waterflood program in the Provost, Alberta area.

The following table outlines total gross and net wells brought on production:

For the quarter ended	Sept. 30, 2025	June 30, 2025	Mar. 31, 2025	Dec. 31, 2024
Viking - Gross (Net)	17 (17.0)	0 (0.0)	15 (15.0)	0 (0.0)
Heavy - Gross (Net)	0 (0.00)	0 (0.0)	0 (0.0)	3 (3.0)
Total - Gross (Net)	17 (17.0)	0 (0.0)	15 (15.0)	3 (3.0)

For the quarter ended	Sept. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Viking - Gross (Net)	16 (16.0)	2 (2.0)	20 (19.0)	8 (8.0)
Heavy - Gross (Net)	6 (6.0)	0 (0.0)	5 (5.0)	0 (0.0)
Total - Gross (Net)	22 (22.0)	2 (2.0)	25 (24.0)	8 (8.0)

DISPOSITIONS

On December 5, 2024 and December 11, 2024, the Company completed the sale of all of its heavy oil assets in the Evi and Greater Cold Lake areas, effective December 1, 2024 and November 18, 2024, respectively, for total proceeds of \$25.8 million (after closing adjustments). The average 2024 production from these assets totalled approximately 311 bbl/d.

The disposition included all of the assets in the heavy oil CGU. The carrying value of the assets disposed was \$55.0 million, resulting in a loss on disposition of \$29.2 million. The Company incurred transaction costs of \$249,000 associated with the disposition of its heavy oil assets.

(\$000s)

Exploration and evaluation assets	13,153
Property, plant and equipment	42,007
Decommissioning liabilities	(182)
FAIR VALUE OF NET ASSETS DISPOSED	54,978

CONSIDERATION

Cash	25,827
LOSS ON DISPOSITION	29,151

DECOMMISSIONING LIABILITY

At September 30, 2025, the Company estimated a decommissioning liability of \$27.3 million for the future abandonment and reclamation of Karve's properties (December 31, 2024 – \$28.9 million). \$3.8 million is presented as a current liability as management intends to decommission certain wells within the next 12 months and the remaining \$23.5 million of estimated decommissioning liability is presented as a long-term liability.

The estimated decommissioning liability includes assumptions in respect of actual costs to abandon wells and reclaim the property, the time frame in which such costs will be incurred as well as annual inflation factors in order to calculate the discounted total future liability. The Company estimates its total undiscounted amount of cash flows required to settle its decommissioning liability at approximately \$189.8 million (\$111.7 million undiscounted, uninflated) (December 31, 2024 - \$186.4 million and \$110.1 million, respectively), which will be incurred over the remaining life of the assets between 2025 and 2065. The estimated future cash flows have been discounted using a credit adjusted rate of 10% (December 31, 2024 – 10%) and an inflation rate of 2% (December 31, 2024 – 2%).

SHARE CAPITAL

On April 1, 2025, the Board of Directors authorized a substantial issuer bid pursuant to which the Company offered to purchase for cancellation up to \$15.0 million of its common shares from its shareholders for cash (the "Offer"). The Offer was for a maximum of up to 30,000,000 common shares or approximately 21.3% of Karve's total issued and outstanding common shares. Pursuant to the offer, which expired on May 13, 2025, the Company cancelled 8.4 million common shares at the price of \$0.60 per common share, representing an aggregate purchase price of \$5.0 million. Payment and settlement of the common shares occurred on May 28, 2025.

On December 17, 2024, the Company notified its Shareholders that the Company would reduce its stated capital by \$21.1 million in the aggregate, representing a Return of Capital (the "Return of Capital") of \$0.15 per Common Share. The record date for determining the holders of Common Shares entitled to receive the Return of Capital was the close of business on January 8, 2025, and the Return of Capital was paid on January 15, 2025.

(\$000s except for share amounts)	Number	Amount
Common Shares		
BALANCE AT DECEMBER 31, 2023	140,529,665	154,894
Issued on exercise of stock options	400,000	146
Allocation of contributed surplus - exercise of options	-	246
Return of capital	-	(21,139)
BALANCE AT DECEMBER 31, 2024	140,929,665	134,147
Substantial issuer bid	(8,385,915)	(5,032)
BALANCE AT SEPTEMBER 30, 2025	132,543,750	129,115

Subsequent to September 30, 2025, the Company purchased and cancelled 16.9 million common shares at a price of \$0.80 per common share in reliance on an exemption from the formal issuer bid rules. To date, the Company has repurchased and cancelled a total of 25.3 million common shares, resulting in total shares outstanding of 115.8 million.

