LOGAN

ENERGY CORP.

**INTERIM FINANCIAL STATEMENTS**

**AS AT AND FOR THE THREE AND SIX MONTHS ENDED**

**JUNE 30, 2023 AND 2022**

**LOGAN ENERGY CORP.**
**STATEMENTS OF FINANCIAL POSITION**
**[UNAUDITED]**

| *(CA$ thousands)* | [Note] | **June 30, 2023** | December 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Accounts receivable | [4] | **3,891** | 8,758 |
| Prepaid expenses and deposits | | **707** | - |
| **Total current assets** | | **4,598** | 8,758 |
| Exploration and evaluation assets | [6] | **6,930** | 26,674 |
| Property, plant and equipment | [7] | **83,186** | 96,230 |
| Right-of-use assets | [8] | **199** | 241 |
| **Total assets** | | **94,913** | 131,903 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | [4] | **8,367** | 7,041 |
| Lease liabilities | [8] | **158** | 140 |
| Decommissioning obligations | [9] | **1,300** | 1,300 |
| **Total current liabilities** | | **9,825** | 8,481 |
| Lease liabilities | [8] | **51** | 111 |
| Decommissioning obligations | [9] | **28,246** | 27,516 |
| **Total liabilities** | | **38,122** | 36,108 |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | [11] | **57,156** | - |
| Warrants | [11] | **3,464** | - |
| Net investment in the Transferred Assets | [5] | **-** | 95,795 |
| Reserve from common control transaction | [5] | **(4,043)** | - |
| Retained earnings | | **214** | - |
| **Total shareholders' equity** | | **56,791** | 95,795 |
| **Total liabilities and shareholders' equity** | | **94,913** | 131,903 |
| **Commitments and contingencies** | [17] | | |
| **Subsequent events** | [19] | | |

*The accompanying notes are an integral part of these Financial Statements.*

Approved on behalf of the Board of Directors:

*[signed] "Richard McHardy"*
President and Chief Executive Officer and Director

*[signed] "Ron Hozjan"*
Ron Hozjan, Director

**LOGAN ENERGY CORP.**
**STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**
**[UNAUDITED]**

| | | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|---|
| *(CA$ thousands, except per share amounts)* | [Note] | **2023** | 2022 | **2023** | 2022 |
| **Revenue** | | | | | |
| Oil and gas sales | [13] | **13,701** | 36,439 | **32,717** | 71,047 |
| Royalties | [13] | **(1,137)** | (4,934) | **(4,296)** | (8,799) |
| Oil and gas sales, net of royalties | | **12,564** | 31,505 | **28,421** | 62,248 |
| Processing and other | | **836** | 811 | **1,652** | 1,654 |
| | | **13,400** | 32,316 | **30,073** | 63,902 |
| **Expenses** | | | | | |
| Operating | | **7,198** | 8,074 | **15,061** | 16,595 |
| Transportation | | **1,632** | 2,102 | **3,201** | 4,099 |
| General and administrative | | **1,405** | 1,617 | **2,759** | 2,985 |
| Share based compensation | [11] | **1,468** | 526 | **3,320** | 942 |
| Financing | [14] | **226** | 195 | **452** | 350 |
| Exploration and evaluation expense | [6] | **-** | - | **21,017** | 33 |
| Depletion, depreciation and impairment | [7,8] | **5,327** | 5,046 | **18,745** | 11,230 |
| Gain on disposition of assets | | **-** | - | **-** | (340) |
| | | **17,256** | 17,560 | **64,555** | 35,894 |
| **Net income (loss) and comprehensive income (loss)** | | **(3,856)** | 14,756 | **(34,482)** | 28,008 |
| **Net income (loss) per share** | | | | | |
| Basic and diluted | [11] | **(0.02)** | 0.09 | **(0.20)** | 0.16 |

*The accompanying notes are an integral part of these Financial Statements.*

**LOGAN ENERGY CORP.**
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**[UNAUDITED]**

| *(CA$ thousands)* | [Note] | Share capital | Warrants | Net investment in Transferred Assets | Reserve from common control transaction | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| Balance at January 1, 2022 | | - | - | 99,178 | - | - | 99,178 |
| Net income and comprehensive income | | - | - | 28,008 | - | - | 28,008 |
| Net distributions to Spartan | [5] | - | - | (23,731) | - | - | (23,731) |
| Share based compensation expense | [11] | - | - | 942 | - | - | 942 |
| **Balance at June 30, 2022** | | **-** | **-** | **104,397** | **-** | **-** | **104,397** |
| Net income and comprehensive income | | - | - | 11,395 | - | - | 11,395 |
| Net distributions to Spartan | [5] | - | - | (21,137) | - | - | (21,137) |
| Share based compensation expense | [11] | - | - | 1,140 | - | - | 1,140 |
| **Balance at December 31, 2022** | | **-** | **-** | **95,795** | **-** | **-** | **95,795** |
| Net income (loss) and comprehensive income (loss) | | **-** | **-** | **(34,696)** | **-** | **214** | **(34,482)** |
| Net distributions to Spartan | [5] | **-** | **-** | **(7,842)** | **-** | **-** | **(7,842)** |
| Issue of share capital | [11] | **57,156** | **3,464** | **(56,577)** | **(4,043)** | **-** | **-** |
| Share based compensation expense | [11] | **-** | **-** | **3,320** | **-** | **-** | **3,320** |
| **Balance at June 30, 2023** | | **57,156** | **3,464** | **-** | **(4,043)** | **214** | **56,791** |

*The accompanying notes are an integral part of these Financial Statements.*

**LOGAN ENERGY CORP.**
**STATEMENTS OF CASH FLOW**
**[UNAUDITED]**

| | | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|---|
| *(CA$ thousands)* | [Note] | **2023** | 2022 | **2023** | 2022 |
| **Operating activities** | | | | | |
| Net income (loss) | | **(3,856)** | 14,756 | **(34,482)** | 28,008 |
| Items not affecting cash: | | | | | |
| Share based compensation | | **1,468** | 526 | **3,320** | 942 |
| Financing | [14] | **223** | 190 | **446** | 340 |
| Exploration and evaluation expense | | **-** | - | **21,017** | 33 |
| Depletion, depreciation and impairment | | **5,327** | 5,046 | **18,745** | 11,230 |
| Gain on disposition of assets | | **-** | - | **-** | (340) |
| Settlement of decommissioning obligations | [9] | **(20)** | (3) | **(249)** | (189) |
| Change in non-cash working capital | [15] | **(245)** | (785) | **2,807** | (392) |
| **Cash provided by operating activities** | | **2,897** | 19,730 | **11,604** | 39,632 |
| **Financing activities** | | | | | |
| Net contributions from (distributions to) Spartan | | **431** | (18,931) | **(7,812)** | (23,731) |
| Lease payments | [8] | **(35)** | (33) | **(69)** | (65) |
| **Cash provided by (used in) financing activities** | | **396** | (18,964) | **(7,881)** | (23,796) |
| **Investing activities** | | | | | |
| Exploration and evaluation assets | [6] | **(1,224)** | (57) | **(1,273)** | (261) |
| Property, plant and equipment | [7] | **(4,154)** | (317) | **(5,029)** | (1,221) |
| Property acquisitions | | **(100)** | - | **(100)** | - |
| Property dispositions | | **-** | - | **-** | 88 |
| Change in non-cash working capital | [15] | **2,185** | (392) | **2,679** | (14,442) |
| **Cash used in investing activities** | | **(3,293)** | (766) | **(3,723)** | (15,836) |
| **Net change in cash and cash equivalents** | | **-** | - | **-** | - |
| Cash and cash equivalents, beginning of period | | **-** | - | **-** | - |
| **Cash and cash equivalents, end of period** | | **-** | - | **-** | - |

*The accompanying notes are an integral part of these Financial Statements.*

## 1. GENERAL INFORMATION

Logan Energy Corp. (“Logan” or the “Company”) was incorporated under the *Business Corporations Act* (Alberta) on March 10, 2023 as “2499938 Alberta Ltd.”. Articles of Amendment were filed to change its name to “Logan Energy Corp.” on March 22, 2023. The Company is engaged in exploration, development and production of crude oil and natural gas properties, focused in the Simonette and Pouce Coupe areas of northwest Alberta, and in the Flatrock area of northeastern British Columbia. Logan’s common shares are listed on the TSX Venture Exchange (“TSXV”) and trade under the symbol “LGN”. The Company’s head office is located at 1500, 308 – 4th Avenue S.W., Calgary, Alberta T2P 0H7 and its registered office address is 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

On June 20, 2023, Logan commenced active operations as a new growth-oriented exploration, development and production company formed through the spin-out of the early stage Montney assets of Spartan Delta Corp. ("Spartan"). Pursuant to an asset conveyance agreement between Logan and Spartan dated June 20, 2023, Spartan transferred certain oil and natural gas assets (the “Transferred Assets”) to Logan in exchange for one common share of Logan (a “Logan Share”) and one common share purchase warrant of Logan (a “Transaction Warrant”) for each common share of Spartan held (the "Spin-Out").

