LOGAN

ENERGY CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2024 AND 2023

LOGAN ENERGY CORP.
STATEMENTS OF FINANCIAL POSITION

(CA$ thousands)	[Note]	**September 30, 2024**	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		**307**	53,970
Accounts receivable	[4]	**11,164**	13,680
Prepaid expenses and deposits		**2,112**	1,522
Derivative financial instruments	[4]	**3,428**	-
Total current assets		**17,011**	69,172
Derivative financial instruments	[4]	**384**	-
Exploration and evaluation assets	[6]	**47,360**	16,335
Property, plant and equipment	[7]	**202,531**	148,992
Right-of-use assets	[8]	**18**	139
Total assets		**267,304**	234,638
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	[4]	**19,930**	25,704
Bank debt	[10]	**27,082**	-
Lease liabilities	[8]	**19**	135
Decommissioning obligations	[9]	**1,700**	1,700
Total current liabilities		**48,731**	27,539
Lease liabilities	[8]	**2**	15
Decommissioning obligations	[9]	**29,922**	29,627
Deferred income tax liability	[12]	**5,915**	3,341
Total liabilities		**84,570**	60,522
SHAREHOLDERS' EQUITY			
Share capital	[11]	**162,869**	162,869
Warrants	[11]	**9,790**	9,790
Contributed surplus		**4,473**	560
Retained earnings		**5,602**	897
Total shareholders' equity		**182,734**	174,116
Total liabilities and shareholders' equity		**267,304**	234,638
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"	*[signed] "Ron Hozjan"*
Chief Executive Officer and Director	Ron Hozjan, Director

LOGAN ENERGY CORP.
STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

		Three months ended September 30		Nine months ended September 30	
(CA$ thousands, except per share amounts)	[Note]	**2024**	2023	**2024**	2023
Revenue					
Oil and gas sales	[13]	**30,549**	17,488	**81,523**	50,205
Royalties	[13]	**(2,436)**	(2,903)	**(7,337)**	(7,199)
Oil and gas sales, net of royalties		**28,113**	14,585	**74,186**	43,006
Processing and other		**898**	873	**2,447**	2,525
		29,011	15,458	**76,633**	45,531
Gain on derivative financial instruments	[4]	**5,444**	-	**4,749**	-
Expenses					
Operating		**8,759**	7,841	**29,672**	22,902
Transportation		**2,120**	2,190	**6,992**	5,391
General and administrative		**1,385**	1,250	**4,443**	4,010
Share based compensation	[11]	**1,332**	9,790	**3,913**	13,110
Financing	[14]	**644**	(757)	**352**	(305)
Exploration and evaluation	[6]	**-**	-	**-**	21,017
Depletion, depreciation and impairment	[7,8]	**11,661**	6,020	**28,741**	24,764
Foreign exchange loss (gain)		**2**	(1)	**(10)**	(1)
Transaction costs		**-**	43	**-**	43
		25,903	26,376	**74,103**	90,931
Net income (loss) before income taxes		**8,552**	(10,918)	**7,279**	(45,400)
Deferred income tax expense (recovery)	[12]	**2,272**	(210)	**2,574**	(210)
Net income (loss) and comprehensive income (loss)		**6,280**	(10,708)	**4,705**	(45,190)
Net income (loss) per share					
Basic and diluted	[11]	**0.01**	(0.03)	**0.01**	(0.18)

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

LOGAN ENERGY CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(CA$ thousands)	[Note]	Share capital	Warrants	Contributed surplus	Net investment in Transferred Assets	Retained earnings (deficit)	Total
Balance at December 31, 2023		**162,869**	**9,790**	**560**	**-**	**897**	**174,116**
Net income and comprehensive income		**-**	**-**	**-**	**-**	**4,705**	**4,705**
Share based compensation expense	[11]	**-**	**-**	**3,913**	**-**	**-**	**3,913**
Balance at September 30, 2024		**162,869**	**9,790**	**4,473**	**-**	**5,602**	**182,734**
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	[5,11]	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	9,970	-	-	(10,494)	162,165