SUBSEQUENT EVENTS

On October 15, 2025, the Company closed an asset acquisition within its core operating area of Greater Provost in East Central Alberta (the "Acquisition") for a purchase price of \$112.0 million before closing adjustments (\$105.8 million after closing adjustments). The assets acquired are adjacent to and complement the Company's existing assets in the Provost area and include producing oil and gas properties, reserves, facilities and undeveloped land. Through the Acquisition, the Company acquired approximately 3,850 boe/d (91% liquids). The effective date of the Acquisition was August 1, 2025.

The Company assessed the Acquisition and determined it to constitute a business combination in accordance with IFRS 3. The following preliminary purchase price allocation is based on Management's best estimate of the assets acquired and liabilities assumed and is subject to change:

(\$000s)	
Exploration and evaluation assets	7,340
Property, plant and equipment	110,666
Decommissioning liabilities	(12,157)
FAIR VALUE OF NET ASSETS ACQUIRED	105,849
CONSIDERATION	
Cash	105,849
TOTAL PURCHASE PRICE	105,849

The Acquisition was financed through an expanded credit facility. On October 15, 2025, the Company increased its available bank credit facilities to \$180.0 million, comprised of a \$120.0 million Credit Facility, a \$30.0 million Operating Facility and a \$30.0 million Term Facility. The Credit Facility is a committed 364 days + 1 year and extendible upon agreement annually. The Credit Facility and Operating Facility incur interest based on the applicable Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA") plus between 2.00% and 5.00% depending on the type of borrowing and the Company's debt to EBITDA ratio. The Company is also subject to a standby fee of 0.75% to 1.25% based on the Company's debt to EBITDA ratio.

The Term Facility is a covenant based, non revolving lending arrangement with a maturity date of October 15, 2027. Until the Term Facility is repaid in full, the Company must comply with the following financial covenants: (i) Debt to EBITDA will not exceed 2:00 to 1, and (ii) Fixed Charge Coverage ratio will not be less than 1.75 to 1; and satisfy an affirmative covenant of prescribed hedging requirements. The Term Facility incurs interest based on the applicable Canadian prime rate or Canadian Overnight Repo Rate Average ("CORRA") plus between 4.25% and 7.25% depending on the type of borrowing and the Company's debt to EBITDA ratio.

In connection with the acquisition, on October 15, 2025, the Company purchased and cancelled 16.9 million common shares at a price of \$0.80 per common share in reliance on an exemption from the formal issuer bid rules. To date, the Company has repurchased and cancelled a total of 25.3 million common shares at a weighted average price per share of \$0.73, resulting in total shares outstanding of 115.8 million.

SUPPLEMENTARY QUARTERLY INFORMATION

	Sept. 30, 2025	June 30, 2025	Mar. 31, 2025	Dec. 31, 2024
Petroleum and natural gas sales	38,514	39,649	41,442	48,825
Funds flow from operations ⁽¹⁾	14,155	14,582	17,199	21,052
Adjusted funds flow from operations ⁽¹⁾	16,010	16,142	17,667	22,590
Net income and comprehensive income	770	1,722	3,882	(19,342)
Income per share - basic (\$)	0.01	0.01	0.03	(0.13)
Income per share - diluted (\$)	0.01	0.01	0.03	(0.11)
AVERAGE SALES VOLUMES				
Oil (bbl/d)	4,713	4,898	4,477	5,379
Natural gas liquids (bbl/d)	311	296	254	310
Natural gas (Mcf/d)	13,663	14,565	12,920	15,424
TOTAL PRODUCTION (BOE/d)	7,301	7,622	6,884	8,260
AVERAGE BENCHMARK PRICES				
Crude oil - WTI (\$US/bbl)	64.93	63.74	71.42	70.27
Crude oil - Canadian light sweet (\$CDN/bbl)	85.00	86.11	94.99	92.69
Crude oil - WCS (\$CDN/bbl)	74.95	74.89	87.32	81.32
Natural gas - AECO-C spot (\$CDN/mcf)	0.61	1.74	2.13	1.48
Exchange Rate - (\$US/\$CAD)	0.72	0.72	0.70	0.72
FIELD NETBACK (\$/BOE)				
Revenue	57.34	57.17	66.89	64.26
Royalties	(6.63)	(6.91)	(8.18)	(7.77)
Operating expense	(21.97)	(21.78)	(22.83)	(22.33)
Transportation expense	(1.66)	(1.95)	(1.83)	(1.96)
FIELD NETBACK (\$/BOE) ⁽¹⁾	27.08	26.53	34.05	32.20
General and administration	(4.19)	(4.34)	(5.21)	(3.53)
Other income	1.17	1.14	1.02	2.24
Transaction costs	-	-	-	(0.33)
Interest expense	(0.53)	(0.60)	(0.52)	(0.55)
Realized hedging	0.31	0.54	(0.82)	(0.30)
CASHFLOW NETBACK (\$/BOE) ⁽¹⁾	23.84	23.27	28.52	29.73