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These interim financial statements as at June 30, 2023 (the “Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These Financial Statements represent the Company’s initial presentation of the financial position, results of operations and cash flows under IFRS for the period ended June 30, 2023.

The Company’s Board of Directors approved these Financial Statements on August 11, 2023.

### b) Basis of measurement

Unless otherwise indicated, all references to dollar amounts in these Financial Statements and related notes are in thousands of Canadian dollars (“CA$”), which is the functional and presentation currency of the Company.

Since the shareholders of Logan and Spartan were the same both before and after the conveyance of the Transferred Assets (at the time Logan was a wholly owned subsidiary of Spartan), the Spin-Out was deemed to be a common control transaction. The Financial Statements have been prepared on a historical cost basis, including the results of operations and cash flows of the Transferred Assets for all prior periods up to and including June 20, 2023 on a carve-out basis as if they had operated as a stand alone entity subject to Spartan’s control (“carve-out financial statements”). The financial position, results of operations and cash flows from the date of incorporation on March 10, 2023 to June 20, 2023 include both the Transferred Assets and Logan on a combined basis. From June 20, 2023 forward, the financial position, results of operations and cash flows reflect the actual historical results of Logan after conveyance of the Transferred Assets upon close of the Spin-Out. The Transferred Assets were recognized at their net carrying value according to the historical financial records of Spartan. These carve-out financial statements have been prepared by management in accordance with IFRS and the basis of preparation for amounts attributable to the Transferred Assets is described as follows:

> Accounts receivable were estimated based on the last month’s accrued revenue, net of royalties taken in kind and transportation netted by purchasers, for each period end assuming a 25 day payment cycle.
>
> Prepaid expenses and deposits include amounts directly attributable to the Transferred Assets based on Spartan’s historical records and primarily relate to property taxes.

Exploration and evaluation (“E&E”) assets and property, plant and equipment (“PP&E”) were determined based on Spartan’s historical cost records directly attributed to the Transferred Assets.

Accounts payable were estimated based on a historical trend of Spartan’s payment cycles, representing approximately two months operating and capital expenditures for each period end, assuming approximately a 60 day payment cycle.

No bank debt was assumed by Logan through the Spin-Out. Consistently, no bank debt or interest expense has been allocated to Logan as there was no direct legal agreement providing for lending specifically related to the Transferred Assets.

Lease liabilities and associated right-of-use (“ROU”) assets were determined based on Spartan’s historical records directly attributable to the Transferred Assets. Additionally, these lease liabilities and associated ROU assets were assumed by Logan under the Spin-Out.

Deferred income taxes were not allocated based on Spartan’s historical records for the carve-out periods as Logan is not the legal obligor to either the deferred taxes or the tax pools. Spartan did not incur current taxes during the carve-out periods.

Oil and gas sales, royalties, processing and other income, operating and transportation expenses were directly attributable to the Transferred Assets.

Depletion, depreciation and impairment expenses were derived from the historical capital amounts of Spartan directly attributable to the Transferred Assets and proved and probable reserves for the Transferred Assets calculated in accordance with the policy outlined in note 3.

Accretion and financing expenses were derived from the historical records of Spartan directly attributable to the decommissioning obligations and lease liabilities of the Transferred Assets, respectively.

General and administrative (“G&A”) and share based compensation (“SBC”) expenses were allocated to the Transferred Assets based on the percentage of employees retained in Logan relative to the overall average employee count of Spartan.

Risk management contracts and related realized and unrealized gain and losses on derivative financial instruments were not allocated to the Transferred Assets. There were no risk management contracts assumed by Logan under the Spin-Out.

Equity in the Transferred Assets is presented as a net investment in place of shareholders’ equity as there was no direct ownership by shareholders in the Transferred Assets. All excess cash flows are assumed to be distributed to Spartan and all cash flow deficiencies and capital expenditures are assumed to be funded by Spartan through the net investment.

### c) Significant estimates and judgements

The timely preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and for any future years affected. Significant judgements, estimates and assumptions made by management in these Financial Statements are discussed below.

*i. Carve-out financial statements*

The Financial Statements present the historic financial position, results of operations and cash flows of the Transferred Assets for all prior periods up to and including June 20, 2023 on a carve-out basis as if they had operated as a stand-alone entity subject to Spartan's control. Significant judgements are required in determining the allocation of the reported amounts of Spartan to the carve-out financial statements of Logan. The carve-out financial statements do not necessarily reflect what the financial position, results of operations and cash flows would have been had these net assets been in a separate entity, or the future results of Logan, as it exists after the completion of the Spin-Out.

*ii. Crude oil and natural gas reserves*

The process of determining reserves is complex. Significant judgements are based on available geological, geophysical, engineering, and economic data. These judgements are based on estimates and assumptions that may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on production forecasts, future prices and the timing and amount of future expenditures. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation can be impacted by subjective decisions, new geological or production information and a changing environment. In addition, revisions to reserve estimates can arise from changes in forecast oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

Changes in reserve estimates impact the financial results of the Company as reserves and estimated future development capital ("FDC") are used to calculate depletion. Reserves are used in measuring the fair value less costs of disposal ("FVLCD") of PP&E for impairment calculations. Reserves also impact the Company's assessment of the commercial viability and technical feasibility of an exploration project and the decision to transfer E&E assets to PP&E.

Logan's reserves were evaluated by an independent qualified reserves evaluator as at December 31, 2022 as a subset of Spartan's records in accordance with the Canadian Oil and Gas Evaluation Handbook.

*iii. Depletion of crude oil and natural gas assets*

The Company calculates a depletion factor based on total production as a percentage of proved plus probable reserves. The depletion factor is applied to the total depletable base determined as the net book value of the assets and the total estimated FDC expenditures for each depletion unit. Estimates for reserves and FDCs can have a significant impact on net earnings, as they are key components in the depletion calculation.

*iv. Exploration and evaluation assets*

The accounting for E&E assets requires management to make judgements as to whether E&E activities have discovered a sufficient amount of economically recoverable reserves, which requires the quantity and realizable value of such crude oil and natural gas products to be estimated.

E&E assets remain capitalized as long as sufficient progress is being made in assessing whether the recovery of the crude oil and natural gas products is technically feasible and commercially viable. E&E assets are subject to ongoing management review to confirm the continued intent to establish the technical feasibility and commercial viability of the discovery. In making this assessment management considers availability of capital resources and intention to finance future development, changes to project economics, expected capital expenditures and production costs, results of other operators in the region and access to infrastructure and potential infrastructure expansions. Refer to note 6 for discussion of assumptions for the impairment of E&E recorded as at March 31, 2023.

The carrying value of Logan's E&E assets is assessed for overall impairment at the operating segment level and on a specific identification basis prior to transferring E&E assets to PP&E.

*v. Determination of cash generating units ("CGUs")*

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

Logan has two CGUs, namely: "Alberta", comprised primarily of the Company's Simonette and Pouce Coupe assets located in northwest Alberta; and "British Columbia", comprised primarily of the Company's Flatrock assets as well as minor properties located in northeastern British Columbia.

*vi. Recoverability of asset carrying values*

Management applies judgement in assessing indicators of impairment and reversal of impairment based on various internal and external factors. The recoverable amount of a CGU or of an individual asset is determined as the greater of its FVLCD or value in use ("VIU"). The key estimates in management's determination of recoverable amounts includes future commodity prices, expected production volumes, quantity of reserves and resources, future development and operating costs, discount rates, and income taxes. The evolving global demand to transition from carbon-based sources to alternative energy sources may also impact the assumptions used in determination of recoverable amounts, however, the timing of this impact is highly uncertain.

Refer to note 7 for discussion regarding the impairment of PP&E recorded as at March 31, 2023.

