Saturn Oil & Gas Inc. Announces 2026 Capital Budget and Guidance Designed to Optimize Free Funds Flow, Continue Debt Repayment and Preserve Long-Term Value

17.12.2025 | Newsfile

- Disciplined $180 to $190 million development capital budget retains flexibility and targets quick payback opportunities
- Forecast average production of 39,000 to 41,000 boe/d, with ability to quickly ramp up capital and volumes should prices strengthen
- Free funds flow allocated to debt repayment and share buybacks, with forecast free funds flow yield of 25% to 35%
- Up to 1/3 of total development capital allocated to high-return, rapid payback open hole multi-lateral ("OHML") drilling

Calgary, December 17, 2025 - Saturn Oil & Gas Inc. (TSX: SOIL) (OTCQX: OILSF) ("Saturn" or the "Company"), a light oil-weighted producer focused on unlocking value through the development of our extensive inventory of assets in Saskatchewan and Alberta, today announces our 2026 capital budget and guidance.

The Company intends to continue allocating capital prudently through 2026, with a development capital budget range of $180 to $190 million assuming US$60 per barrel WTI, positioning Saturn to deliver 2026 average production between 39,000 and 41,000 boe/d[(2)], weighted approximately 81% to oil and liquids (the "2026 Budget"). In light of the prevailing commodity price environment, the 2026 Budget is structured to prioritize drilling targets with the highest potential returns, preserve the value of our asset base through disciplined capital allocation and optimize free funds flow generation. Our program in 2026 can be scaled up or down quickly should commodity prices fluctuate, enabling the Company to retain significant flexibility across a variety of price scenarios. Consistent with our Blueprint strategy, we intend to utilize incremental free funds flow for ongoing debt repayment, share buybacks or potential accretive tuck-in acquisitions at attractive metrics should opportunities arise.

"In response to the near-term WTI price outlook, we are taking a prudent approach to our 2026 capital spending profile, which is 27% lower than our revised September 2025 guidance, while our production is anticipated to average only 5% below that revised guidance. This is due to the Company's track record of exceeding type curves, reducing costs, and protecting margins through operational synergies and disciplined capital deployment," said John Jeffrey, Saturn's Chief Executive Officer. "Our mid-life cycle asset base requires minimal infrastructure spending and has shallower relative decline rates, helping to keep maintenance capital lower. Even in the current commodity price environment, we continue to see compelling returns from our development program, specifically the OHML and conventional Mississippian and Spearfish wells. Our commitment to generating resilient free funds flow enables us to continue reducing leverage and to remain nimble and opportunistic."

2026 BUDGET HIGHLIGHTS

- $180 to $190 million development capital expenditure[(1)] budget, with nearly 85% directed to drilling, completion, equip and tie-in activities; approximately 5% to waterflood initiatives; and the balance to production optimization initiatives, facilities, land and seismic.
- 39,000 to 41,000 boe/d[(2)] forecast average 2026 production (~81% liquids).

- Drill 105 (78 net) wells targeting the highest return locations in the current price environment, which are concentrated in our Southeast Saskatchewan ("SE SK") Bakken and conventional Mississippian development areas, along with our Central Alberta Cardium.
- Up to 33% of development capital expected to be directed to high-return and capital efficient OHML locations in SE SK.
- Budget assumptions of US$60.00 WTI, US$4.00 MSW-WTI differential, US$13.00 WCS-WTI differential, C$3.00/GJ AECO and 0.72x CAD/USD assumptions.

Consistent with prior years, our 2026 Budget is expected to be weighted to the second half of the year, with over 40% anticipated to be deployed in Q3, almost 30% in Q4, 20% weighted to Q1 with the balance in Q2, reflecting the seasonal impacts of spring break-up. As a result of this cadence, coupled with the production momentum carried through from Q4/25, Saturn anticipates volumes will be highest through the first half, declining through the second half as a result of lower spending in the first half.