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

LOGAN ENERGY CORP.
STATEMENTS OF CASH FLOW

		Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	[Note]	**2024**	2023	**2024**	2023
Operating activities					
Net income (loss)		**6,280**	(10,708)	**4,705**	(45,190)
Items not affecting cash:					
Unrealized gain on derivatives	[4]	**(4,051)**	-	**(3,812)**	-
Unrealized foreign exchange loss (gain)		**3**	(2)	**(7)**	(2)
Share based compensation		**1,332**	9,790	**3,913**	13,110
Financing	[14]	**255**	229	**738**	675
Exploration and evaluation		**-**	-	**-**	21,017
Depletion, depreciation and impairment		**11,661**	6,020	**28,741**	24,764
Deferred income tax expense (recovery)		**2,272**	(210)	**2,574**	(210)
Settlement of decommissioning obligations	[9]	**(111)**	(3)	**(622)**	(252)
Change in non-cash working capital	[15]	**592**	42	**2,197**	(1,134)
Cash provided by operating activities		**18,233**	5,158	**38,427**	12,778
Financing activities					
Net distributions to Spartan		**-**	-	**-**	(3,828)
Advances of bank debt, net of costs	[10]	**82,632**	-	**82,632**	-
Repayments of bank debt	[10]	**(55,550)**	-	**(55,550)**	-
Issue of common shares, net of costs	[11]	**-**	48,402	**-**	48,402
Proceeds on exercise of warrants	[11]	**-**	53,827	**-**	53,827
Lease payments	[8]	**(44)**	(38)	**(129)**	(107)
Cash provided by financing activities		**27,038**	102,191	**26,953**	98,294
Investing activities					
Exploration and evaluation assets	[6]	**(7,960)**	(3,525)	**(31,617)**	(4,798)
Property, plant and equipment	[7]	**(23,409)**	(30,011)	**(81,038)**	(35,040)
Property acquisitions	[6,7]	**(50)**	(5,144)	**(350)**	(5,244)
Change in non-cash working capital	[15]	**(15,437)**	21,373	**(6,039)**	24,052
Cash used in investing activities		**(46,856)**	(17,307)	**(119,044)**	(21,030)
Net change in cash and cash equivalents		**(1,585)**	90,042	**(53,664)**	90,042
Foreign exchange on cash and cash equivalents		**(5)**	3	**1**	3
Cash and cash equivalents, beginning of period		**1,897**	-	**53,970**	-
Cash and cash equivalents, end of period		**307**	90,045	**307**	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, and has recently established a position within the greater Kaybob Duverney oil play with assets in the North Simonette, Ante Creek and Two Creeks areas. 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 condensed interim financial statements as at September 30, 2024 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") up to November 13, 2024, applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following interim note disclosures or have been disclosed on an annual basis only. Accordingly, these Financial Statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023 (the "2023 Annual Financial Statements").

The Company's Board of Directors approved these Financial Statements on November 13, 2024.

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 Accounting Standards 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 of the 2023 Annual Financial Statements.

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 gains 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 consistent with those outlined in note 2 of the 2023 Annual Financial Statements.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied by the Company are described in note 3 of the 2023 Annual Financial Statements. These Financial Statements at September 30, 2024, have been prepared following the same accounting policies and methods of computation as the most recent annual financial statements as at and for the year ended December 31, 2023.

Upcoming accounting pronouncements

On April 9, 2024, the International Accounting Standards Board issued a new standard IFRS 18 Presentation and Disclosure in Financial Statements (“IFRS 18”) which will replace IAS 1. While many of the existing principles of IAS 1 are retained with limited changes, IFRS 18 introduces changes to the presentation of, and disclosure requirements related to, the Statement of Net Income (Loss) and Comprehensive Income (Loss). IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Logan is currently assessing the impact of adopting of IFRS 18, which will be adopted on its effective date.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2024 and December 31, 2023, the financial instruments of the Company include cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, derivative financial instruments and bank debt. The fair values of these financial assets and liabilities approximate their carrying value due to the short term to maturity of those instruments. Additionally, the fair value of bank debt approximates its carrying value given it bears floating rates of interest (note 10). 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 utilizes derivative financial instruments to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors and limits established under the Company’s bank credit facilities (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 75% of future forecasted average daily production by commodity type; and (iii) the contracted term does not exceed 36 months.

a) Credit Risk

As at September 30, 2024, the carrying amount of cash and cash equivalents, accounts receivable, deposits and derivative financial instruments receivable 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, the counterparty to derivative financial contracts and joint venture partners. The composition of the Company's accounts receivable is set out in the following table:

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Oil and gas marketers	**7,585**	11,985
Joint venture partners	**2,463**	357
Settlements on derivative financial instruments	**838**	-
Accrued interest and other receivables	**278**	264
GST input tax credits	**-**	1,074
Accounts receivable	**11,164**	13,680

The aging of the Company's accounts receivable is summarized as follows:

(CA$ thousands)	Current	30-60 days	60-90 days	Over 90 days	Total
Balance at September 30, 2024	**10,917**	**132**	**73**	**42**	**11,164**
Balance at December 31, 2023	13,480	71	4	125	13,680

During the period ended September 30, 2024, sales to two oil and gas marketers represented more than 10% of revenue. Sales to these marketers account for approximately 57% of total oil and gas sales revenue (before royalties) in the nine months ended September 30, 2024. During the previous year ended December 31, 2023, sales to three marketers accounted for approximately 84% 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. Management has reviewed past due accounts receivable balances as at September 30, 2024 and expects the accounts to be collectible, with exception to a nominal expected credit loss provision on receivables as at September 30, 2024 and at December 31, 2023.

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, 2024, Logan's financial liabilities include accounts payable and accrued liabilities, derivative financial instruments, lease liabilities and bank debt.

Logan's existing capital resources, including undrawn capacity under its bank credit facilities (note 10) and net proceeds from the October Private Placement (note 19), 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, 2024:

(CA$ thousands)	1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Accounts payable and accrued liabilities	19,930	-	-	-	19,930
Credit Facility [(1)] (note 10)	27,200	-	-	-	27,200
Undiscounted lease liabilities (note 8)	19	2	-	-	21
Total	**47,149**	**2**	**-**	**-**	**47,151**

(1) Subsequent to the reporting period, on October 3, 2024, Logan repaid the balance outstanding under the Credit Facility in full using proceeds of the October Private Placement (note 19).