*vii. Decommissioning obligations*

Logan estimates abandonment and reclamation costs based on a combination of publicly available industry information and internal site-specific information. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, market conditions, discovery and analysis of site conditions and emergence of new restoration techniques. The expected timing of abandonment and reclamation is also subject to change and impacts inflated future cost estimates and the estimated carrying amount (present value) of decommissioning obligations.

*viii. Valuation of warrants*

The fair value of warrants is estimated using the Black-Scholes option pricing model. The model requires that management make assumptions for the following: the expected life or period in which the warrants will be held prior to

exercise; the anticipated volatility of the share price over the expected life; the risk-free interest rate for the life of the warrant; and the number of warrants that will ultimately vest. The fair value allocated to warrants is highly sensitive to these assumptions. Refer to note 11 of these Financial Statements for details of the specific assumptions applied during the period ended June 30, 2023.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are set out below.

### a) Cash and cash equivalents

Cash and cash equivalents, if applicable, may include cash held on deposit and/or short-term investments with original maturities of three months or less at the time of purchase.

### b) Financial instruments

*Classification and measurement of financial assets and financial liabilities*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized on the Statements of Financial Position at the time the Company becomes a party to the contractual provisions. The Company's financial assets and financial liabilities are classified into two categories: Amortized Cost and Fair Value through Profit and Loss ("FVTPL"). The classification of financial assets is determined by their context in Logan's business model and by the characteristics of the financial asset's contractual cash flows.

Financial assets and financial liabilities are measured at fair value on initial recognition. Subsequent measurement is dependent on the financial instrument's classification.

*Amortized Cost*

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and lease liabilities are measured at amortized cost. The contractual cash flows received from financial assets are payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. Financial assets and liabilities classified as amortized cost are subsequently measured at amortized cost using the effective interest rate method.

*FVTPL*

Financial assets and liabilities that do not meet the criteria for amortized cost are measured initially at FVTPL and are subsequently measured at fair value with changes in fair value immediately recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company maximizes the use of observable inputs when preparing calculations of fair value, where possible.

The fair value hierarchy has the following levels:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy.

*Impairment of financial assets*

An impairment of financial assets is recognized using an Expected Credit Loss (“ECL”) model. Accounts receivable are due within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime ECL is measured at the date of initial recognition of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and days past due.

The Company uses judgement in making these assumptions and selecting the inputs into the expected loss calculation based on historically realized bad debts, evidence of a debtor’s present financial condition, existing market conditions and forward-looking estimates. The ECL is assessed at initial recognition and this provision is re-assessed at each reporting date. ECLs are a probability-weighted estimate of possible default events related to the financial asset and are measured as the difference between the present value of the cash flows due to the Company and the cash flows expected to be received.

### c) Exploration and Evaluation Assets and Property, Plant and Equipment

*Exploration and evaluation expenditures*

E&E costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. E&E costs may include costs of license acquisition, technical services and studies, seismic acquisition, exploration drilling and testing. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to profit or loss as exploration expense in the period incurred. The Company did not incur pre-license costs in the current or prior period.

When a project classified as E&E is determined to be commercially viable and technically feasible and reserves have been assigned, the relevant costs are transferred from E&E to PP&E. E&E costs for which the underlying mineral lease or other asset has expired, or is expected to expire prior to development, are expensed to profit or loss.

E&E assets are assessed for impairment upon transfer to PP&E or when facts and circumstances suggest that the carrying amount may exceed the estimated recoverable amount. If it has been determined there has been an impairment, the impairment will be charged to the Statements of Net Income (Loss) and Comprehensive Income (Loss) in the period incurred.

Non-producing assets classified as E&E are not depleted.

*Development and Production (“D&P”) Assets*

All costs directly associated with the development of crude oil and natural gas reserves are capitalized on a CGU basis. These costs may include certain overhead charges including cash and share based compensation paid to personnel dedicated to capitalized projects. Overhead charges are capitalized to PP&E using a specific identification methodology.

Development costs include expenditures for CGUs where technical feasibility and commercial viability has been determined. These costs include proved property acquisitions, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfers of E&E assets.

Costs incurred subsequent to the determination of technical feasibility and commercial viability are recognized as oil and natural gas interests only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss) as incurred.

Gains and losses on disposal of an item of PP&E, including oil and natural gas assets, are determined by comparing the proceeds from disposal with the carrying amount of the PP&E and are recognized net within the gain on sale of assets in the Statements of Net Income (Loss) and Comprehensive Income (Loss).

*Depletion of D&P assets*

D&P assets are depleted using a unit-of-production method based on:

- Total estimated proved plus probable reserves calculated in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101");
- Total capitalized costs including estimated FDC of proved plus probable reserves; and
- Production volumes, before royalties, converted at the energy equivalent conversion ratio of six thousand cubic feet of natural gas to one barrel of oil.

*PP&E other than D&P assets*

PP&E other than D&P assets are stated at cost, less accumulated depreciation and historical impairments. Depreciation is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life.

*Impairment*

An impairment test will be performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the estimated recoverable amount. The recoverable amount is the higher of the FVLCD and the VIU. In assessing the FVLCD for oil and natural gas assets, the estimated future net cash flows associated with the CGUs are used based on management's best estimate of reserves. If there is indication of an impairment, the costs carried on the Statements of Financial Position in excess of the recoverable amount are charged to the Statements of Net Income (Loss) and Comprehensive Income (Loss).

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses are reversed if there is a change in the estimates used to determine the recoverable amount which causes the recoverable amount to exceed the carrying amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depletion and depreciation expense that would have resulted had impairment not been recorded.

**d) Foreign Currency**

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Translation gains and losses are included in earnings in the period in which they arise.

### e) Joint operations

A portion of the Company's exploration, development and production activities is conducted jointly with others through unincorporated joint ventures. These Financial Statements reflect only the Company's proportionate interest of these jointly controlled assets and the proportionate share of the relevant revenue and related costs.

### f) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the lease liability is recognized at the present value of the future lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. A corresponding ROU asset will be recognized at the amount of the lease liability, adjusted for any lease incentives received and initial direct costs incurred. Over the term of the lease, financing expense is recognized on the lease liability using the effective interest rate method and charged to net income, lease payments are applied against the lease liability and depreciation on the ROU asset is recorded by class of underlying asset.

The lease term is the non-cancellable period of a lease and includes periods covered by an optional lease extension option if reasonably certain the Company will exercise the option to extend. Conversely, periods covered by an option to terminate are included if the Company does not expect to end the lease during that time frame. Leases with a term of less than twelve months or leases for underlying low value assets are recognized as an expense in net income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if it materially changes the scope of the lease. For a modification that is not a separate lease, on the effective date of the lease modification, the Company will remeasure the lease liability and corresponding ROU asset using the interest rate implicit in the lease or the Company's incremental borrowing rate. Any variance between the remeasured ROU asset and lease liability will be recognized as a gain or loss in net income to reflect the change in scope.

### g) Decommissioning obligations

Provisions for decommissioning obligations are recognized when the Company has an obligation to dismantle and remove a facility or abandon a well and restore the site on which it is located. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements using a risk-free rate. An equivalent amount is capitalized as part of the cost of the related asset. On a periodic basis, management reviews these estimates and changes, if any, are applied prospectively. These changes are recognized as an increase or decrease to the liability, with a corresponding increase or decrease to the carrying amount of the related asset.

The capitalized amount in PP&E is depreciated on a unit-of-production basis over the life of the associated proved plus probable reserves. The long-term liability is increased each reporting period with the passage of time and the associated accretion charged is recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss).

Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision.

### h) Revenue recognition

Logan generates revenue primarily from the sale of crude oil, condensate, natural gas, and natural gas liquids ("NGLs"). Revenue is recognized at the point in time when control of the product has been transferred to the customer and performance obligations have been satisfied. This is generally met when the customer obtains legal title to the product and physical delivery at a delivery point has taken place. Revenue is measured based on the consideration specified in the contracts the Company has with its customers. The transaction price under the contracts is based on the commodity price, adjusted for quality, location, or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms.

Logan evaluates its arrangements with third parties and partners to determine if the Company acts as a principal or as an agent. In making this evaluation, management considers if Logan obtains control of the product delivered, which is indicated by Logan having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If Logan acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net basis, only reflecting the fee, if any, realized by the Company from the transaction. Processing fees charged to other entities for use of pipelines and facilities owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental or collaborative arrangements. Processing fees charged to other entities under contracts with customers are recognized in revenue when the related services are provided.

