LOGAN

ENERGY CORP.

INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2023 AND 2022

LOGAN ENERGY CORP.
STATEMENTS OF FINANCIAL POSITION
[UNAUDITED]

(CA$ thousands)	[Note]	**September 30, 2023**	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**90,045**	-
Accounts receivable	[4]	**6,287**	8,758
Prepaid expenses and deposits		**1,592**	-
Total current assets		**97,924**	8,758
Exploration and evaluation assets	[6]	**13,059**	26,674
Property, plant and equipment	[7]	**106,997**	96,230
Right-of-use assets	[8]	**180**	241
Deferred income tax asset	[12]	**230**	-
Total assets		**218,390**	131,903
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	[4]	**29,081**	7,041
Lease liabilities	[8]	**169**	140
Decommissioning obligations	[9]	**1,300**	1,300
Total current liabilities		**30,550**	8,481
Lease liabilities	[8]	**21**	111
Decommissioning obligations	[9]	**25,654**	27,516
Total liabilities		**56,225**	36,108
SHAREHOLDERS' EQUITY			
Share capital	[11]	**162,869**	-
Warrants	[11]	**9,790**	-
Net investment in Transferred Assets	[5]	**-**	95,795
Deficit		**(10,494)**	-
Total shareholders' equity		**162,165**	95,795
Total liabilities and shareholders' equity		**218,390**	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, 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 September 30		Nine months ended September 30	
(CA$ thousands, except per share amounts)	[Note]	**2023**	2022	**2023**	2022
Revenue					
Oil and gas sales	[13]	**17,488**	27,668	**50,205**	98,715
Royalties	[13]	**(2,903)**	(3,900)	**(7,199)**	(12,699)
Oil and gas sales, net of royalties		**14,585**	23,768	**43,006**	86,016
Processing and other		**873**	795	**2,525**	2,450
		15,458	24,563	**45,531**	88,466
Expenses					
Operating		**7,841**	8,152	**22,902**	24,748
Transportation		**2,190**	1,845	**5,391**	5,944
General and administrative		**1,250**	1,610	**4,010**	4,594
Share based compensation	[11]	**9,790**	533	**13,110**	1,474
Financing	[14]	**(757)**	230	**(305)**	580
Exploration and evaluation expense	[6]	**-**	135	**21,017**	169
Depletion, depreciation and impairment	[7,8]	**6,020**	5,099	**24,764**	16,330
Gain on disposition of assets		**-**	-	**-**	(340)
Foreign exchange gain		**(1)**	-	**(1)**	-
Transaction costs		**43**	-	**43**	-
		26,376	17,604	**90,931**	53,499
Net income (loss) before income taxes		**(10,918)**	6,959	**(45,400)**	34,967
Deferred income tax recovery	[12]	**(210)**	-	**(210)**	-
Net income (loss) and comprehensive income (loss)		**(10,708)**	6,959	**(45,190)**	34,967
Net income (loss) per share					
Basic and diluted	[11]	**(0.03)**	0.04	**(0.18)**	0.20

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	Deficit	Total
Balance at January 1, 2022		-	-	99,178	-	99,178
Net income and comprehensive income		-	-	34,967	-	34,967
Net distributions to Spartan	[5]	-	-	(40,152)	-	(40,152)
Share based compensation expense	[11]	-	-	1,474	-	1,474
Balance at September 30, 2022		**-**	**-**	**95,467**	**-**	**95,467**
Net income and comprehensive income		-	-	4,436	-	4,436
Net distributions to Spartan	[5]	-	-	(4,716)	-	(4,716)
Share based compensation expense	[11]	-	-	608	-	608
Balance at December 31, 2022		**-**	**-**	**95,795**	**-**	**95,795**
Net loss and comprehensive loss		**-**	**-**	**(34,696)**	**(10,494)**	**(45,190)**
Net distributions to Spartan	[5]	**-**	**-**	**(3,799)**	**-**	**(3,799)**
Common shares issued, net of costs:						
Issued pursuant to the Spin-Out	[11]	**57,156**	**3,464**	**(60,620)**	**-**	**-**
Issued pursuant to the Private Placement	[11]	**48,491**	**-**	**-**	**-**	**48,491**
Issue costs, net of deferred tax	[11]	**(69)**	**-**	**-**	**-**	**(69)**
Warrants exercised	[11]	**56,903**	**(3,076)**	**-**	**-**	**53,827**
Warrants expired	[11]	**388**	**(388)**	**-**	**-**	**-**
Share based compensation expense	[11]	**-**	**9,790**	**3,320**	**-**	**13,110**
Balance at September 30, 2023		**162,869**	**9,790**	**-**	**(10,494)**	**162,165**

