Strathcona Resources Ltd. Announces Closing of Acquisition of Vawn Thermal Project and Undeveloped Thermal Lands and Provides Updated 2026 Guidance and Long-Range Plan

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Strathcona Resources Ltd. ("Strathcona") today confirmed the closing of its previously announced acquisition of the Vawn thermal project and certain undeveloped thermal lands (collectively, the "Acquired Assets").

Consideration for the Acquired Assets is comprised of $75 million in cash paid on closing and contingent consideration of up to $75 million. The contingent consideration is equal to $1 million for each dollar per barrel the Western Canada Select index averages above C$70 per barrel in a given quarter, payable quarterly over the next 14 quarters following closing, up to a maximum of $75 million in aggregate.

Vawn Summary

Production at Vawn has averaged approximately 5 Mbbls / d year to date (100% heavy oil), relative to nameplate capacity of approximately 10 Mbbls / d and peak production of approximately 12 Mbbls / d. Strathcona estimates approximately 48 MMbbls of remaining recoverable resource in the Lloydminster and Waseca formations, equating to 26 years of resource life based on year-to-date production rates.

Vawn's third quarter 2025 field operating netback of $43.87 / bbl was in line with Strathcona's existing Lloydminster Thermal business ($43.62 / bbl in the third quarter of 2025). Year-end 2024 proved reserves were 25 MMbbls, with an associated before-tax tax PV-10 of $511 million.

Vawn is directly offset to Strathcona's existing thermal project at Edam, with the two projects sharing the same Lloydminster reservoir and having central processing facilities located only two kilometers apart. Strathcona intends to connect the Edam and Vawn facilities into a single integrated complex via a short pipeline beginning in 2027 and expects to realize cost synergies of approximately $10 million per year due to service consolidation and reduced treating costs, while providing additional marketing optionality.

Undeveloped Lands Summary

In addition to Vawn, the Acquired Assets include approximately 43 net sections of undeveloped land at Glenbogie, Plover Lake and Lindbergh, in each case directly offset to Strathcona's existing operations in each area.

- Glenbogie: 16 net sections, increasing Glenbogie's total estimated oil initially-in-place to approximately 370 MMbbls and unlocking the majority of Strathcona's existing acreage which was previously stranded due to being "checkerboarded". Strathcona expects to develop Glenbogie in multiple phases to approximately 35 Mbbls / d (approximately 22 Mbbls / d greater than Strathcona's expectations prior to the acquisition) equating to a 20-year resource life at a 70% recovery factor.
- Plover Lake: 22 net sections, increasing Plover Lake's total estimated oil initially-in-place to approximately 500 MMbbls. Strathcona's existing plans for Plover Lake call for an expansion to 17 Mbbls / d in 2028, followed by a 14 Mbbls / d expansion at Plover Lake West longer-term. The acquired lands are expected to add an additional phase of growth at Plover Lake South, equal to an additional approximately 13 Mbbls / d (approximately 44 Mbbls / d cumulative, equating to a greater than 20-year resource life at a 70% recovery factor).

- Lindbergh: 5 net sections, ideally suited for multi-lateral conventional development, taking advantage of Strathcona's existing facilities at the Lindbergh thermal project.

On a combined basis the acquired lands, excluding Vawn, are expected to increase Strathcona's long-term production capacity by approximately 35 Mbbls / d versus Strathcona's previous plan. Capital efficiencies to achieve this growth are expected to average less than $30,000 / bbl / d, in-line with the capital efficiencies of Strathcona's existing planned Lloydminster Thermal expansions in its 5-year plan.

Updated 2026 Guidance, 5-Year Plan, and Long-Term Production Potential

- 2026 Guidance: 2026 production guidance is increased to 120 to 130 Mbbls / d (from 115 to 125 Mbbls / d previously). Strathcona's 2026 capital budget is unchanged at $1.0 billion, with approximately $20 million of additional sustaining capital at Vawn being offset by capital efficiencies elsewhere.
- 5-Year Plan: Production guidance under Strathcona's 5-year plan is increased by 5 Mbbls / d each year from 2027 to 2031, with production now reaching 200 Mbbls / d at the mid-point in 2031. Capital guidance is unchanged from 2027 to 2031, with additional sustaining capital at Vawn being offset by capital efficiencies elsewhere.
- Long-Term Production Potential: Prior to the acquisition of the Acquired Assets Strathcona's portfolio contained approximately 65 Mbbls / d of longer-term growth projects not included in its 5-year plan, including Glenbogie, Plover Lake West, Taiga and Bellis. As detailed above, the Acquired Assets add a further 35 Mbbls / d of production capacity (100 Mbbls / d on a cumulative basis). Sanction and on-stream timing of these projects will be evaluated over time, with a current expectation of developing all projects by as soon as 2035.