**i) Transportation**

Costs paid by Logan for the transportation of crude oil, condensate, natural gas and NGLs to the point of control transfer are recognized when the transportation is provided.

**j) Business combinations**

Business combinations are accounted for using the acquisition method under IFRS 3 Business Combinations. Management's determination of whether a transaction constitutes a business combination or an asset acquisition is determined based on the criteria in IFRS 3. The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. The decommissioning obligations associated with the acquired property is subsequently re-measured at the end of the reporting period using a risk free discount rate, with any changes recognized in the decommissioning liabilities and PP&E on the Statements of Financial Position. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date. The excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. If the cost of the acquisition is less than the fair value of the net identifiable assets acquired, a gain on business combination is recognized immediately in net income or loss. Any deferred tax asset or liability arising from the business combination is recognized at the acquisition date. Transaction costs associated with a business combination are expensed as incurred. Results of acquisitions are included in the Financial Statements from the closing date of acquisition.

**k) Taxation**

The provision for (recovery of) income tax is comprised of current and deferred income taxes and is recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss), except to the extent that it relates to a business combination or items recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The liability is measured based on an assessment of possible outcomes and their associated probabilities.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized in the same manner as unrecognized tax assets and is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### l) Share based compensation

The Company's share based compensation plan allows for the granting of equity-settled awards in connection with the Company's stock option plan, restricted share awards ("RSA") and performance share awards ("PSA") to directors, officers, employees and consultants of the Company in connection with the Company's share award incentive plan. Details regarding the share award incentive plan are provided in note 11(e). The share award incentive plan allows the holder of an RSA or PSA to receive a cash payment or its equivalent in fully-paid common shares, at the Company's discretion, equal to the fair market value of the Company's common shares calculated at the date of such payment. Logan does not intend to make cash payments under the plan and, as such, the RSAs and PSAs are accounted for within shareholders' equity as equity-settled awards.

Equity-settled share based compensation is measured at the fair value of the equity instruments at the grant date and is estimated using a Black-Scholes model that takes into account, as of the grant date, the exercise price, expected life, current price, expected volatility and risk-free interest rates. The fair value determined at the grant date is expensed over the vesting period with a corresponding increase in contributed surplus.

A forfeiture rate is estimated on the grant date. The forfeiture rate is reviewed each reporting period and adjusted to reflect the actual number of awards expected to vest. The impact of the revision in estimate, if any, is recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss) such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Any consideration paid to the Company on the exercise is credited to share capital.

The Company may issue warrants in conjunction with financings. The fair value of the warrants issued is also estimated using a Black-Scholes model and recorded in shareholders' equity. Any consideration paid to the Company on the exercise of warrants along with the fair value of warrants is credited to share capital.

### m) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. For the diluted net income per share calculation, the weighted average number of common shares outstanding is adjusted for the potential number of common shares which may have a dilutive effect on net income per share. The Company uses the treasury stock method to determine the impact of dilutive securities. Under this method, only "in-the-money" dilutive instruments impact the calculation of diluted net income per share. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price.

### n) Future Accounting Changes

The IASB has issued a number of new accounting standards, amendments to accounting standards, and interpretations that are effective for annual periods beginning on or after January 1, 2024. None of the accounts pronouncements are expected o have a material impact upon initial adoption. Logan will continue to evaluate the impact of the pronouncements which will be adopted on their respective effective dates.

#### IAS 1, Presentation of Financial Statements

In October 2022, the IASB amended IAS 1 Presentation of Financial Statements ("IAS 1") to address the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. The amendment is applicable to periods beginning on or after January 1, 2024.

## 4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2023 and December 31, 2022, the financial instruments of the Company include accounts receivable, deposits and accounts payable and accrued liabilities. The fair values of these financial assets and liabilities approximate their carrying value due to the short term to maturity of those instruments. Lease liabilities are financial liabilities measured at amortized cost.

The Company is exposed to financial risks arising from its financial assets and liabilities that include credit and liquidity risk, in addition to the market risks associated with commodity prices, and interest and foreign exchange rates. Net income, cash flows and the fair value of financial assets and liabilities may fluctuate due to movement in market prices or as a result of the Company's exposure to credit and liquidity risks.

### Risk Management Overview

Logan's risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns. The Company may utilize derivative financial instruments to manage market risks. All such transactions will be conducted within risk management tolerances that are reviewed by the Board of Directors. Subsequent to June 30, 2023, Logan entered into the Credit Facility (defined in note 10) which permits management to enter into derivative financial contracts provided that: (i) the contracts are not entered into for solely speculative purposes; (ii) the aggregate quantity hedged, at the time of entering into the contract, does not exceed 65% - 85% of future forecasted average daily production dependent on the production year; and (iii) the contracted term does not exceed 36 months.

#### a) Credit Risk

As at June 30, 2023, the carrying amount of accounts receivable represents the Company's maximum credit exposure. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners. At June 30, 2023, the full balance of the Company's receivables of $3.9 million was current. The ECL provision on current receivables as at June 30, 2023 and at December 31, 2022 is nominal.

During the six months ended June 30, 2023, sales to four oil and gas marketers represented more than 10% of revenue. Sales to these marketers account for approximately 66% of total oil and gas sales revenue (before royalties) in the six months ended June 30, 2023. During the previous year ended December 31, 2022, sales to one marketer accounted for approximately 38% of total oil and gas sales revenue (before royalties). Logan's oil and gas marketers are primarily large, credit-worthy institutions.

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on the 25$^{th}$ day following the month of sale. As a result, the Company's production revenues are current. All other accounts receivable are generally contractually due within 30 days, however the collection period is typically between 60 to 90 days. Amounts outstanding for more than 90 days are generally considered "past due" and relate primarily to receivables from the Company's joint venture partners. When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount.

Subsequent to the reporting period, Logan closed the July 2023 Financings (note 19) and is now exposed to credit risk on its cash and cash equivalents. Cash and cash equivalents are held on deposit with a Canadian chartered bank.

### b) Liquidity Risks

Liquidity risk is the risk that a company will not be able to meet its financial obligations as they become due. The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, to the extent possible, that it will have sufficient liquidity to meet its obligations. As at June 30, 2023, Logan's financial liabilities include accounts payable and lease liabilities. Following completion of the Spin-Out and the July 2023 Financings (note 19) Logan's existing capital resources are sufficient to satisfy its financial obligations for the next twelve months.

The following table outlines a contractual maturity analysis for the Company's financial liabilities and undiscounted lease liabilities as at June 30, 2023:

| *(CA$ thousands)* | 1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | 8,367 | - | - | - | 8,367 |
| Undiscounted lease liabilities (note 8) | 166 | 49 | - | - | 215 |
| **Total** | **8,533** | **49** | **-** | **-** | **8,582** |

### c) Market Risks

Market risk is the risk that changes in market conditions, such as commodity prices, interest rates and foreign exchange rates, will affect the Company's cash flows, net income or fair value of financial instruments. Logan's risk management objective is to manage and control market risk exposures within acceptable limits, while maximizing long-term returns.

The Company may utilize derivative financial instruments and physical delivery sales contracts to manage market risks. All such transactions are conducted in accordance with the Company's risk management policies.

*Commodity price risk*

Inherent to the business of producing oil and gas, the Company's revenue and cash provided by operating activities is subject to commodity price risk. Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices are impacted by world economic events that dictate the levels of supply and demand as well as the currency exchange rate relationship between the Canadian and U.S. dollar.

Logan may, from time to time, utilize commodity price risk management contracts to protect cash flows and project economics. These instruments are not used for trading or speculative purposes. The Company does not currently have any commodity price risk management contracts in place.

*Foreign exchange risk*

Currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Logan is exposed to fluctuations of the Canadian to U.S. dollar exchange rate given the Company's realized pricing in Canadian dollars is directly influenced by U.S. dollar denominated benchmark pricing. The Company does not currently have any foreign exchange risk management contracts in place.

*Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Subsequent to June 30, 2023, Logan entered into the Credit Facility (note 10) and would be exposed to interest rate risk on any bank debt drawn which bears floating rates of interest. Under the Credit Facility, interest rates fluctuate based on the bank prime rate plus an applicable margin, which varies based on the Company's net debt to cash flow ratio each quarter. The Company will also be exposed to interest rate risk on its cash and cash equivalents. As the Company has no cash or bank debt outstanding at June 30, 2023, an increase (decrease) in the market rate of interest by 50 basis points would not impact annualized interest expense. The Company does not currently have any interest rate risk management contracts in place.