(1) Non-GAAP measure, see page 15 for details.

	Sept. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023
For the quarter ended (\$000s)				
Petroleum and natural gas sales	53,593	57,443	50,095	57,707
Funds flow from operations ⁽¹⁾	25,053	27,582	23,253	31,328
Adjusted funds flow from operations ⁽¹⁾	25,668	28,705	24,308	31,493
Net income and comprehensive income	6,058	8,947	5,495	21,448
Income per share - basic (\$)	0.04	0.06	0.04	0.16
Income per share - diluted (\$)	0.04	0.05	0.03	0.13
AVERAGE SALES VOLUMES				
Oil (bbl/d)	5,747	5,832	5,553	5,911
Natural gas liquids (bbl/d)	362	335	312	357
Natural gas (Mcf/d)	16,819	17,712	16,824	17,375
TOTAL PRODUCTION (BOE/d)	8,912	9,119	8,669	9,164
AVERAGE BENCHMARK PRICES				
Crude oil - WTI (\$US/bbl)	75.13	80.57	76.96	78.32
Crude oil - Canadian light sweet (\$CDN/bbl)	98.43	105.97	95.45	97.55
Crude oil - WCS (\$CDN/bbl)	84.93	91.54	77.81	76.86
Natural gas - AECO-C spot (\$CDN/mcf)	0.70	1.18	2.18	2.30
Exchange Rate - (\$US/\$CAD)	0.73	0.73	0.74	0.74
FIELD NETBACK (\$/BOE)				
Revenue	65.36	69.23	63.50	68.45
Royalties	(8.66)	(8.34)	(7.52)	(8.97)
Operating expense	(20.27)	(20.90)	(20.80)	(19.26)
Transportation expense	(2.66)	(2.00)	(1.71)	(1.58)
FIELD NETBACK (\$/BOE) ⁽¹⁾	33.77	37.99	33.47	38.64
General and administration	(3.02)	(3.44)	(3.24)	(3.54)
Other income	1.14	1.09	1.12	3.22
Interest expense	(0.58)	(0.83)	(0.54)	(0.68)
Realized hedging	-	(0.22)	-	(0.29)
CASHFLOW NETBACK (\$/BOE) ⁽¹⁾	31.31	34.59	30.81	37.35

(1) Non-GAAP measure, see page 15 for details.

NET INCOME SUMMARY

	For the three months ended Sept. 30, 2025		For the three months ended Sept. 30, 2024	
(\$000s, except per boe amounts)	\$	\$/boe	\$	\$/boe
Petroleum and natural gas sales	38,514	57.34	53,593	65.36
Royalties	(4,452)	(6.63)	(7,101)	(8.66)
NET REVENUE	34,062	50.71	46,492	56.70
Other income	785	1.17	934	1.14
Loss on financial derivative contracts	(86)	(0.13)	320	0.39
TOTAL REVENUE AND OTHER INCOME	34,761	51.75	47,746	58.23
Operating	14,754	21.97	16,626	20.27
Transportation	1,113	1.66	2,181	2.66
General and administration	2,813	4.19	2,473	3.02
Financing	432	0.64	538	0.66
Depletion, depreciation and amortization	12,971	19.31	16,659	20.32
Accretion	724	1.08	663	0.81
Share-based compensation	549	0.82	558	0.68
Exploration and evaluation - expiries	235	0.35	15	0.02
INCOME FROM OPERATIONS BEFORE TAXES	1,170	1.73	8,033	9.79
Deferred income tax expense	400	0.60	1,975	2.41
NET INCOME AND COMPREHENSIVE INCOME	770	1.13	6,058	7.38

CAPITAL RESOURCES AND LIQUIDITY

EQUITY

The Company is authorized to issue an unlimited number of common shares and preferred shares. As at September 30, 2025, there were 132,543,750 common shares outstanding (December 31, 2024 – 140,929,665).