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

LOGAN ENERGY CORP.
STATEMENTS OF CASH FLOW
[UNAUDITED]

(CA$ thousands)	[Note]	Three months ended September 30 2023	Three months ended September 30 2022	Nine months ended September 30 2023	Nine months ended September 30 2022
Operating activities					
Net income (loss)		**(10,708)**	6,959	**(45,190)**	34,967
Items not affecting cash:					
Unrealized foreign exchange gain		**(2)**	-	**(2)**	-
Share based compensation		**9,790**	533	**13,110**	1,474
Financing	[14]	**229**	226	**675**	566
Exploration and evaluation expense		**-**	135	**21,017**	169
Depletion, depreciation and impairment		**6,020**	5,099	**24,764**	16,330
Gain on disposition of assets		**-**	-	**-**	(340)
Deferred tax recovery		**(210)**	-	**(210)**	-
Settlement of decommissioning obligations	[9]	**(3)**	(37)	**(252)**	(226)
Change in non-cash working capital	[15]	**42**	4,010	**(1,134)**	3,617
Cash provided by operating activities		**5,158**	16,925	**12,778**	56,557
Financing activities					
Net distributions to Spartan		**-**	(16,421)	**(3,828)**	(40,152)
Issue of common shares, net of costs		**48,402**	-	**48,402**	-
Proceeds on exercise of warrants		**53,827**	-	**53,827**	-
Lease payments	[8]	**(38)**	(33)	**(107)**	(98)
Cash provided by (used in) financing activities		**102,191**	(16,454)	**98,294**	(40,250)
Investing activities					
Exploration and evaluation assets	[6]	**(3,525)**	(35)	**(4,798)**	(296)
Property, plant and equipment	[7]	**(30,011)**	(675)	**(35,040)**	(1,896)
Property acquisitions	[6,7]	**(5,144)**	-	**(5,244)**	-
Property dispositions		**-**	-	**-**	88
Change in non-cash working capital	[15]	**21,373**	239	**24,052**	(14,203)
Cash used in investing activities		**(17,307)**	(471)	**(21,030)**	(16,307)
Net change in cash and cash equivalents		**90,042**	-	**90,042**	-
Foreign exchange on cash and cash equivalents		**3**	-	**3**	-
Cash and cash equivalents, beginning of period		**-**	-	**-**	-
Cash and cash equivalents, end of period		**90,045**	-	**90,045**	-

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 1800, 736 – 6th Avenue S.W., Calgary, Alberta T2P 3T7 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 September 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 presentation of the financial position, results of operations and cash flows prepared as a complete set of financial statements in accordance with IFRS standards.

The Company’s Board of Directors approved these Financial Statements on November 22, 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. Impairments of E&E assets are not assessed for reversal.

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 September 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 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. Impairments of E&E assets are not assessed for reversal.

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 estimated using a Black-Scholes model and is recorded as an expense if the issuance is determined to be a share based payment in accordance with IFRS 2. 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.

For purposes of calculating net loss per share, the Company uses the basic weighted average common shares outstanding because the incremental impact of dilutive securities is antidilutive to the net loss.

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 accounting pronouncements are expected to 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.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2023 and December 31, 2022, the financial instruments of the Company include cash and cash equivalents, 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 and limits established under the Credit Facility (defined in note 10). The Credit Facility permits 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 September 30, 2023, the carrying amount of cash and cash equivalents, accounts receivable and deposits represents the Company's maximum credit exposure. Cash and cash equivalents are held on deposit with a Canadian Chartered bank. The Company's credit risk exposure arises primarily from receivables from oil and gas marketers and joint venture partners.