## 5. COMMON-CONTROL TRANSACTION

On June 20, 2023, Logan commenced active oil and natural gas operations as a result of the closing of the Spin-Out (see note 1). The Transferred Assets were conveyed to Logan from Spartan in exchange for one Logan Share and one Transaction Warrant per common share of Spartan outstanding, which were subsequently distributed to Spartan shareholders on July 6, 2023.

Since the shareholders of Logan and Spartan were the same both before and after the conveyance of the Transferred Assets (at the time Logan was a wholly owned subsidiary of Spartan), this transaction was deemed to be a common control transaction. Under a common-control transaction, the assets and liabilities assumed by Logan, including accounts receivable, PP&E, E&E, ROU assets, accounts payable and accrued liabilities, decommissioning obligations and lease liabilities, are recognized at the carrying amount of the Transferred Assets based on the financial records of Spartan. In aggregate, 173.2 million Logan Shares and 173.2 million Transaction Warrants were issued to Spartan in consideration for the Transferred Assets, representing the fair market value thereof, in the aggregate amount of approximately $60.6 million.

Common shares issued as part of the consideration for the common-control transaction with Spartan were valued at $0.33 per common share consistent with the issue price of the Private Placement of $0.35 per common share (note 11b and 19), less the value allocated to the Transaction Warrants. The Transaction Warrants were valued at $0.02 per Transaction Warrant using the Black-Scholes model (see note 11c).

*Net Investment in Transferred Assets*

These Financial Statements reflect Spartan's net investment in the operations of the Transferred Assets for the period during which there was no direct ownership by shareholders in the Transferred Assets. The net investment in the Transferred Assets is comprised of accumulated net income of the operations and the accumulated net contributions from and distributions to Spartan up to June 20, 2023, the date of the common control transaction as described in note 2.

Net financing transactions with Spartan as presented on the Statements of Cash Flows represents the net contributions and distributions related to distributions between the Transferred Assets and Spartan. All share based compensation expense up to the Spin-Out has been included in the net investment in the Transferred Assets account.

The following table reconciles the net investment in the Transferred Assets:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| Balance, beginning of year | **95,795** | 99,178 |
| Net income (loss) | **(34,696)** | 39,403 |
| Net distributions to Spartan | **(7,842)** | (44,868) |
| Share based compensation | **3,320** | 2,082 |
| Common shares issued on Spin-Out | **(57,156)** | - |
| Transaction Warrants issued on Spin-Out | **(3,464)** | - |
| Transfer to reserve from common control transaction | **4,043** | - |
| Balance, end of period | **-** | 95,795 |

## 6. EXPLORATION AND EVALUATION ASSETS

The Company's E&E consist primarily of undeveloped land and seismic. The following table reconciles the change in carrying value during the periods:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| Balance, beginning of year | **26,674** | 21,689 |
| Additions | **1,273** | 5,511 |
| Acquisitions | **-** | 99 |
| Transfers to PP&E (note 7) | **-** | (456) |
| Expired mineral leases (1) | **-** | (169) |
| Impairment | **(21,017)** | - |
| Balance, end of period | **6,930** | 26,674 |

(1) The amount of expired mineral leases expensed is presented in "exploration and evaluation" expense.

Logan assessed its E&E assets for potential impairment prior to transferring costs to PP&E and as at December 31, 2022, concluded there are no indicators of impairment. During the period ended June 30, 2023, the Company expensed nominal costs associated with mineral leases that expired or are expected to expire (2022 – $0.2 million).

As at March 31, 2023, an impairment loss of $21.0 million on E&E assets was recognized based on Spartan's historical records for the Transferred Assets. Spartan recognized an impairment loss on the Simonette and Pouce Coupe E&E assets as these assets were not a development focus of Spartan, with no capital allocated to develop these E&E assets beyond the values captured in the McDaniel Report (note 7). The estimated fair value was based on an independent third party land valuation of $5.7 million for the undeveloped Flatrock property. At June 30, 2023, there were no further indicators of impairment relating to the E&E assets. Spartan's historical records for recent land sales completed during the three months ended June 30, 2023 of $1.1 million relating to the Transferred Assets were determined to be transacted at fair value.

## 7. PROPERTY, PLANT AND EQUIPMENT

The Company's PP&E includes development and production assets.

The following tables reconcile the movements in the cost and accumulated depletion, depreciation and impairment ("DD&I") during the periods:

| **PP&E, at cost** *(CA$ thousands)* | **Total PP&E** |
|---|---|
| Balance at January 1, 2022 | 135,156 |
| Additions | 2,030 |
| Dispositions | (88) |
| Transfers from E&E (note 6) | 456 |
| Changes in decommissioning cost estimates (note 9) | (7,606) |
| Balance at December 31, 2022 | **129,948** |
| Additions | **5,029** |
| Acquisitions | **100** |
| Changes in decommissioning cost estimates (note 9) | **503** |
| **Balance at June 30, 2023** | **135,580** |

| **Accumulated DD&I** *(CA$ thousands)* | **Total PP&E** |
|---|---|
| Balance at January 1, 2022 | 11,519 |
| Depletion and depreciation | 22,199 |
| Balance at December 31, 2022 | **33,718** |
| Depletion and depreciation | **11,110** |
| Impairment | **7,566** |
| **Balance at June 30, 2023** | **52,394** |

| **Net carrying value** | **Total PP&E** |
|---|---|
| Balance at December 31, 2022 | 96,230 |
| **Balance at June 30, 2023** | **83,186** |

FDC expenditures required to develop total proved plus probable reserves in the amount of $108.5 million are included in the depletion calculation for D&P assets for the six months ended June 30, 2023 ($112.6 million at December 31, 2022).

*Impairment of PP&E*

Logan assessed each of its CGUs for indicators of potential impairment as at June 30, 2022 and concluded there are no further indicators of impairment or indicators of impairment reversals.

As at March 31, 2023, an impairment loss of $7.6 million on PP&E assets was recognized based on Spartan's historical records for the Transferred Assets. The recoverable amount of the assets was based on FVLCD methodology, calculated using the present value of the expected future cash flows discounted at 13% after tax. The estimated recoverable amount of the PP&E exceeded the carrying value, resulting in an impairment loss of $7.6 million recognized in the Statements of Net Income (Loss) and Comprehensive Income (Loss) related to the Transferred Assets.

The projected cash flows used in the FVLCD calculation were derived from a report on Spartan's oil and gas reserves which was prepared by McDaniel and Associates, an independent qualified reserve evaluator, as of December 31, 2022 (the "McDaniel Report"). The projected cash flows derived from the McDaniel Report were updated by Spartan to reflect the following changes to key assumptions:

- The long-term forecast for commodity prices and foreign exchange rates was updated based on the escalated combined average price forecast as at March 31, 2023.
- The reserves databased was mechanically updated to a reference/discount date of March 31, 2023, such that forecast cash flows for 2023 were the remaining nine-month period ending December 31, 2023.

The impairment loss represents the shortfall of the recoverable amount calculated based on the assumptions described above, relative to the carrying value of the assets of $91.7 million before impairment. The recoverable amount estimated pursuant to the FVLCD calculation is sensitive to the discount rate and forecast commodity prices. Holding all other assumptions in the calculations in the calculation constant:

- if the discount rate increased (decreased) by 1%, the impairment would increase (decreased) by approximately $4.3 million ($3.9 million); and
- if the forecast combined average realized price decreased (increased) by 5%, the impairment would increase (decrease) by approximately $17.1 million.

The forecast future commodity prices, inflation rates and foreign exchange rates (Level 3 fair value inputs) used in the impairment evaluation as at March 31, 2023, reflect the benchmark prices set forth in the table below, adjusted for basis differentials to determine local reference prices, transportation costs and tariffs, heat content and quality.

**Selected Benchmark Price Forecasts**

| As at March 31, 2023 | 2023(1) | 2024 | 2025 | 2026 | 2027(2) |
|---|---|---|---|---|---|
| WTI Cushing Oklahoma (US$/bbl) | 76.83 | 77.15 | 76.09 | 77.61 | 79.16 |
| Edmonton Light Crude Oil ($/bbl) | 99.26 | 97.18 | 95.30 | 96.79 | 98.73 |
| NYMEX Henry Hub (US$/MMBtu) | 3.02 | 3.71 | 4.23 | 4.31 | 4.40 |
| AECO-C Spot ($/MMBtu) | 2.97 | 3.73 | 4.25 | 4.32 | 4.40 |
| Exchange rate (CA$/US$) | 0.744 | 0.757 | 0.760 | 0.763 | 0.763 |

(1) Prices are for the period of April 1, 2023 to December 31, 2023.