As at November 12, 2025, the date of this MD&A, there were 115,783,750 common shares (refer to Subsequent Events section), 13,971,760 stock options and 19,881,500 performance warrants outstanding.

LIQUIDITY

The Company relies on operating cash flows, debt, and equity issuances to fund its capital requirements and provide liquidity. From time to time, the Company may access capital markets to meet its capital programs. Future liquidity depends primarily on cash flow generated from operations, bank credit facilities and the ability to access equity markets.

At September 30, 2025, the Company remains in compliance with all terms of our Credit Facility and based on current available information, management expects to comply with all terms during the subsequent 12-month period.

OFF BALANCE SHEET ARRANGEMENTS

The Company has treated some leases as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases on the consolidated statement of financial position as at September 30, 2025.

BUSINESS RISKS

Karve's exploration and production activities are concentrated in the Western Canadian Sedimentary Basin, where activity is highly competitive and includes a variety of different-sized companies. Karve is subject to a number of risks that are also common to other organizations involved in the oil and gas industry. Such risks include finding and developing oil and gas reserves at economic costs, estimating amounts of recoverable reserves, production of oil and gas in commercial quantities, marketability of oil and gas produced, fluctuations in commodity prices, financial, liquidity, environmental and safety risks.

In 2025, the government of the United States of America has announced tariffs on goods imported from Canada, including a potential tariff on Canadian energy imports. These tariffs and the Canadian government's response to them could adversely affect market prices for crude oil and natural gas or demand for the Company's Canadian production in addition to the cost of goods imported directly or indirectly from the U.S. The impact of these tariffs on the Company's financial results cannot be quantified at this time.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the oil and gas industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Company believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements are as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as assumptions that increases in market activity and growth will be consistent with industry activity in Canada. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Company has relied upon in the past will continue to be available to the Company on terms favorable to the Company and that future economic and operating conditions will not limit the Company's access to debt and equity markets. Forward-looking statements in respect of the costs anticipated being associated with the acquisition of oil and gas properties are based upon assumptions that future acquisition costs will not significantly increase from past acquisitions. Many of these factors, expectations and assumptions are based on management's knowledge and experience in the industry and on public disclosure of industry participants and analysts related to anticipated exploration and development programs, the effect of changes to regulatory, taxation and royalty regimes. The Company believes that the material factors, expectations and assumptions reflected in the forward-looking statements and information are reasonable; however, no assurances can be given that these factors, expectations and assumptions will prove to be correct.

Forward-looking statements involving significant risks and uncertainties should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements. The Company cannot assure investors that actual results will be consistent with the forward-looking statements and readers are cautioned not to place undue reliance on them.

The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of the risk factors set forth below and elsewhere in this document; general economic conditions in Canada; changes in the level of capital expenditures, volatility in market prices for oil and natural gas, risks inherent in the Company's ability to acquire any economic interest in certain oil and gas assets and then to generate sufficient cash flow from operations to meet its current and future obligations, the Company's ability to access external sources of debt and equity capital, changes in legislation and the regulatory environment, including uncertainties with respect to uncertainties in weather and temperature affecting the duration of the oilfield drilling activities, competition, sourcing, pricing and availability of oil field services, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel, liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations, credit risk to which the Company is exposed in the conduct of its business, and changes to the royalty regimes applicable to entities.

Although forward-looking statements contained in this MD&A are based upon what the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are expressly qualified by this cautionary statement. Unless otherwise required by law, Karve does not intend, or assume any obligation, to update these forward-looking statements.

BARRELS OF OIL EQUIVALENT

The term referred to herein in respect of barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this MD&A are derived from converting gas to oil in the ratio of six thousand cubic feet to one barrel of oil. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

NON-GAAP MEASUREMENTS

Certain financial measures in this MD&A are not prescribed by generally accepted accounting principles (GAAP). These non-GAAP financial measures are included because management uses the information to analyze business performance and liquidity. These non-GAAP measures do not have any standardized meaning and, therefore, may differ from other companies. Accordingly, such measures may not be comparable to measures used by other companies. Readers are cautioned that these measures should not be construed as an alternative to other terms such as current and long-term debt, net earnings or cash flow from continuing operations in accordance with IFRS Accounting Standards as measures of performance.