Taken together, Strathcona now expects to grow production at a 10% CAGR from a mid-point of 125 Mbbls / d in 2026 to 200 Mbbls / d in 2031, followed by growth to up to 300 Mbbls / d by 2035 (also a 10% CAGR vs. 2026).

Strathcona will remain nimble in allocating capital and will update its plans over time based on its view of risk-adjusted returns, bearing in mind commodity prices, capital market dynamics and acquisition opportunities. A full reconciliation of Strathcona's current vs. previous 2026 guidance, 5-year plan, and long-term production potential is shown below.

	Production (Mbbls /d)			Capital (C$mm)		
	Previous	Acquired Assets	Current	Previous	Acquired Assets	Current
2026	115 - 125	5	120 - 130	$1,000	-	$1,000
2027	135 - 145	5	140 - 150	$1,200	-	$1,200
2028	140 - 150	5	145 - 155	$1,300	-	$1,300
2029	150 - 160	5	155 - 165	$1,100	-	$1,100
2030	175 - 185	5	180 - 190	$750	-	$750
2031	190 - 200	5	195 - 205	$650	-	$650
Long-Term Potential	260	40	300			

Hedging Update

In November 2025, Strathcona restructured its 50 Mbbls / d of 2026 WCS differential swaps to reduce the swap price from US$14.40 / bbl to US$12.00 / bbl, in return for an upfront cash payment of $60 million, equal to the present value of the difference in swap values discounted at Strathcona's borrowing rate. Strathcona has also hedged approximately 50% (on a net after royalty basis) of its 2026 natural gas purchases at an average price of $2.73 / GJ.

Advisors

Mizuho Securities USA acted as financial advisor to Strathcona in connection with the transaction. Blake, Cassels & Graydon LLP acted as legal counsel in connection with the transaction.

About Strathcona

Strathcona is one of North America's fastest growing pure play heavy oil producers with operations focused on thermal oil and enhanced oil recovery. Strathcona is built on an innovative approach to growth achieved through the consolidation and development of long-life assets. Strathcona's common shares (symbol SCR) are listed on the Toronto Stock Exchange (TSX).

For more information about Strathcona, visit www.strathconaresources.com.

Website addresses are provided for informational purposes only and no information contained on, or accessible from, such websites is incorporated by reference in this news release unless expressly incorporated by reference.

Non-GAAP Financial Measures and Ratios

Non-GAAP financial measures and ratios are used internally by management to assess the performance of the Company. They also provide investors with meaningful metrics to assess the Company's performance compared to other companies in the same industry. However, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to financial measures determined in accordance with GAAP and these measures should not be considered to be more meaningful than GAAP measures in evaluating the Company's performance.

The term "Oil and natural gas sales, net of blending" is calculated by deducting purchased product and blending costs from oil and natural gas sales and sale of purchased product. Management uses this metric to isolate the revenue associated with the Company's operations after accounting for the unavoidable cost of blending. A quantitative reconciliation of Oil and natural gas sales, net of blending, to the most directly comparable GAAP financial measure, Oil and natural gas sales, is presented below.

"Field Operating Income" and "Field Operating Netback" are common metrics used in the oil and natural gas industry to assess the profitability and efficiency of field operations. Field Operating Netback is calculated as Field Operating Income divided by the respective sales volumes for the relevant period. A quantitative reconciliation of Field Operating Income to the most directly comparable GAAP financial measure, Oil and natural gas sales, is presented below.