(2) Prices escalate at 2.0% thereafter; CA / US exchange rate is held constant at $0.763 CA$/US$ thereafter.

## 8. LEASES

The Company has various lease contracts in place for compression equipment and vehicles. Logan's lease liabilities and corresponding ROU assets are recognized initially based on the present value of the remaining lease payments, except for certain short-term leases which have been charged to general and administrative expenses or operating expenses, if applicable depending on the nature of the lease, in the Statements of Net Income (Loss) and Comprehensive Income (Loss).

### RIGHT-OF-USE ASSETS

The following table reconciles the change in the Company's ROU assets during the period:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| **Right-of-use asset, at cost** | | |
| Balance, beginning of year | **414** | 414 |
| Additions | **27** | - |
| Balance, end of period | **441** | 414 |
| **Accumulated depreciation** | | |
| Balance, beginning of year | **173** | 35 |
| Depreciation expense | **69** | 138 |
| Balance, end of period | **242** | 173 |
| **Right-of-use asset, net carrying value** | **199** | 241 |

### LEASE LIABILITIES

As at June 30, 2023, the present value of the Company's total lease liability is $0.2 million, of which approximately $0.2 million is expected to be settled in the next twelve months. A continuity of the lease obligation is provided below:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| **Lease liabilities** | | |
| Balance, beginning of year | **251** | 383 |
| Additions | **27** | - |
| Lease payments | **(75)** | (151) |
| Financing cost (note 14) | **6** | 19 |
| Balance, end of period | **209** | 251 |
| Expected to be settled within one year | **158** | 140 |
| Expected to be settled beyond one year | **51** | 111 |

A contractual maturity of the undiscounted payments due under the Company's lease agreements is provided in note 4 of these Financial Statements.

The Company has short term leases in place primarily for equipment with contract terms less than twelve months, expensed within operating expenses. The total amount expensed in respect of short-term leases was approximately $0.4 million during the six months ended June 30, 2023 (December 31, 2022 – $0.8 million).

## 9. DECOMMISSIONING OBLIGATIONS

Decommissioning liabilities arise as a result of the Company's net ownership interests in crude oil and natural gas assets including well sites, processing facilities and infrastructure. The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| Balance, beginning of year | **28,816** | 36,308 |
| Obligations acquired | **65** | - |
| Obligations disposed | **(35)** | (340) |
| Obligations settled | **(249)** | (341) |
| Changes in discount rate | **1,164** | (8,006) |
| Changes in estimates | **(661)** | 400 |
| Accretion (note 14) | **446** | 795 |
| Balance, end of period | **29,546** | 28,816 |
| | | |
| Expected to be settled within one year | **1,300** | 1,300 |
| Expected to be settled beyond one year | **28,246** | 27,516 |

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at June 30, 2023, the total undiscounted amount of the estimated cash flows required to settle the obligation is $33.7 million ($34.1 million as of December 31, 2022), of which, Logan expects to incur approximately $15.0 million over the next 20 years, $18.0 million in 20 to 50 years and the residual thereafter. The estimated inflated undiscounted future cash flows required to settle the obligation is $52.7 million at June 30, 2023 based on an inflation rate of 2.3% on average over the restoration period (December 31, 2022 – $53.5 million based on an inflation rate of 2.3%). As at June 30 2023, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.1% (3.3% at December 31, 2022).

## 10. BANK DEBT

As at June 30, 2023, the Company had no bank debt outstanding.

Subsequent to the reporting period, on July 26, 2023, the Company entered into a senior secured revolving demand credit facility with National Bank of Canada (the "Credit Facility"). The authorized borrowing base available under the Credit Facility is $15.0 million and is undrawn as of the date of these Financial Statements. As the Credit Facility is repayable on demand, amounts drawn on the facility in the future (if any) will be presented within current liabilities.

The borrowing base is subject to semi-annual reviews occurring approximately in May and November of each year and may also be subject to redetermination upon, among other things, the liability management rating of the Company falling below 2.0 or disposing of material properties. The Credit Facility is secured by a first fixed and floating charge debenture over all the Company's assets in the amount of $50 million and a general assignment of book debts. Repayments of principal are not required until requested by National Bank of Canada, provided that the borrowings do

not exceed the authorized borrowing base and the Company is in compliance with all covenants, representations and warranties. The next borrowing base review is scheduled to be completed in November 2023.

The Company is subject to a financial covenant under the Credit Facility, pursuant to which the Company's "Adjusted Working Capital" ratio (as defined in the credit agreement, with undrawn capacity under the Credit Facility included in the definition of current assets), calculated quarterly, shall not be less than 1.0 to 1.0. The Credit Facility also includes other standard business operating covenants, including but not limited to limitations on acquisitions and dispositions, distributions and hedging arrangements.

Interest is payable monthly for borrowings through direct advances under the Credit Facility. Interest rates fluctuate based on bank prime plus an applicable margin. Under the Credit Facility, borrowings through the use of bankers' acceptances are also available at the Canadian Dollar Offered Rate plus bank stamping fees. The Company incurs standby fees on the undrawn facility which also fluctuate based on the pricing grid.

## 11. SHARE CAPITAL

### a) Authorized

The Company is authorized to issue an unlimited number of common shares, an unlimited number of preferred shares, and an unlimited number of special shares, each without par value. Common shares carry one vote per share and the right to any dividends declared. The preferred shares may be issued in series, with the directors determining the terms of the preferred shares on a series-by-series basis.

### b) Issued and outstanding

As described in notes 1 and 5, on June 20, 2023, Logan commenced active oil and natural gas operations as a result of the closing of the Spin-Out between Logan and Spartan, whereby Spartan conveyed the Transaction Assets to Logan in exchange for one Logan Share and one Transaction Warrant per common share of Spartan. The Logan Shares and Transaction Warrants were subsequently distributed to shareholders of Spartan on July 6, 2023.

Common shares issued as part of the consideration for the common control transaction with Spartan were valued at $0.33 per common share based on a proration of the Private Placement value of $0.35 per share (note 19) less the value attributed to the Transaction Warrants of $0.02 per Transaction Warrant.

The following table summarizes the change in common shares issued and outstanding. There are no preferred shares or special shares outstanding as of June 30, 2023 (December 31, 2022 – nil).

| | Number of common shares (000s) | Amount ($ thousands) |
|---|---|---|
| Balance at January 1, 2022 and December 31, 2022 | - | - |
| Common shares issued on Spin-Out (note 5) | **173,201** | **57,156** |
| **Balance at June 30, 2023** | **173,201** | **57,156** |

Subsequent to June 30, 2023, Logan closed a non-brokered private placement for aggregate gross proceeds of approximately $48.5 million (the "Private Placement"). Pursuant to the Private Placement, Logan issued an aggregate of 64.3 million units ("Units") and 74.3 million Logan Shares at a price of $0.35 per Unit and Logan Share, as applicable. Each Unit is comprised of one Logan Share and one Logan Share purchase warrant (a "Financing Warrant"). Refer to note 19 for additional information. Together with 151.7 million Transaction Warrants exercised subsequent to June 30, 2023 (note 11c), there were 463.4 million common shares outstanding as of the date of these Financial Statements.

**c) Warrants**

The following table summarizes the change in common share purchase warrants issued and outstanding:

| | Number of warrants (000s) | Amount ($ thousands) | Average exercise price ($/share) |
|---|---|---|---|
| Balance at January 1, 2022 and December 31, 2022 | **-** | **-** | **-** |
| Transaction Warrants issued on Spin-Out (note 5) | **173,201** | **3,464** | **0.35** |
| **Balance at June 30, 2023** | **173,201** | **3,464** | **0.35** |

Each Transaction Warrant entitled the holder to purchase one Logan share at an exercise price of $0.35 per common share expiring on July 31, 2023. Prior to July 31, 2023, the expiry date was extended to August 14, 2023. Subsequent to June 30, 2023, 151.7 million of the total 173.2 million Transaction Warrants were exercised for proceeds of $53.1 million and 21.5 million Transaction Warrants are outstanding. Additionally, 64.3 million Financing Warrants were issued pursuant to the Private Placement (note 19), resulting in a total of 85.8 million warrants outstanding as of the date of these Financial Statements.