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.

Due to the capital-intensive nature of the Company's growth plan, Logan utilizes commodity price risk management contracts to reduce volatility of cash flows and protect project economics. These instruments are not used for trading or speculative purposes.

The following table summarizes commodity price risk management contracts outstanding as at September 30, 2024. Refer to note 19 "Subsequent Events" for details of new contracts entered after the reporting period.

Commodity / Contract Type	Notional Volume	Reference Price	Fixed Contract Price	Remaining Term
Crude oil – swap	1,500 bbls/d	WTI	CA$101.33 per barrel	October 1 to December 31, 2024
Crude oil – swap	100 bbls/d	WTI	US$74.35 per barrel	October 1 to December 31, 2024
Crude oil – swap	250 bbls/d	WTI	US$72.75 per barrel	January 1 to March 31, 2025
Crude oil – swap	500 bbls/d	WTI	CA$102.05 per barrel	January 1 to December 31, 2025
Crude oil – short call	500 bbls/d	WTI	CA$102.05 per barrel	January 1 to December 31, 2025
Natural gas – swap	22,500 GJ/d	AECO	CA$0.86 per GJ	October 1 to 31, 2024
Natural gas – swap	20,000 GJ/d	AECO	CA$1.86 per GJ	November 1 to 30, 2024
Natural gas – swap	5,000 GJ/d	AECO	CA$2.50 per GJ	January 1 to March 31, 2025
Natural gas – swap	10,000 GJ/d	AECO	CA$2.23 per GJ	April 1 to October 31, 2025

Derivative financial instruments are recorded at fair value in the Statements of Financial Position. As at September 30, 2024, the fair value of outstanding commodity price risk management contracts resulted in a derivative financial instrument asset of $3.8 million, of which $3.4 million is current and $0.4 million is long-term. As at December 31, 2023, there were no derivative financial instrument assets or liabilities outstanding. The fair values of derivative financial instruments are designated as Level 2 in the fair value hierarchy and are highly sensitive to changes in underlying commodity prices. The table below illustrates the stand-alone impact of changes in specified benchmark prices and

differentials on net income before income taxes, holding all other variables constant, of risk management contracts in place as at September 30, 2024:

(CA$ thousands)	Change in price	Positive movement	Negative movement
WTI	+/- CA$ 5.00 per barrel (1)	(972)	972
AECO	+/- CA$ 0.25 per GJ	(1,761)	1,761
CA$/US$ exchange rate	+/- $0.05	(2)	2

(1) Includes the CA$ impact of risk management contracts entered in US WTI – NYMEX fixed prices, should the US WTI – NYMEX price change by a US$ equivalent of CA$ 5.00 per barrel.

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 currency risk on U.S. working capital, however, the Company's exposure based on U.S. dollar denominated working capital balances outstanding at September 30, 2024 and December 31, 2023 was nominal. The Company does not currently have any foreign exchange risk management contracts in place, however certain commodity price risk management contacts for crude oil denominated in Canadian dollars indirectly mitigate currency exposure on the notional amount of crude oil volumes.

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 primarily exposed to interest rate risk on bank debt which bears floating rates of interest. Under the credit facilities (note 10), interest rates fluctuate based on the bank prime rate plus an applicable margin. Based on the balance of bank debt outstanding at September 30, 2024, an increase (decrease) in the market rate of interest by 50 basis points would increase (decrease) annualized interest expense by approximately $0.1 million. The balance of bank debt outstanding was subsequently repaid in full using proceeds of the October Private Placement (note 19). The Company does not currently have any interest rate risk management contracts in place.

Gains and losses on derivative financial instruments

The table below summarizes the realized and unrealized component of gains and losses on the Company's derivative financial instruments during the periods:

	Three months ended September 30		Nine months ended September 30	
(CA$ thousands)	**2024**	2023	**2024**	2023
Realized gain	**1,393**	-	**937**	-
Unrealized gain	**4,051**	-	**3,812**	-
Gain on derivative financial instruments	**5,444**	-	**4,749**	-

Offsetting of financial instruments

Financial assets and liabilities are only offset in the Statements of Financial Position if the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Logan offsets derivative financial instrument assets and liabilities when the counterparty, commodity, currency and timing of settlement are the same.

(CA$ thousands)	Carrying Value ("CV")		
Balance as at September 30, 2024	Gross	Netting	Net CV
Financial assets			
Derivative financial instruments	**4,486**	**(674)**	**3,812**

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)	December 31, 2023
Balance, beginning of year	95,795
Net income (loss) up to Spin-Out	(34,696)
Net distributions to Spartan	(3,799)
Share based compensation up to Spin-Out	3,320
Common shares issued on Spin-Out	(57,156)
Transaction Warrants issued on Spin-Out	(3,464)
Balance, end of year	-

6. EXPLORATION AND EVALUATION ASSETS

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

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Balance, beginning of year	**16,335**	26,674
Additions	**31,617**	8,126
Acquisitions	**282**	2,848
Transfers to PP&E (note 7)	**(874)**	(296)
Impairment [(1)]	**-**	(21,017)
Balance, end of period	**47,360**	16,335

(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 September 30, 2024 and at December 31, 2023, concluding there are no indicators of impairment. During the current period and previous year there were no expenses related to expired mineral leases.