The composition of the Company's accounts receivable is set out in the following table:

(CA$ thousands)	**September 30, 2023**	December 31, 2022
Oil and gas marketers	**4,989**	8,758
Joint venture partners	**206**	-
Accrued interest	**410**	-
GST input tax credits	**682**	-
Accounts receivable	**6,287**	8,758

At September 30, 2023, the full balance of the Company's receivables of $6.3 million was current. The expected credit loss provision on current receivables as at September 30, 2023 and at December 31, 2022 is nominal.

During the nine months ended September 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 nine months ended September 30, 2023. Sales for the three months ended September 30, 2023 were marketed

to these third party marketers through Spartan under the Transition Services Agreement (note 18). 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).

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 25th 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.

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 September 30, 2023, Logan's financial liabilities include accounts payable and lease liabilities. As at September 30, 2023, Logan's Credit Facility was undrawn.

Logan's existing capital resources, including approximately $90.0 million of cash on hand, 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 September 30, 2023:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	29,081	-	-	-	29,081
Undiscounted lease liabilities (note 8)	176	21	-	-	197
Total	**29,257**	**21**	**-**	**-**	**29,278**

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. In addition, Logan is exposed to current risk on U.S. working capital, however, the Company's exposure based on U.S. dollar denominated working capital balances outstanding at September 30, 2023 and December 31, 2022 was nominal. 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. The Company is exposed to interest rate risk on any bank debt drawn which bears floating rates of interest. Under the Credit Facility (note 10), 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 is also exposed to interest rate risk on its cash and cash equivalents. At September 30, 2023 the Company had no bank debt outstanding, however an increase (decrease) in the market rate of interest by 50 basis points would impact annualized interest income on cash and cash equivalents by approximately $0.5 million. 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 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 eligible Spartan shareholders on July 6, 2023 (the "Distribution").

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), 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 of these Financial Statements.

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)	**September 30, 2023**	December 31, 2022
Balance, beginning of year	**95,795**	99,178
Net income (loss) up to Spin-Out	**(34,696)**	39,403
Net distributions to Spartan [1]	**(3,799)**	(44,868)
Share based compensation up to Spin-Out	**3,320**	2,082
Common shares issued on Spin-Out	**(57,156)**	-
Transaction Warrants issued on Spin-Out	**(3,464)**	-
Balance, end of period	**-**	95,795

(1) Net distribution includes $59 thousand non-cash reserve from the common control transaction.

6. EXPLORATION AND EVALUATION ASSETS

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

(CA$ thousands)	**September 30, 2023**	December 31, 2022
Balance, beginning of year	**26,674**	21,689
Additions	**4,798**	5,511
Acquisitions	**2,798**	99
Transfers to PP&E (note 7)	**(194)**	(456)
Expired mineral leases [1]	**-**	(169)
Impairment [1]	**(21,017)**	-
Balance, end of period	**13,059**	26,674

(1) 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, concluding there are no indicators of impairment. During the period ended September 30, 2023, there were no expenses related to expired mineral leases (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 September 30, 2023, there were no further indicators of impairment relating to the E&E assets.

In the three months ended September 30, 2023, Logan acquired $2.8 million of undeveloped land through asset acquisitions for cash consideration of $2.7 million and assumption of $0.1 million of decommissioning liabilities in the Simonette area of northwest Alberta.

7. PROPERTY, PLANT AND EQUIPMENT

The Company's PP&E primarily 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 (note 9)	(7,606)
Balance at December 31, 2022	**129,948**
Additions [1]	**35,099**
Acquisitions	**2,542**
Changes in decommissioning cost (note 9)	**(2,411)**
Transfers from E&E (note 6)	**194**
Balance at September 30, 2023	**165,372**

(1) Additions include $59 thousand non-cash reserve from the common control transaction.

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	**17,091**
Impairment	**7,566**
Balance at September 30, 2023	**58,375**

Net carrying value	**Total PP&E**
Balance at December 31, 2022	96,230
Balance at September 30, 2023	**106,997**

FDC expenditures required to develop total proved plus probable reserves in the amount of $78.7 million are included in the depletion calculation for D&P assets for the three months ended September 30, 2023 ($112.6 million at December 31, 2022).