The fair value of the Transaction Warrants was estimated on the date of issue using the Black Scholes option pricing model with the following assumptions:

| | **June 20, 2023** |
|---|---|
| Risk free interest rate | 4.8% |
| Expected life (years) | 0.1 |
| Expected volatility [(1)] | 45.0% |
| Expected dividend yield | 0.0% |
| Expected forfeiture rate | 10.0% |
| Average fair value of warrants granted ($/share) | 0.02 |

(1) Logan has estimated the expected volatility over the life of the warrant based on a peer group average for junior oil and gas companies.

**d) Stock options**

The Company has a stock option plan under which options to purchase common shares may be granted to officers, directors, employees and consultants. The Board of Directors has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants of the stock option and share award plans. All stock options have a maximum term of five years and the vesting period for each grant is determined at the discretion of the Board of Directors. As at June 30, 2023 and as of the date hereof, no stock options have been granted under Logan's stock option plan.

As described in note 2b), a portion of the SBC expense associated with the granted and outstanding stock options of Spartan were allocated for the purposes of the carve-out financial statements. The tables below summarize the outstanding stock options of Spartan prior to the close of the Spin-Out transaction. Logan allocated $0.3 million of stock option SBC expense related to the Transferred Assets for the six months ended June 30, 2023 and $0.5 million for the prior year ended December 31, 2022.

On March 28, 2023, in connection with the Spin-Out transaction, Spartan announced that the Spartan Board of Directors concurrently approved accelerating the vesting of the issued and outstanding stock options and share awards (note 11(e)). All outstanding options of Spartan fully vested on May 10, 2023 and were settled on May 19, 2023 based on Spartan's closing share price of $15.41 on the day prior to settlement. The outstanding options were settled on a net basis, with the number of shares issued on settlement reduced by a share equivalent of the cost to exercise the options and the withholding taxes owed on exercise of the options.

The following table summarizes the change in Spartan stock options outstanding:

| | Number of options (000s) | Average exercise price ($/share) |
|---|---|---|
| Balance at January 1, 2022 | 4,358 | 3.36 |
| Granted | 799 | 8.29 |
| Exercised | (1,736) | (3.24) |
| Forfeited | (98) | (5.19) |
| Balance at December 31, 2022 | **3,323** | **4.56** |
| Exercised | **(1,789)** | **(4.56)** |
| Forfeited | **(4)** | **(3.00)** |
| Cancelled, settled in cash | **(1,530)** | **(4.56)** |
| **Balance at June 20, 2023** | **-** | **-** |

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions as follows:

| | Six months ended June 30 | |
|---|---|---|
| | **2023** | 2022 |
| Risk free interest rate | **-** | 1.6% |
| Expected life (years) | **-** | 3.0 |
| Expected volatility (1) | **-** | 60.0% |
| Expected dividend yield | **-** | 0.0% |
| Expected forfeiture rate | **-** | 1.0% |
| Average fair value of options granted ($/share) | **-** | 3.33 |

**e) Share awards**

The Company has a share award incentive plan, pursuant to which the Company may grant RSAs and PSAs to directors, officers, employees and consultants of the Company. The share awards, being RSAs or PSAs as applicable, granted under the share award incentive plan are intended to be settled through the issuance of new common shares upon vesting for no additional consideration. The Board of Directors shall not grant new share awards under the plan if the number of shares issuable pursuant to outstanding share awards, when combined with the number of shares issuable pursuant to outstanding stock options granted under the Company's stock option plan, would exceed 10% of the issued and outstanding common shares at the time of the grant. The vesting period is determined at the discretion of the Board of Directors. As at June 30, 2023 and as of the date hereof, no share awards have been granted under Logan's share award incentive plan.

As described in note 2b), a portion of the SBC expense associated with the granted and outstanding share awards of Spartan were allocated for the purposes of the carve-out financial statements. The tables below summarize the outstanding share awards of Spartan prior to the close of the Spin-Out. Logan allocated $3.0 million of share award SBC expense related to the Transferred Assets for the six months ended June 30, 2023 and $1.6 million for the prior year ended December 31, 2022.

As noted above in note 11d), in connection with the Spin-Out transaction, Spartan's Board of Directors simultaneously approved acceleration of the issued and outstanding stock options and share awards. All outstanding awards that were vested on May 10, 2023 were settled in cash on May 19, 2023. All outstanding awards that were previously unvested, were accelerated to vest and be settled in two equal payments on September 15 and December 15, 2023, respectively. All share awards will be settled in cash at a crystalized value of $15.66 per award based on a Spartan's 5-day volume weighted average trading price ("VWAP") on May 19, 2023.

The following table summarizes the change in Spartan share awards outstanding:

| | Number of RSAs (000s) |
|---|---|
| Balance at January 1, 2022 | 1,959 |
| Granted | 2,416 |
| Released upon vesting | (646) |
| Forfeited | (183) |
| Balance at December 31, 2022 | **3,546** |
| Granted | **15** |
| Issued in lieu of dividend | **120** |
| Released upon vesting | **(2)** |
| Forfeited | **(13)** |
| Released upon cash settlement | **(1,391)** |
| **Balance at June 20, 2023** | **2,275** |

**f) Per share amounts**

For the purposes of computing net income (loss) per share, the number of shares outstanding for the periods prior to the Spin-Out is deemed to be the number of shares issued by the Company to Spartan upon closing of the Spin-Out. No shares were issued between the Spin-Out and June 30, 2023.

The table below summarizes the weighted average ("WA") number of common shares outstanding (000's) used in the calculation of net income (loss) per share for the three and six months ended June 30, 2023 and 2022:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *(000s)* | **2023** | 2022 | **2023** | 2022 |
| WA common shares outstanding, basic | **173,201** | 173,201 | **173,201** | 173,201 |
| Dilutive effect of Transaction Warrants (1) | **-** | - | **-** | - |
| WA common shares outstanding, diluted | **173,201** | 173,201 | **173,201** | 173,201 |
| Net income (loss) | | | | |
| $ per common share, basic and diluted | **(0.02)** | 0.09 | **(0.20)** | 0.16 |

(1) For the three and six months ended June 30, 2023, 173.2 million Transaction Warrants were excluded because they were antidilutive to the net loss per share.

## 12. INCOME TAXES

The Company has not recorded current or deferred income taxes for the carve-out financial statements as Logan was not the legal obligor to either the deferred taxes or the tax pools utilized for periods prior to the Spin-Out (note 2b). Logan is subject to a combined federal and provincial statutory tax rate of 23.0% for the Company for the three and six months ended June 30, 2023 and June 30, 2022. Through the conveyance agreement for the Spin-Out transaction (note 1 and 5), the Company acquired tax pools of approximately $62.9 million.

## 13. OIL AND GAS SALES, NET OF ROYALTIES

The following table summarizes the composition of Logan's oil and gas sales revenue by product type:

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *(CA$ thousands)* | **2023** | 2022 | **2023** | 2022 |
| Oil and gas sales | | | | |
| Crude oil | **5,550** | 11,859 | **12,431** | 26,571 |
| Natural gas liquids | **2,979** | 5,575 | **6,367** | 11,144 |
| Natural gas | **5,172** | 19,005 | **13,919** | 33,332 |
| Oil and gas sales | **13,701** | 36,439 | **32,717** | 71,047 |
| Royalties | **(1,137)** | (4,934) | **(4,296)** | (8,799) |
| **Oil and gas sales, net of royalties** | **12,564** | 31,505 | **28,421** | 62,248 |

## 14. FINANCING

The following table summarizes the significant components of the Company's financing expenses, as presented in the Statements of Net Income (Loss) and Comprehensive Income (Loss):

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *(CA$ thousands)* | **2023** | 2022 | **2023** | 2022 |
| Financing cost of lease liabilities | **3** | 5 | **6** | 10 |
| Accretion of decommissioning obligations | **223** | 190 | **446** | 340 |
| **Financing expenses** | **226** | 195 | **452** | 350 |

## 15. SUPPLEMENTAL CASH FLOW INFORMATION

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *(CA$ thousands)* | **2023** | 2022 | **2023** | 2022 |
| Accounts receivable | **1,166** | (985) | **4,867** | (2,058) |
| Prepaid expenses and deposits | **(707)** | - | **(707)** | - |
| Accounts payable and accrued liabilities | **1,481** | (192) | **1,326** | (12,776) |
| **Change in non-cash working capital** | **1,940** | (1,177) | **5,486** | (14,834) |
| Relating to: | | | | |
| Operating activities | **(245)** | (785) | **2,807** | (392) |
| Financing activities | **-** | - | **-** | - |
| Investing activities | **2,185** | (392) | **2,679** | (14,442) |
| **Change in non-cash working capital** | **1,940** | (1,177) | **5,486** | (14,834) |
| Cash payments in respect of: | | | | |
| Interest | **-** | - | **-** | - |
| Income taxes | **-** | - | **-** | - |

## 16. CAPITAL MANAGEMENT

Logan's capital management objectives are to maintain a flexible capital structure in order to execute on strategic opportunities throughout the business cycle, respond to changes in economic conditions, meet its financial obligations and to fund future settlements of decommissioning obligations. The Company seeks to create long-term shareholder value by investing in projects that are expected to strengthen its overall asset portfolio and suite of internally generated prospects.