	For the three months ended September 30, 2025		
	Cold Lake Segment	Lloydminster Thermal Segment	Lloydminster Conventiona
($ millions, unless otherwise indicated)			
Sales volumes (boe/d)	61,433	30,941	22,861
Oil and natural gas sales	585.6	247.3	175.4
Sale of purchased products	5.5	-	8.8
Blending costs	(193.8)	(2.8)	(25.3)
Purchased product	(5.5)	-	(8.9)
Midstream revenue	-	-	-
Oil and natural gas sales, net of blending	391.8	244.5	150.0
Royalties	86.2	21.5	19.9
Production and operating - Energy	18.9	12.9	6.9
Production and operating - Non-energy	48.7	22.2	31.5
Transportation	21.2	63.7	6.7
Field Operating Income	216.8	124.2	85.0
Field Operating Netback	38.31	43.62	40.55

"Capital Efficiency" is calculated as capital expenditures related to a specific field or project, divided by the incremental production resulting from those expenditures. Management uses capital efficiency to evaluate which capital projects yield the most productive use of funds.

Presentation of Oil and Gas Information

All production volumes presented in this news release are shown in barrels (bbl), including those derived from natural gas. Natural gas equivalency volumes for purposes of reporting production or "boe" (barrels of oil equivalent) have been derived using the ratio of six thousand cubic feet of gas to one barrel of oil (6 Mcf: 1 bbl). Such figures may be misleading, particularly if used in isolation. The foregoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 bbl : 6 mcf, utilizing a conversion ratio of 1 bbl : 6 mcf may be misleading as an indication of value.

References in this news release to initial production rates and other short-term production rates and test results are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating aggregate production for Strathcona or the assets for which such rates are provided. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the test results should be considered to be preliminary.

References to "liquids" in this news release refer to, collectively, bitumen, heavy oil, condensate and light oil (comprised of condensate and light oil) and other natural gas liquids ("NGL") (comprised of ethane, propane and butane only). References to "oil and condensate" in this news release refer to, collectively, light and medium crude oil, heavy crude oil, bitumen and natural gas liquids. References to "natural gas" in this news release refer to conventional natural gas.

Reserves and Resource Estimates

Certain reserves and resource information in respect of Vawn has been obtained from the public disclosure of third parties and has not been independently verified. While Strathcona does not have any knowledge that such information may not be accurate, there can be no assurance that such third-party information is complete or accurate. Strathcona makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

Resources do not constitute, and should not be confused with, reserves. Actual reserves and resources will vary from the reserves and resources estimates, and those variations could be material. The estimates of resources provided in this news release are estimates only and there is no guarantee that the estimated resources will be recovered. Uncertainties and risk factors as described in Strathcona's annual information form for the year ended December 31, 2024 and other documents filed by Strathcona with the applicable Canadian securities regulatory authorities (available under Strathcona's profile on SEDAR+ at www.sedarplus.ca) are also applicable to resources.

"Total Oil Initially-in-Place" is that quantity of oil that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of oil that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

"Remaining recoverable resource" is the sum of proved and probable reserves and contingent resources, in each case as estimated by Strathcona in accordance with the Canadian Oil and Gas Evaluation Handbook. In respect of Vawn, remaining recoverable resource is calculated as 32 MMbbls of proved and probable reserves and 16 MMbbls of contingent resource.

"contingent resources" are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as "contingent resources" the estimated discovered recoverable quantities associated with a project in the early project stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

Oil and Gas Metrics

This news release contains metrics commonly used in the crude oil and natural gas industry, including "resources life index". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Readers are cautioned as to the reliability of oil and gas metrics used in this news release. Management of Strathcona uses these oil and gas metrics for its own performance measurements and to provide investors with measures to compare Strathcona's projected performance over time; however, such measures are not reliable indicators of Strathcona's future performance, which may not compare to Strathcona's performance in previous periods, and therefore should not be unduly relied upon.

"Resources life index" is calculated by dividing the applicable contingent resources by expected production.

Forward-Looking Information

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws and are prospective in nature. Forward-looking information is not based on historical facts, but rather on current expectations and projections about future events, and is therefore subject to risks and uncertainties that could cause actual results to differ materially from the future results expressed or implied by the forward-looking information. Often, but not always, forward-looking information can be identified by the use of forward-looking words such as "believes", "plans", "expects", "intends" and "anticipates", or variations of such words, and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information contained in this news release includes, but is not limited to, Strathcona's intention to connect the Edam and Vawn facilities into a single integrated complex via a short pipeline beginning in 2027; expected cost synergies of approximately $10 million per year; the expected impact and benefits of the acquisition of 43 net sections of undeveloped land at Glenbogie, Plover and Lindbergh, including development expectations, timelines, increases to production and capital efficiencies; Strathcona's production and capital spending guidance for 2026 and long-range growth plans, including our expectation of developing all longer-term projects by as soon as 2035; and our intention to remain nimble in allocating capital and our expectation to update our plans over time based on certain factors.