Subsequent to completion of the Spin-Out, Logan acquired $2.4 million of casing and equipment from Spartan to be utilized in Logan's capital program (note 18).

Impairment of PP&E

Logan assessed each of its CGUs for indicators of potential impairment as at September 30, 2023 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 carrying value of

the PP&E exceeded the estimated recoverable amount, 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; exchange rate is held constant at $0.763 CA$/US$ thereafter.

8. LEASES

The Company has various lease contracts in place for compression equipment, vehicles and office space. 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)	**September 30, 2023**	December 31, 2022
Right-of-use asset, at cost		
Balance, beginning of year	**414**	414
Additions	**46**	-
Balance, end of period	**460**	414
Accumulated depreciation		
Balance, beginning of year	**173**	35
Depreciation expense	**107**	138
Balance, end of period	**280**	173
Right-of-use asset, net carrying value	**180**	241

LEASE LIABILITIES

As at September 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)	**September 30, 2023**	December 31, 2022
Lease liabilities		
Balance, beginning of year	**251**	383
Additions	**46**	-
Lease payments	**(117)**	(151)
Financing cost (note 14)	**10**	19
Balance, end of period	**190**	251
Expected to be settled within one year	**169**	140
Expected to be settled beyond one year	**21**	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 $0.7 million during the nine months ended September 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)	**September 30, 2023**	December 31, 2022
Balance, beginning of year	**28,816**	36,308
Obligations incurred	**200**	-
Obligations acquired	**161**	-
Obligations disposed	**(35)**	(340)
Obligations settled	**(252)**	(341)
Changes in discount rate	**(1,980)**	(8,006)
Changes in estimates	**(631)**	400
Accretion (note 14)	**675**	795
Balance, end of period	**26,954**	28,816
Expected to be settled within one year	**1,300**	1,300
Expected to be settled beyond one year	**25,654**	27,516

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at September 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 $24.1 million over the next 20 years and the residual $9.6 million in 20 to 50 years. The estimated inflated undiscounted future cash flows required to settle the obligation is $52.8 million at September 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 September 30 2023, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.8% (3.3% at December 31, 2022).

10. BANK DEBT

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

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 of September 30, 2023, Logan has issued $1.1 million of undrawn standby letters of credit which reduce the remaining borrowing capacity available under the Credit Facility. 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 semi-annual review is currently underway.

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), 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.

Covenant Description [(1)]		**September 30, 2023**	December 31, 2022
Adjusted Working Capital ratio [(2)]	minimum ratio 1.0 to 1.0	**3.66**	N/A

(1) The covenants do not have standardized meanings under IFRS and are calculated in accordance with the definitions in the credit agreements, as described further below.

(2) The definition of Adjusted Working Capital is generally equivalent to the Company's current assets less current liabilities, with undrawn capacity under the Credit Facility included in the definition of current assets.

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 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 (see below) less the value attributed to the Transaction Warrants of $0.02 per Transaction Warrant. During the three months ended September 30, 2023, 153.8 million common shares were issued on exercise of the Transaction Warrants (note 11c).

Private Placement

On July 12, 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"). Logan Shares issued through the Private Placement, inclusive of Logan Shares issued through the Units, were valued at $0.35 per common share equivalent to the consideration received. Financing Warrants were valued at approximately $0.15 per warrant, resulting in a one-time SBC expense of $9.8 million (refer to note 11c).