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 2022 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, 2024 and December 31, 2023, there were no indicators of impairment relating to the E&E assets.

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 December 31, 2022	129,948
Additions	72,339
Acquisitions [(1)]	2,643
Changes in decommissioning cost (note 9)	1,795
Transfers from E&E (note 6)	296
Balance at December 31, 2023	**207,021**
Additions	**81,038**
Acquisitions	**199**
Changes in decommissioning cost (note 9)	**48**
Transfers from E&E (note 6)	**874**
Balance at September 30, 2024	**289,180**

(1) Subsequent to completion of the Spin-Out, Logan acquired $2.4 million of casing and equipment from Spartan during 2023 to be utilized in Logan's capital program.

Accumulated DD&I *(CA$ thousands)*	**Total PP&E**
Balance at December 31, 2022	33,718
Depletion and depreciation	25,193
Impairment	7,566
Reversal of impairment	(8,448)
Balance at December 31, 2023	**58,029**
Depletion and depreciation	**28,620**
Balance at September 30, 2024	**86,649**

Net carrying value	**Total PP&E**
Balance at December 31, 2023	148,992
Balance at September 30, 2024	**202,531**

Future development capital expenditures required to develop total proved plus probable reserves in the amount of $703.5 million are included in the depletion calculation for development & production assets for the three months ended September 30, 2024 ($771.7 million at December 31, 2023).

Impairment Reversal of PP&E

At December 31, 2023, Logan identified indicators of impairment reversal for its Alberta cash generating unit ("CGU") due to active development of the Transferred Assets post Spin-Out which resulted in a material increase to Logan's oil and gas reserves. The British Columbia CGU had no previously recognized impairment charges to be assessed for reversal.

Logan recognized a reversal of impairment of $8.4 million for the Alberta CGU, representing full reversal of accumulated PP&E impairment losses recognized in Spartan's historical records for the Transferred Assets, net of deemed depletion

that would have been recorded had no impairment losses been recognized. The recoverable amount of the assets was based on fair value less costs of disposal ("FVLCD") methodology, calculated using the present value of the expected future cash flows discounted at 13% after tax. The estimated recoverable amount of the PP&E exceeded the carrying value of $140.3 million before reversal, resulting in an impairment reversal of $8.4 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 Logan's oil and gas reserves prepared by McDaniel and Associates ("McDaniel"), an independent qualified reserve evaluator, as of December 31, 2023 (the "2023 McDaniel Report"). The recoverable amount estimated pursuant to the FVLCD calculation is sensitive to the discount rate and forecast commodity prices. However, holding all other assumptions in the calculation constant, an increase (decrease) in the discount rate by 1% or increase (decrease) in the forecast combined average realized price by 5% would still have resulted in a full PP&E impairment reversal in the Alberta CGU.

The forecast future commodity prices, inflation rates and foreign exchange rates (Level 3 fair value inputs) used in the reversal of impairment evaluation as at December 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 December 31, 2023	2024	2025	2026	2027	2028[(1)]
WTI Cushing Oklahoma (US$/bbl)	73.67	74.98	76.14	77.66	79.22
Edmonton Light Crude Oil ($/bbl)	92.91	95.04	96.07	97.99	99.95
NYMEX Henry Hub (US$/MMBtu)	2.75	3.64	4.02	4.10	4.18
AECO-C Spot ($/MMBtu)	2.20	3.37	4.05	4.13	4.21
Exchange rate (US$/CA$)	0.752	0.752	0.755	0.755	0.755

(1) Prices escalate at 2.0% thereafter; exchange rate is held constant at $0.755 US$/CA$ thereafter.

Impairment of PP&E

Logan assessed each of its CGUs for indicators of potential impairment as at September 30, 2024 and December 31, 2023 and concluded there are no further indicators of impairment.

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 as of December 31, 2022 (the "2022 McDaniel Report"). The projected cash flows derived from the 2022 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 (decrease) 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 (US$/CA$)	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 $0.763 US$/CA$ 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 periods:

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Right-of-use asset, at cost		
Balance, beginning of year	**460**	414
Additions	**-**	46
Balance, end of period	**460**	460
Accumulated depreciation		
Balance, beginning of year	**321**	173
Depreciation expense	**121**	148
Balance, end of period	**442**	321
Right-of-use asset, net carrying value	**18**	139

LEASE LIABILITIES

As at September 30, 2024, the present value of the Company's total lease liability is nominal and is expected to be substantially settled in the next twelve months. A continuity of the lease obligation is provided below:

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Lease liabilities		
Balance, beginning of year	**150**	251
Additions	**-**	46
Lease payments	**(133)**	(160)
Financing cost (note 14)	**4**	13
Balance, end of period	**21**	150
Expected to be settled within one year	**19**	135
Expected to be settled beyond one year	**2**	15

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 $1.0 million during the nine months ended September 30, 2024 ($0.7 million during the nine months ended September 30, 2023).