Although Strathcona believes that the expectations reflected by the forward-looking information presented in this news release are reasonable, the forward-looking information is based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to Strathcona about itself and the business in which it operates. Information used in developing forward-looking information has been acquired from various sources, including third party consultants, suppliers and regulators, among others. The material assumptions used to develop the forward-looking information herein include, but are not limited to: the success of Strathcona's operations and growth and expansion projects; expectations regarding production growth, future well production rates and reserve volumes; expectations regarding Strathcona's capital program, including the outlook for general economic trends, industry trends, prevailing and future commodity prices, foreign exchange rates and interest rates; the availability of third party services; prevailing and future royalty regimes and tax laws; future well production rates and reserve volumes; fluctuations in energy prices based on worldwide demand and geopolitical events; expectations regarding the impact of tariffs on Strathcona's operations and its ability to effectively mitigate the impact thereof; the impact of inflation; the integrity and reliability of Strathcona's assets; decommissioning obligations; Strathcona's ability to comply with its financial covenants; and the governmental, regulatory and legal environment. Although Strathcona believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information herein will prove to be accurate.

The forward-looking information included in this news release is not a guarantee of future performance. Because actual results or outcomes could differ materially from those expressed in any forward-looking information, readers should not place undue reliance on any such forward-looking information. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Factors that could cause actual events to differ materially from those contemplated or implied by the forward-looking information in this news release include, but are not limited to, changes in commodity prices; changes in the demand for or supply of Strathcona's products; the continued impact, or further deterioration, in global economic and market conditions, including from inflation and/or certain geopolitical conflicts, such as the ongoing Russia/Ukraine conflict and the conflict in the Middle East, and other heightened geopolitical risks, including the imposition of tariffs or other trade barriers, and the ability of Strathcona to carry on operations as contemplated in light of the foregoing; determinations by the Organization of the Petroleum Exporting Countries and other countries as to production levels; unanticipated operating results or production declines; changes in tax or environmental laws, climate change, royalty rates or other regulatory matters; changes in Strathcona's development plans or by third party operators of Strathcona's properties; competition from other producers; inability to retain drilling rigs and other services; failure to realize the anticipated benefits of Strathcona's acquisitions; incorrect assessment of the value of acquisitions; delays resulting from or inability to obtain required regulatory approvals; increased debt levels or debt service requirements; inflation; changes in foreign exchange rates; inaccurate estimation of Strathcona's oil and gas reserve and contingent resource volumes; limited, unfavourable or a lack of access to capital markets or other sources of capital; increased costs; a lack of adequate insurance coverage; the impact of competitors; and the other risks described in Strathcona's annual information form for the year ended December 31, 2024 and other documents filed by Strathcona with the applicable Canadian securities regulatory authorities (available under Strathcona's profile on SEDAR+ at www.sedarplus.ca).

Management approved the capital budget and production guidance contained herein as of the date of this news release. The purpose of the capital budget and production guidance is to assist readers in understanding Strathcona's expected and targeted financial position and performance, and this information may not be appropriate for other purposes.

This news release contains information that may constitute future-oriented financial information or financial outlook information (collectively, "FOFI") about Strathcona's prospective financial performance, financial position or cash flows, all of which is subject to the same assumptions, risk factors, limitations and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on FOFI. Strathcona's actual results, performance and achievements could differ materially from those expressed in, or implied by, FOFI. Strathcona has included FOFI in order to provide readers with a more complete perspective on Strathcona's future operations and management's current expectations relating to Strathcona's future performance. Readers are cautioned that such information may not be appropriate for other purposes.

The foregoing risks should not be construed as exhaustive. The forward-looking information contained in this news release is provided as of the date hereof and Strathcona does not undertake any obligation to publicly update or to revise any of the forward-looking information included herein to reflect new circumstances or events, except as required by applicable securities laws. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

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