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

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

	Number of common shares (000s)	Amount ($ thousands)
Balance at January 1, 2022 and December 31, 2022	-	-
Issued pursuant to the Spin-Out (note 5)	**173,201**	**57,156**
Issued for cash pursuant to the Private Placement	**138,545**	**48,491**
Issued for cash on exercise of Transaction Warrants	**153,791**	**53,827**
Value attributed to Transaction Warrants exercised	-	**3,076**
Value attributed to Transaction Warrants expired	-	**388**
Share issue costs, net of deferred income taxes	-	**(69)**
Balance at September 30, 2023	**465,537**	**162,869**

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 pursuant to the Spin-Out (note 5)	**173,201**	**3,464**	**0.35**
Transaction Warrants exercised	**(153,790)**	**(3,076)**	**(0.35)**
Transaction Warrants expired	**(19,411)**	**(388)**	**(0.35)**
Financing Warrants issued pursuant to the Private Placement	**64,286**	**9,790**	**0.35**
Balance at September 30, 2023	**64,286**	**9,790**	**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, later extended to August 14, 2023. During the three months ended September 30, 2023, 153.8 million of the total 173.2 million Transaction Warrants were exercised for proceeds of $53.8 million and 19.4 million Transaction Warrants expired.

In July 2023, 64.3 million Financing Warrants were issued pursuant to the Private Placement. 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 Financing Warrants vested and became 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. During the three months ended September 30, 2023, the Market Price of Logan Shares on the TSXV averaged $0.96 per share and the Financing Warrants are now fully vested. The Company recorded a one-time SBC expense of $9.8 million during the third quarter of 2023 based on 64.3 million of Financing Warrants issued multiplied by the estimated fair value of $0.15 per Financing Warrant.

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

	Transaction Warrants	Financing Warrants
Risk free interest rate	4.8%	4.2%
Expected life (years)	0.1	3.0
Expected volatility (1)	45.0%	60.0%
Expected dividend yield	0.0%	0.0%
Expected forfeiture rate	10.0%	0.0%
Average fair value of warrants granted ($/share)	0.02	0.15

(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 September 30, 2023, no stock options were granted under Logan's stock option plan. One November 22, 2023 the Company's Board of Directors approved the grant of 22.7 million stock options (note 19).

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 period ended June 20, 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 following table summarizes the change in Spartan's stock options outstanding for the periods prior to the Spin-Out:

	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:

	Nine months ended September 30	
	2023	2022
Risk free interest rate	-	1.7%
Expected life (years)	-	3.0
Expected volatility	-	60.0%
Expected dividend yield	-	0.0%
Expected forfeiture rate	-	1.1%
Average fair value of options granted ($/share)	-	3.36

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 September 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 period ended June 20, 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 contemporaneously 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 Spartan's 5-day volume weighted average trading price ("VWAP") on May 19, 2023.

The following table summarizes the change in Spartan's share awards outstanding for the periods prior to the Spin-Out:

	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) Share based compensation expense

The following table summaries the components of SBC expense recognized in the periods:

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Stock options	**-**	103	**329**	358
Share awards	**-**	430	**2,991**	1,116
Financing Warrants	**9,790**	-	**9,790**	-
Share based compensation expense	**9,790**	533	**13,110**	1,474

g) 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.

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 nine months ended September 30, 2023 and 2022:

	Three months ended September 30		Nine months ended September 30	
(000s)	**2023**	2022	**2023**	2022
WA common shares outstanding, basic	**415,124**	173,201	**254,728**	173,201
Dilutive effect of warrants (1)	**69,812**	-	**54,894**	-
WA common shares outstanding, diluted (2)	**484,936**	173,201	**309,622**	173,201
Net income (loss)				
$ per common share, basic and diluted (2)	**(0.03)**	0.04	**(0.18)**	0.20

(1) Dilutive effect of outstanding securities includes the incremental dilutive impact of the Transactions Warrants between the date of issuance on June 20, 2023 and the exercise of the Transaction Warrants, in addition to the dilutive impact of the Financing Warrants from the date of issuance on July 12, 2023.

(2) In computing the diluted loss per common share for both the three and nine months ended September 30, 2023, the Company excluded the effect of outstanding securities as they were anti-dilutive to the net loss per share.

12. INCOME TAXES

As at September 30, 2023, total tax pools available to the Company are estimated to be $94.1 million (December 31, 2022 – nil).