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, 2024**	December 31, 2023
Balance, beginning of year	**31,327**	28,816
Obligations incurred	**441**	976
Obligations acquired	**131**	161
Obligations disposed	**-**	(35)
Obligations settled	**(622)**	(345)
Changes in discount rate	**(462)**	1,528
Changes in estimates	**69**	(709)
Accretion (note 14)	**738**	935
Balance, end of period	**31,622**	31,327
Expected to be settled within one year	**1,700**	1,700
Expected to be settled beyond one year	**29,922**	29,627

The underlying cost estimates are derived from a combination of published industry benchmarks as well as site specific information. As at September 30, 2024, the total undiscounted amount of the estimated cash flows required to settle the obligation is $37.6 million ($37.2 million as of December 31, 2023), of which, Logan expects to incur approximately $26.9 million over the next 20 years, $10.5 million in 20 to 50 years and the residual thereafter. The estimated inflated undiscounted future cash flows required to settle the obligation is $59.6 million at September 30, 2024 based on an inflation rate of 2.1% on average over the restoration period (December 31, 2023 – $58.0 million based on an inflation

rate of 2.1%). As at September 30, 2024, the carrying amount of the decommissioning obligations is based on a risk-free rate of 3.1% (3.0% at December 31, 2023).

10. BANK DEBT

As at September 30, 2024, the Company had a revolving demand credit facility with an authorized borrowing amount of $75.0 million (the "Credit Facility"). The amount drawn on the Credit Facility was $27.2 million as of September 30, 2024 and the balance, net of unamortized issue costs, was presented as a current liability in the Statements of Financial Position. Additionally, Logan has issued $2.4 million of undrawn standby letters of credit (see below regarding letter of credit facility).

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Bank loan	**27,200**	-
Unamortized issue costs [(1)]	**(118)**	-
Bank debt – current	**27,082**	-

(1) As at December 31, 2023, unamortized issue costs were presented within prepaid expenses and deposits within the Statements of Financial Position as there was no bank debt outstanding.

a) Bank debt

Subsequent to the reporting period on October 3, 2024, Logan repaid the balance outstanding under the Credit Facility in full using net proceeds of the October Private Placement (note 19) and established new committed credit facilities with National Bank of Canada (the "Lender") in the aggregate principal amount of $125.0 million (the "New Credit Facilities"). The New Credit Facilities are comprised of a $75.0 million senior secured revolving committed term credit facility with an initial tenor of 2.0 years (the "Revolving Credit Facility") and a $50.0 million delayed draw term facility with a maximum initial tenor of up to 2.5 years (the "Term Facility"), which together replaced the Company's existing $75.0 million demand Credit Facility. Amounts drawn under the New Credit Facilities will be presented as long-term debt in the Statements of Financial Position going-forward.

The Revolving Credit Facility is comprised of a $25.0 million operating facility and a $50.0 million loan facility. The Revolving Credit Facility has a revolving period of 364 days extendible annually at the request of the Company, subject to approval of the Lender, with a term-out to October 3, 2026, if not renewed. The borrowing base for the Revolving Credit Facility is subject to semi-annual reviews occurring by May 31st and by November 30th of each year, based upon the Company's annual independent engineering report or updates thereto. Notwithstanding the foregoing, the first scheduled review is set to occur on or before June 30, 2025. The borrowing base 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 Term Facility is available to draw after January 1, 2025 and prior to May 31, 2025, subject to certain conditions prior to the initial advance, to a maximum principal amount of up to $50.0 million and will be used to fund the Company's Pouce Coupe infrastructure and accelerated development in the area. The Term Facility matures at the earlier of 2.0 years from date of the initial draw or April 3, 2027, and is prepayable anytime without penalty. Repayments of principal are not required until the maturity date, provided the Company is in compliance with all covenants, representations and warranties.

The New Credit Facilities are secured by a first fixed and floating charge debenture over all of the Company's assets and a general assignment of book debts. Borrowings are available by way of direct advances, CORRA loans, or letters of credit/guarantees. The New Credit Facilities bear interest at market rates that fluctuate plus an applicable margin based on the net debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio of the Company. The Company incurs standby fees on the undrawn facilities which also fluctuate based on the pricing grid.

The Company is subject to a financial covenant under the New Credit Facilities whereby Logan's "Net Debt to EBITDA" ratio (as defined in the credit agreement), calculated quarterly, shall not exceed 2.5 to 1.0. On the first anniversary date of the initial drawdown on the Term Facility the Net Debt to EBITDA covenant will reduce to 2.0 to 1.0. The New Credit Facilities includes other standard business operating covenants, including but not limited to limitations on acquisitions and dispositions, distributions and hedging arrangements. Additionally, the Company is subject to the following minimum hedging requirements: 40% of forecasted crude oil production (net of royalties) for the six month period following closing of the New Credit Facilities; and prior to the initial advance on the Term Facility, Logan shall implement hedges covering a minimum of 30% of forecasted crude oil and natural gas production (net of royalties) for the twelve month period following the initial drawdown.