As at June 30, 2023, the Company's capital structure is comprised of working capital and shareholders' equity. The significant components of the Company's capital structure are summarized below:

| *(CA$ thousands)* | **June 30, 2023** | December 31, 2022 |
|---|---|---|
| Current assets | **4,598** | 8,758 |
| Current liabilities | **(9,825)** | (8,481) |
| **Working capital (deficit) surplus** | **(5,227)** | 277 |
| **Total shareholders' equity** | **56,791** | 95,795 |

Logan's working capital fluctuated from a $0.3 million surplus at December 31, 2022 to a $5.2 million deficit at June 30, 2023 primarily due to a decrease in revenue between the periods compounded by an increase in capital spending as the Company prepares for its capital program in the second half of 2023.

Following completion of the July 2023 Financings (note 19), Logan is well positioned to execute on its short and longer term growth strategy. The Company's exploration and development capital expenditure budget for 2023 will be funded by a combination of cash provided by operating activities and proceeds from the Private Placement and exercise of the Transaction Warrants, which together provided Logan with net cash proceeds of approximately $101.0 million after estimated issue costs in July 2023 (see note 19).

As at June 30, 2023, the Company is not subject to any externally imposed capital requirements.

## 17. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of June 30, 2023:

| *(CA$ thousands)* | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter |
|---|---|---|---|---|---|---|
| Gas transportation (1) | 2,146 | 4,284 | 4,280 | 1,236 | 221 | 245 |
| Liquids transportation (2) | 372 | 773 | 4,264 | 1,356 | - | - |
| Processing fees (3) | 2,182 | 4,295 | 4,219 | 4,138 | 4,138 | 26,176 |
| Capital commitments (4) | 2,179 | 545 | - | - | - | - |
| **Total commitments** (5) | **6,879** | **9,897** | **12,763** | **6,730** | **4,359** | **26,421** |

(1) Logan has firm transportation commitments on natural gas pipelines in Alberta until April 2029.

(2) Relates to upstream NGLs transportation contract in place until March 2026.

(3) Processing fee commitments relate to the following agreements: (i) firm capacity for natural gas gathering and processing at the Fourth Creek gas plant until October 2025; and (ii) firm capacity for natural gas gathering and processing at the Kanata Simonette gas plant until September 2040. Subsequent to June 30, 2023, the Company entered into a contract for natural gas gathering and processing at the NorthRiver Fourth Creek and Gordondale East gas plants, superseding the existing agreements and commitments. Under the new contract, Logan has a total commitment for natural gas gathering and processing from October 2023 until March 2027 of approximately $10.6 million.

(4) Capital commitments relates to an agreement committing Logan to purchase $2.7 million of casing and tubing for future capital projects over 2023 to 2024.

(5) The commitments table does not include lease liabilities. A contractual maturity of the Company's financial liabilities and undiscounted lease payments is provided in note 4.

## 18. RELATED PARTY DISCLOSURES

### a) Inter-corporate relationships

As at June 30, 2023, Logan was a wholly owned subsidiary of Spartan. On July 6, 2023, the Distribution (note 19) of Logan Shares and Transaction Warrants to eligible holders of common shares of Spartan was completed and Logan ceased to be a subsidiary of Spartan.

The Company's accounts payable and accrued liabilities include $2.3 million payable to Spartan primarily related capital expenditures in June 2023 (December 31, 2022 - nil). Accounts receivable includes $0.2 million receivable from Spartan related to the net operating income of the Transferred Assets for the period of June 20, 2023 to June 30, 2023 (December 31, 2022 – nil).

Additionally, subsequent to June 30, 2023, Logan and Spartan entered in an agreement to support the transition of resources through the Spin-Out (the "Transition Services Agreement"). Pursuant to the Transition Services Agreement, Spartan will provide certain administrative services to Logan and Logan will provide certain administrative services to Spartan. These services will be billed based on time incurred and will be included as part of G&A expenses.

### b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company. The Company defines its key management personnel as its officers, board of directors and corporate secretary. The following table summarizes the allocation of Spartan's key management compensation paid or payable during the three and six months ended June 30, 2023 and 2022. For purposes of the carve-out financial statements, key management compensation was allocated pro rata based on relative headcount of the officers and directors of Spartan and Logan.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (*CA$ thousands*) | **2023** | **2022** | **2023** | 2022 |
| Salaries and benefits | **917** | **914** | **1,834** | 1,828 |
| Share based compensation | **2,859** | **545** | **5,540** | 1,090 |
| **Total key management compensation** | **3,776** | **1,459** | **7,374** | 2,918 |

Allocated SBC expense in the first half of 2023 is inclusive of the impact of Spartan accelerating the vesting of the issued and outstanding stock options and share awards (note 11). As of the date hereof, there have been no stock options or share awards granted under Logan's long term incentive plans.

## 19. SUBSEQUENT EVENTS

*Listing of Logan Shares*

Common shares of Logan were approved for listing on the TSXV and commenced trading on July 18, 2023, under the symbol “LGN”.

*Distribution of Logan Shares and Transaction Warrants*

The Logan Shares and Transaction Warrants issued to Spartan in connection with the Spin-Out were distributed to eligible holders of common shares of Spartan on July 6, 2023 (the “Distribution”). Concurrent with the Distribution, Logan ceased to be a subsidiary of Spartan and is now a stand-alone legal entity.

Each Transaction Warrant entitled the holder to acquire one Logan Share at an exercise price of $0.35 per share at any time on or before July 31, 2023. The expiry date was subsequently extended to August 14, 2023 to give financial intermediaries additional time to process and submit required documentation with respect to the exercise. A total of 151.7 million Transaction Warrants were exercised providing the Company with $53.1 million of cash proceeds. There are 21.5 million Transaction Warrants outstanding.

*Private Placement*

On July 13, 2023, Logan closed a non-brokered private placement for aggregate gross proceeds of approximately $48.5 million. Pursuant to the Private Placement, Logan issued 64.3 million Units and 74.3 million Logan Shares at a price of $0.35 per Unit and Logan Share, as applicable. Each Unit is comprised of one Logan Share and one Financing Warrant (note 11).

Each Financing Warrant entitles the holder to purchase one Logan Share at an exercise price of $0.35 for a period of five years, expiring on July 12, 2028. The Warrants will vest and become exercisable as to one-third upon the 10-day weighted average trading price of Logan Shares (the “Market Price”) equaling or exceeding $0.70 per share, an additional one-third upon the Market Price equaling or exceeding $0.7875 per share and a final one-third upon the Market Price equaling or exceeding $0.875 per share.

*Credit Facility*

On July 26, 2023, the Company established a $15.0 million senior secured revolving demand credit facility with National Bank of Canada. The Credit Facility provides Logan with access to additional liquidity and is currently undrawn. Additional information regarding the Credit Facility is provided in note 10.

Together, the Private Placement, exercise of the Transaction Warrants and implementation of the Credit Facility are collectively referenced herein as the “July 2023 Financings”.

*Gas Gathering & Processing Commitments*

In July 2023, the Company entered into an agreement with a midstream partner to secure additional natural gas gathering and processing capacity in its core area at Pouce Coupe, Alberta. The contract replaces the Company’s existing commitments at the NorthRiver Fourth Creek and Gordondale East gas plants (see note 17). Under the new contract, Logan has a total commitment of approximately $10.6 million over the period from October 2023 through March 2027.