The following table reconciles income taxes calculated at the weighted average Canadian statutory rate with the actual provision for income taxes per the Statements of Net Income (Loss) and Comprehensive Income (Loss):

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Net income (loss) before income taxes	**(10,918)**	6,959	**(45,400)**	34,967
Canadian statutory tax rate [(1)]	**23.0%**	23.0%	**23.0%**	23.0%
Expected income tax expense (recovery)	**(2,511)**	1,601	**(10,442)**	8,042
Increase resulting from:				
Attributed to Spartan [(2)]	**-**	(1,601)	**7,980**	(8,042)
Non-deductible expenses [(3)]	**2,252**	-	**2,252**	-
True-up provision	**49**	-	**-**	-
Deferred income tax recovery	**(210)**	-	**(210)**	-
Current income tax	**-**	-	**-**	-
Income tax recovery	**(210)**	-	**(210)**	-

(1) The Canadian statutory tax rate per the rate reconciliation represents the average combined federal and provincial corporate tax rate.

(2) The Company did not record current or deferred 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).

(3) Non-deductible expenses primarily relates to share-based compensation expense subsequent to the Spin-Out (note 11c).

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting balances within the same tax jurisdiction, are as follows:

(CA$ thousands)	Balance at Dec 31, 2022	Recognized in net income	Recognized in balance sheet	**Balance at Sep 30, 2023**
Accelerated tax basis depreciation	-	(8,447)	-	**(8,447)**
Decommissioning obligations	-	6,200	-	**6,200**
Leases	-	2	-	**2**
Share and debt issue costs	-	(2)	20	**18**
Non-capital losses (“NCLs”) [(1)]	-	2,457	-	**2,457**
Deferred income tax asset	**-**	**210**	**20**	**230**

(1) NCLs expire in 2043.

Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which unused tax losses and deductible temporary differences can be utilized. The Company expects to have sufficient taxable profits in the future in order to utilize its NCLs which expire in 2043 and has recognized the deferred tax asset related to NCLs.

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 September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Oil and gas sales				
Crude oil	**7,815**	10,222	**20,245**	36,794
Natural gas liquids	**3,627**	4,812	**9,995**	15,956
Natural gas	**6,046**	12,634	**19,965**	45,965
Oil and gas sales	**17,488**	27,668	**50,205**	98,715
Royalties	**(2,903)**	(3,900)	**(7,199)**	(12,699)
Oil and gas sales, net of royalties	**14,585**	23,768	**43,006**	86,016

14. FINANCING

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

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Interest and fees on bank debt	**29**	-	**29**	-
Financing cost of lease liabilities	**4**	4	**10**	14
Accretion of decommissioning obligations	**229**	226	**675**	566
Financing expenses	**262**	230	**714**	580
Interest income	**(1,019)**	-	**(1,019)**	-
Financing expenses (income)	**(757)**	230	**(305)**	580

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2023**	2022	**2023**	2022
Accounts receivable	**(6,779)**	4,956	**2,471**	2,897
Prepaid expenses and deposits	**(886)**	-	**(1,592)**	-
Accounts payable and accrued liabilities	**29,081**	(707)	**22,040**	(13,483)
Foreign exchange	**(1)**	-	**(1)**	-
Change in non-cash working capital	**21,415**	4,249	**22,918**	(10,586)
Relating to:				
Operating activities	**42**	4,010	**(1,134)**	3,617
Financing activities	**-**	-	**-**	-
Investing activities	**21,373**	239	**24,052**	(14,203)
Change in non-cash working capital	**21,415**	4,249	**22,918**	(10,586)
Cash payments in respect of:				
Interest and fees on bank debt	**103**	-	**103**	-
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 September 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)	**September 30, 2023**	December 31, 2022
Current assets	**97,924**	8,758
Current liabilities	**(30,550)**	(8,481)
Working capital surplus	**67,374**	277
Total shareholders' equity	**162,165**	95,795

Logan's working capital surplus increased from $0.3 million at December 31, 2022 to $67.4 million at September 30, 2023 primarily due to cash proceeds under the July 2023 Financings partly offset by an increase in capital spending as the Company commenced its exploration and development program in the second half of 2023.

Logan is well positioned to execute on its short and longer term growth strategy. The Company's capital expenditure budget for 2023 will be funded by a combination of cash provided by operating activities and proceeds from the July 2023 Financings, which together provided Logan with net cash proceeds of $102.2 million after issue costs. During the three months ended September 30, 2023, the Company generated $5.2 million in cash provided by operating activities which was utilized to partly fund the Company's exploration and development capital expenditures and acquisitions of $38.7 million.