For purposes of compliance reporting to the Lender as at September 30, 2024, the form of compliance certificate and financial covenant calculation was prepared in accordance with the terms of the New Credit Facilities. As at September 30, 2024, the Company's pro forma Net Debt (Surplus) to EBITDA ratio was (0.18) to 1, calculated based on Logan's quarter-end net debt adjusted for net proceeds of the October Private Placement (note 19) divided by Logan's EBITDA for the third quarter of 2024 annualized by multiplying by a factor of 4. As of the date hereof, Logan is in compliance with all covenants.

b) Letter of Credit Facility

In June 2024, the Company entered into a demand letter of credit facility which provides Logan with $5.0 million of incremental credit capacity to issue letters of credit. The letters of credit may be issued for general corporate purposes and are limited to a term of one year from the date of issuance. Letter of credit obligations are repayable on demand. Subsequent to September 30, 2024, the Company's issued undrawn letters of credit of $2.4 million were transferred to the letter of credit facility.

c) Movements in bank debt

The following table reconciles movements in debt during the periods ended September 30, 2024 and December 31, 2023:

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Balance, beginning of year	**-**	-
Advances	**82,750**	-
Repayments	**(55,550)**	-
Issue costs incurred	**(208)**	(111)
Amortization of issue costs	**150**	51
Reclassification of unamortized issue costs	**(60)**	60
Bank debt, end of period	**27,082**	-

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

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, 2024 (December 31, 2023 – nil).

	Number of common shares (000s)	Amount ($ thousands)
Balance at 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 December 31, 2023	465,537	162,869
Balance at September 30, 2024 (1)	**465,537**	**162,869**

(1) On October 3, 2024, Logan issued 68.5 million common shares at $0.73 per common share for aggregate gross proceeds of approximately $50.0 million (note 19).

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.

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 December 31, 2022	-	-	-
Transaction Warrants issued pursuant to the Spin-Out (note 5)	173,201	3,464	0.35
Transaction Warrants exercised	(153,791)	(3,076)	(0.35)
Transaction Warrants expired	(19,410)	(388)	(0.35)
Financing Warrants issued pursuant to the Private Placement	64,286	9,790	0.35
Balance at December 31, 2023	64,286	9,790	0.35
Balance at September 30, 2024	**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 year ended December 31, 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. 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 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.

The following table summarizes the change in Logan's stock options outstanding:

	Number of options (000s)	Average exercise price ($/share)
Balance at December 31, 2022	-	-
Granted (1)	22,700	0.89
Forfeited	(5)	(0.89)
Balance at December 31, 2023	**22,695**	**0.89**
Forfeited	**(50)**	**(0.89)**
Balance at September 30, 2024 (2)(3)	**22,645**	**0.89**

(1) Stock options granted on November 22, 2023 with an exercise price of $0.89 per share vest 1/3 per year on the anniversary date of the grant.
(2) Stock options outstanding have a remaining term of 4.1 years as at September 30, 2024.
(3) The volume weighted average trading price ("VWAP") of the Company's common shares on the TSXV for the three and nine months ended September 30, 2024 was $0.84 and $0.86 per share, respectively. Accordingly, the outstanding stock options were not in-the-money during the three and nine months ended September 30, 2024.

e) Share awards

The Company has a share award incentive plan, pursuant to which the Company may grant restricted share awards ("RSAs") and performance share awards ("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, 2024 and as of the date hereof, no share awards have been granted under Logan's share award incentive plan.

f) Share based compensation expense

The following table summarizes the components of the Company's SBC expense 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)	**2024**	2023	**2024**	2023[1]
Stock options	**1,332**	-	**3,913**	329
Share awards	**-**	-	**-**	2,991
Financing warrants	**-**	9,790	**-**	9,790
Share based compensation expense	**1,332**	9,790	**3,913**	13,110

(1) As described in note 2b), a portion of the SBC expense associated with the granted and outstanding stock options and share awards of Spartan were allocated for the purposes of the comparative period carve-out financial statements.

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, 2024 and 2023:

	Three months ended September 30		Nine months ended September 30	
(000s)	**2024**	2023	**2024**	2023
WA common shares outstanding, basic	**465,537**	415,124	**465,537**	254,728
Dilutive effect of warrants [1]	**37,577**	69,812	**38,060**	54,894
WA common shares outstanding, diluted [2]	**503,114**	484,936	**503,597**	309,622
Net income (loss)				
$ per common share, basic and diluted	**0.01**	(0.03)	**0.01**	(0.18)

(1) Dilutive effect of outstanding securities includes the incremental dilutive impact of the Financing Warrants from the date of issuance on July 12, 2023. Stock options outstanding from the date of grant were excluded from the dilutive effect of outstanding securities as the stock options were not in the money based on the VWAP during the three and nine months ended September 30, 2024.

(2) In computing the diluted loss per common share for 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, 2024, total tax pools available to the Company are estimated to be $196.3 million (December 31, 2023 – $119.4 million).