Funds flow from operations is a capital management measure and is a key measure of operating performance as it demonstrates the Company's ability to generate the cash necessary to make capital investments and repay debt. Management believes that by excluding the temporary impact of changes in non-cash operating working capital, funds flow provides a useful measure of the Company's ability to generate cash that is not subject to short-term movements in non-cash operating working capital. The reconciliation between cash flow from operating activities and funds flow from operations can be found in the statement of cash flows in the annual financial statements and is presented before the change in non-cash operating working capital. Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS Accounting Standards as an indicator of the Company's performance.

Adjusted funds flow from operations represents funds flow from (used for operations) excluding transaction costs and decommissioning expenditures and is used to assess cash flows adjusted for non-routine, discretionary expenditures.

The Company reconciles funds flow from operations and adjusted funds flow from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS Accounting Standards, as follows:

(\$000s)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Cash flow from continuing operations	10,521	31,529	45,367	78,569
Change in non-cash working capital from operating activities	3,634	(6,476)	569	(2,681)
FUNDS FLOW FROM OPERATIONS	14,155	25,053	45,936	75,888
Decommissioning expenditures	1,855	615	3,883	2,793
ADJUSTED FUNDS FLOW FROM OPERATIONS	16,010	25,668	49,819	78,681

The Company presents funds flow from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share.

Field netback is the amount of revenues received on a per unit of production basis after the royalties, operating costs, and transportation costs are deducted and used to assess profitability on a per boe basis. Field netback is a per boe measure used in operational and capital allocation decisions.

Net debt is a capital management measure and is key to assessing the Company's liquidity. Net debt is defined as long term debt plus any net working capital excluding derivative contract asset/liability and current portion of decommissioning liability and is used to assess efficiency, liquidity and the general financial strength of the Company. The following reconciles long-term debt to net debt:

(\$000s)	As at	As at
	Sept. 30, 2025	Dec. 31, 2024
Long term debt	19,509	-
Total current assets	(24,774)	(24,289)
Trade and other payables	32,609	17,361
Operating loan	613	-
Return of capital payable	-	21,139
NET DEBT	27,957	14,211

Net Capital Expenditures is used by management to measure its capital investments compared to the Company's annual capital budgeted expenditures. The following reconciles cash flows from investing activities to net capital expenditures.

(\$000s)	For the three months ended		For the nine months ended	
	Sept. 30, 2025	Sept. 30, 2024	Sept. 30, 2025	Sept. 30, 2024
Cash flow used for investing activities	12,846	30,343	39,294	78,913
Change in non-cash working capital	15,219	6,326	14,901	7,771
TOTAL NET CAPITAL EXPENDITURES	28,065	36,669	54,195	86,684

CORPORATE INFORMATION

HEAD OFFICE

Karve Energy Inc.
2500, 255 5th Avenue SW
Calgary, Alberta
T2P 3G6
(587) 393-8301

BANKERS

ATB Financial
600, 585 8th Avenue SW
Calgary, Alberta T2P 1G1

RESERVE ENGINEERS

Sproule Associates Limited
900, 140 4th AVE SW
Calgary, Alberta T2P 3N3

LEGAL COUNSEL

Stikeman Elliot LLP
4200, 888 3rd Street SW
Calgary, Alberta T2P 5C5

AUDITORS

PricewaterhouseCoopers LLP
2900, 111 5th AVE SW
Calgary, Alberta T2P 5L3

TRANSFER AGENT

Odyssey Trust Company
1230, 300 5th Avenue SW
Calgary, Alberta T2P 3C4

FOR MORE INFORMATION, PLEASE CONTACT:

Bob Chaisson
Chief Executive Officer
587-393-8308
bob.chaisson@karveenergy.com

DIRECTORS

Donald Engle^{A C}
Chairman, Independent Businessman
Bob Chaisson
Karve Energy Inc.
Howard Crone^{A R}
Independent Businessman
Stacy Knull
Independent Businessman
James (Pep) Lough^{A C}
Independent Businessman
Dave Pearce^{R C}
Azimuth Capital Management
Dean Popil
Lex Capital Management Inc.
Steven Smith^A
Independent Businessman

^A Denotes member of the Audit Committee.

^R Denotes member of the Reserves Committee.

^C Denotes member of the Compensation Committee.

OFFICERS

Bob Chaisson
Chief Executive Officer
Derek Kreba
President
Ken McNeill
Executive Vice President, Corporate Development
Jennifer Giblin
Chief Financial Officer
Silas Ehlers
Vice President, Exploration
Justin Crawford
Vice President, Operations
Clifford Brown
Vice President, Engineering
Sony Gill
Corporate Secretary

Derek Kreba
President
587-393-8302
derek.kreba@karveenergy.com