As at September 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 September 30, 2023:

(CA$ thousands)	2023	2024	2025	2026	2027	Thereafter
Gas transportation (1)	1,136	4,545	4,545	2,012	745	696
Liquids transportation (2)	40	197	231	60	-	-
Processing fees (3)	1,346	6,927	7,569	7,638	5,018	26,176
Capital commitments (4)	966	1,730	-	-	-	-
Total commitments (5)	**3,488**	**13,399**	**12,345**	**9,710**	**5,763**	**26,872**

(1) Logan has firm transportation commitments on natural gas pipelines in Alberta until April 2029. Refer to note 19 for additional information regarding firm transportation commitments entered into subsequent to September 30, 2023.

(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 NorthRiver Fourth Creek and Gordondale East gas plants until March 2027; and (ii) firm capacity for natural gas gathering and processing at the Kanata Simonette gas plant until September 2040. In July 2023, the Company entered into a new contract for natural gas gathering and processing at the NorthRiver Fourth Creek and Gordondale East gas plants, superseding the previous agreements and commitments.

(4) Capital commitments relates to agreements committing Logan to purchase a total $4.0 million of casing and tubing for future capital projects over 2023 to 2024, of which $2.7 million is remaining.

(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 September 30, 2023, Logan is a stand alone legal entity. Logan was initially incorporated on March 10, 2023 as a wholly owned subsidiary of Spartan. On July 6, 2023, the Distribution of Logan Shares and Transaction Warrants to eligible holders of common shares of Spartan was completed and Logan ceased to be a subsidiary, and consequently is no longer a related party of Spartan.

Logan and Spartan entered into an agreement to support the transition of resources through the Spin-Out (the "Transition Services Agreement"). Pursuant to the Transition Services Agreement, Spartan provided certain administrative services to Logan and Logan provided certain administrative services to Spartan. These services are billed based on time incurred and included as part of G&A expenses. Logan incurred net costs of $0.2 million under the Transition Services Agreement from June 20, 2023 to July 6, 2023.

Subsequent to the completion of the Spin-Out, Logan acquired an additional $2.4 million of casing and equipment from Spartan to be utilized in Logan's development program. On Distribution, the Company's accounts payable included $2.5 million payable to Spartan primarily related to the casing and equipment purchased, reimbursement of prepaid operating expenses related to the Transferred Assets and costs under the Transition Services Agreement, partly offset by net operating income of the Transferred Assets for the period of June 20, 2023 to July 6, 2023 (December 31, 2022 - nil).

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 management compensation paid or payable during the three and nine months ended September 30, 2023 and 2022. For purposes of the carve-out financial statements, Spartan's key

management compensation was allocated pro rata based on relative headcount of the officers and directors of Spartan and Logan up to June 20, 2023.

	Three months ended September 30,		Nine months ended September 30,	
(CA$ thousands)	**2023**	**2022**	**2023**	2022
Salaries and benefits	**203**	**914**	**2,037**	2,742
Share based compensation	**-**	**545**	**5,540**	1,635
Total key management compensation	**203**	**1,459**	**7,577**	4,377

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 September 30, 2023, there were no stock options or share awards granted under Logan's long term incentive plans (see also, note 19).

19. SUBSEQUENT EVENTS

In November 2023, Logan entered into agreements to secure additional firm transportation at its core Pouce Coupe and Simonette areas in Alberta. Under the contracts, Logan has a total commitment of approximately $50 million over the term from November 2027 to October 2035. Concurrently, Logan entered into an agreement with a midstream partner to secure access to natural gas transportation at Pouce Coupe for a cost of approximately $2.3 million, expected to be incurred over 2024 to 2025.

On November 22, 2023, the Company's Board of Directors approved the grant of 22.7 million stock options with an exercise price of $0.89 per common share and a five year term. The options vest as to one-third on each of the first, second and third anniversary of the grant date. Of the total number of options granted, an aggregate of 9.7 million options were granted to officers and directors of the Company.