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)	**2024**	2023	**2024**	2023
Net income (loss) before income taxes	**8,552**	(10,918)	**7,279**	(45,400)
Canadian statutory tax rate [1]	**23.0%**	23.0%	**23.0%**	23.0%
Expected income tax expense (recovery)	**1,967**	(2,511)	**1,674**	(10,442)
Increase resulting from:				
Attributed to Spartan [2]	**-**	-	**-**	7,980
Non-deductible expenses [3]	**305**	2,252	**900**	2,252
True-up provision	**-**	49	**-**	-
Deferred income tax expense (recovery)	**2,272**	(210)	**2,574**	(210)
Current income tax expense	**-**	-	**-**	-
Income tax expense (recovery)	**2,272**	(210)	**2,574**	(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, 2023	Recognized in net income	Recognized in balance sheet	**Balance at Sep 30, 2024**
Derivative financial instruments	-	(877)	-	**(877)**
Accelerated tax basis depreciation	(14,058)	(2,603)	-	**(16,661)**
Decommissioning obligations	7,205	68	-	**7,273**
Leases	2	(1)	-	**1**
Share and debt issue costs	17	(2)	-	**15**
Non-capital losses (“NCLs”) [1]	3,493	841	-	**4,334**
Deferred income tax liability	**(3,341)**	**(2,574)**	**-**	**(5,915)**

(1) NCLs expire in years 2043 to 2044.

Under IFRS Accounting Standards, 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 years 2043 to 2044 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)*	**2024**	2023	**2024**	2023
Oil and gas sales				
Crude oil	**24,310**	7,815	**58,544**	20,245
Natural gas liquids	**3,369**	3,627	**10,124**	9,995
Natural gas	**2,870**	6,046	**12,855**	19,965
Oil and gas sales	**30,549**	17,488	**81,523**	50,205
Royalties	**(2,436)**	(2,903)	**(7,337)**	(7,199)
Oil and gas sales, net of royalties	**28,113**	14,585	**74,186**	43,066

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)*	**2024**	2023	**2024**	2023
Interest and fees on bank debt	**388**	29	**552**	29
Financing cost of lease liabilities	**1**	4	**4**	10
Accretion of decommissioning obligations	**255**	229	**738**	675
Financing expenses	**644**	262	**1,294**	714
Interest income	**-**	(1,019)	**(942)**	(1,019)
Financing expenses (income)	**644**	(757)	**352**	(305)

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
(*CA$ thousands)*	**2024**	2023	**2024**	2023
Accounts receivable	**1,773**	(6,779)	**2,516**	2,471
Prepaid expenses and deposits	**1,201**	(886)	**(590)**	(1,592)
Accounts payable and accrued liabilities	**(17,821)**	29,081	**(5,774)**	22,040
Foreign exchange	**2**	(1)	**6**	(1)
Change in non-cash working capital	**(14,845)**	21,415	**(3,842)**	22,918
Relating to:				
Operating activities	**592**	42	**2,197**	(1,134)
Financing activities	**-**	-	**-**	-
Investing activities	**(15,437)**	21,373	**(6,039)**	24,052
Change in non-cash working capital	**(14,845)**	21,415	**(3,842)**	22,918
Cash payments in respect of:				
Interest and fees on bank debt	**306**	103	**484**	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, 2024, the Company considers its capital structure to include shareholders' equity, bank debt (if any) and working capital. Logan uses "Net Debt (Surplus)" as a capital management measure and is calculated by the Company as bank debt, net of "Adjusted Working Capital". Net Debt (Surplus) and Adjusted Working Capital are both non-GAAP financial measures. Adjusted Working Capital is calculated by Logan as current liabilities less current assets, excluding derivative financial instrument assets and liabilities and the current portion of bank debt (if any).

The significant components of the Company's capital structure are summarized below:

(CA$ thousands)	**September 30, 2024**	December 31, 2023
Current liabilities	**48,731**	27,539
Current assets	**(17,011)**	(69,172)
Working capital deficit (surplus)	**31,720**	(41,633)
Adjusted for current portion of:		
Derivative financial instrument assets	**3,428**	-
Bank debt – current	**(27,082)**	-
Adjusted Working Capital	**8,066**	(41,633)
Bank debt	**27,082**	-
Net Debt (Surplus)	**35,148**	(41,633)
Total shareholders' equity	**182,734**	174,116

Logan had Net Debt of $35.1 million as at September 30, 2024. Net Debt increased compared to a $41.6 million Net Surplus at December 31, 2023, primarily due to capital expenditures which exceeded cash flow provided by operating activities during the period. During the nine months ended September 30, 2024, the Company utilized the cash on hand, borrowings under its credit facility and $38.4 million in cash provided by operating activities to fund the Company's exploration and development capital expenditures and acquisitions of $113.0 million.

The Company monitors its capital structure and short-term financing requirements using a "Net Debt to Annualized AFF Ratio", which is calculated by Logan as the Company's Net Debt (calculated above) relative to its "Annualized Adjusted Funds Flow" (calculated below). The reader is cautioned that "Adjusted Funds Flow" does not have standardized meaning under IFRS and may not be directly comparable to measures of other companies where similar terminology is used. Logan calculates "Adjusted Funds Flow" by adding back transaction costs on acquisitions (if any) and the change in non-cash working capital to cash provided by operating activities. Logan utilizes Adjusted Funds Flow as a key performance measure in the Company's financial forecasts and public guidance because it reflects the net cash flow generated from routine business operations, excluding changes in non-cash working capital. "Annualized Adjusted Funds Flow" is calculated by multiplying Adjusted Funds Flow for the most recently completed quarter by a factor of 4; management considers this annualized measure to be more representative of the Company's current financial position than a 12-month trailing measure. Management believes that the Net Debt to Annualized AFF Ratio provides investors with information to understand the Company's liquidity risk and its ability to repay bank debt and fund future capital expenditures.

Three months ended *(CA$ thousands)*	**September 30, 2024**	December 31, 2023
Cash provided by operating activities	**18,233**	11,176
Change in non-cash operating working capital	**(592)**	4,216
Adjusted Funds Flow for the quarter	**17,641**	15,392
Factor to Annualize	**4**	4
Annualized Adjusted Funds Flow	**70,564**	61,568
Net Debt (Surplus)	**35,148**	(41,633)
Net Debt (Surplus) to Annualized AFF Ratio	**0.5 x**	(0.7 x)

As at September 30, 2024, Logan had Net Debt of $35.1 million, which is approximately 0.5 times the Company's Annualized Adjusted Funds Flow for the third quarter of 2024. The capital intensive nature of Logan's operations may create a working capital deficiency position during periods with high levels of capital investment. The Company maintains sufficient unused bank credit lines to satisfy such working capital deficiencies. As at September 30, 2024, the Company's Net Debt of $35.1 million represented 47% of the authorized borrowing amount available under the $75.0 million credit facility. Subsequent to the reporting period on October 3, 2024, Logan repaid the balance outstanding under the Credit Facility in full using net proceeds of the October Private Placement (note 19) and established New Credit Facilities with aggregate borrowing capacity of $125.0 million.

Logan is well positioned to execute on its short and longer term growth strategy. Future exploration and development capital expenditures are expected to be funded by cash provided by operating activities, net proceeds from the October Private Placement (note 19) and borrowings under the New Credit Facilities (note 10). In order to maintain or adjust its capital structure in the future, the Company may issue new common shares or other equity securities, issue debt, adjust capital expenditures and acquire or dispose of assets.

As at September 30, 2024, the Company is not subject to any externally imposed capital requirements other than the financial covenants under its bank credit facilities, to which Logan is in full compliance (note 10).

17. COMMITMENTS AND CONTINGENCIES

The following table summarizes the Company's contractual commitments as of September 30, 2024:

(CA$ thousands)	2024	2025	2026	2027	2028	Thereafter
Gas transportation (1)	2,557	5,963	1,825	1,906	7,348	46,332
Liquids transportation (2)	58	237	60	-	-	-
Processing fees (3)	1,741	7,569	7,638	5,018	6,048	22,027
Capital commitments (4)	184	-	-	-	-	-
Total commitments (5)	4,540	13,769	9,523	6,924	13,396	68,359

(1) Logan has firm transportation commitments on natural gas pipelines in Alberta until October 2035.

(2) Relates to upstream natural gas liquids 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; (ii) firm capacity for natural gas gathering and processing at the CSV Simonette Gas Plant until September 2040; and (iii) and a commitment to make-whole, in the event of a shortfall (if any) on partner capital recovery on certain projects at the CSV Simonette Gas Plant, of up to $1.9 million that may become payable in February 2028.

(4) Capital commitments relates to agreements committing Logan to purchase a total $4.0 million of casing and tubing for capital projects over 2023 to 2024, of which $0.2 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

Inter-corporate relationships

As at September 30, 2024, 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.

Insider Participation in Private Placement

All directors and officers of the Company participated in the October Private Placement (note 19) under the president's list for an aggregate subscription of approximately $5.0 million.

19. SUBSEQUENT EVENTS

October Private Placement

On October 3, 2024, Logan closed a bought-deal private placement equity financing through a syndicate of underwriters for aggregate gross proceeds of approximately $50.0 million, pursuant to which, Logan issued approximately 68.5 million common shares at $0.73 per common share (the "October Private Placement"). Net proceeds of $47.8 million after estimated issue costs were used initially to repay outstanding bank debt in full, and will be used to partially fund the Company's capital expenditure program, and for general working capital purposes.

The common shares issued pursuant to the October Private Placement are subject to a statutory hold period that extends until February 4, 2025 and all common shares issued in the United States are subject to a 1 year hold period, subject to the ability to resell the common shares on the TSXV prior to 1 year in accordance with U.S. securities laws.

New Credit Facilities

On October 3, 2024, the Company entered into new committed facilities with aggregate borrowing capacity of up to $125.0 million. Details of the New Credit Facilities are provided in note 10 of these Financial Statements.

Commodity Hedging Update

The following table summarizes new commodity price risk management contracts entered subsequent to the quarter:

Commodity / Contract Type	Notional Volume	Reference Price	Fixed Contract Price	Remaining Term
Crude oil – swap	500 bbls/d	WTI	US$71.02 per barrel	January 1 to March 31, 2025
Crude oil – swap	1,250 bbls/d	WTI	US$70.84 per barrel	April 1 to June 30, 2025
Crude oil – swap	1,000 bbls/d	WTI	US$70.46 per barrel	July 1 to September 30, 2025
Crude oil – swap	500 bbls/d	WTI	US$70.00 per barrel	October 1 to December 31, 2025
Natural gas – swap	5,000 GJ/d	AECO	CA$2.24 per GJ	April 1 to October 31, 2025
Natural gas – swap	5,000 GJ/d	AECO	CA$3.28 per GJ	Nov 1, 2025 to March 31, 2026

The table above should be read in conjunction with the existing contracts in place as of September 30, 2024, as described in note 4.