Free funds flow is anticipated to be highest in Q2 driven by lower capital spending during that period. Given the Q3/Q4 weighted capital program, the Company can be nimble in adjusting our development program in response to market conditions. Saturn intends to apply our Blueprint strategy and focus on reducing net operating expenses through 2026 following the integration of the tuck-in assets that were acquired in the latter half of 2025. Our team is actively identifying opportunities to enhance efficiencies, capture synergies, and achieve further cost reductions over time, building on the success we've realized implementing such improvements on past acquisitions.

Our 2026 corporate guidance estimates are intended to provide readers with information relevant to Management's expectations for financial and operating results during the year and may fluctuate with commodity prices or regulatory changes. An accompanying 2026 Guidance Presentation is also available for viewing or download on our website.

2026 Forecast(3)	Full Year 2026 Range
Development Capital Expenditures(1) ($millions)	$180 - $190
Average Annual Production (boe/d)	39,000 - 41,000(1)
Oil and Liquids Weighting (%)	~81%
($millions, except per share)	
Adjusted Funds Flow (AFF)(1)	$325 - $375
AFF per weighted average basic share(4)	$1.75 - $2.00
Free Funds Flow(1)	$120 - $170
Free Funds Flow per weighted average basic share(4)	$0.65 - $0.95
Free Funds Flow Yield(5)	25% - 35%
Year-end Net Debt(1)	$645 - $695
Net Debt(2) to Adjusted EBITDA(1) (times)	1.4x - 1.7x
Operating Netback(1) Inputs	
Royalties (%)	12.0% - 12.5%
Net operating expense(2) ($/boe)	$20.00 - $21.00
Transportation expense ($/boe)	$1.70 - $1.85
General and administrative ("G&A") expense ($/boe)	$1.70 - $1.85

In addition to the above forecasts, Saturn anticipates approximately $15 million in capitalized administrative expenses; $19 million of asset retirement obligations and $16 million primarily related to lease payments associated with a gas processing contract. The Company does not anticipate being taxable in 2026.

Sensitivities

Saturn's forecasted funds flow is most sensitive to changes in crude oil prices. Saturn estimates that each additional US$5/bbl increase in the US$ WTI oil price would provide an incremental approximately $50 million in AFF(1).

Annualized sensitivity analysis on AFF[1], estimated for 2026:

	Change	Approximate AFF[1][5] Impact
WTI oil price (USD/bbl)	$5.00	$49 million
AECO gas price (CAD/GJ)	$0.50	$3 million
CAD/USD exchange rate	$0.01	$8 million
Oil production (bbl/d)	1,000	$25 million

2026 CAPITAL PROGRAM OVERVIEW

Southeast Saskatchewan ("SE SK")

- Approximately 60% of our total 2026 Budget allocated to this area, with 77 (61.0 net) wells planned.
- Up to 33% of our 2026 Budget directed to OHML drilling, with 32 (21.8 net) OHML locations targeted, an increase of 60% over 2025 OHML drills.
- Targeting 23 (21.0 net) conventional Mississippian wells, featuring low drilling costs and high deliverability, leading to some of our highest returns and most capital efficient opportunities.
- Expand the Bakken waterflood at Creelman and build on 2025 development with the drilling of three re-pressurized wells in 2026, along with the conversion of seven producers to injectors that will support the planned drilling program in 2027. Approximately 5% of our total 2026 capital is earmarked for our waterflood program, reducing the number of primary wells we need to drill, protecting our inventory by lowering decline rates, and supporting our long-term sustainability and resilience across commodity price cycles.
- In Q1/26, Saturn anticipates running four rigs in SE SK, three of which are dedicated to OHML locations in the Midale, Viewfield Bakken and on lands acquired in August of 2025, with the fourth rig targeting conventional Mississippian development.

Central Alberta Cardium Development

- Approximately 20% of the 2026 Budget is allocated to continued Cardium development at Lochend along with development at West Pembina to build on our success over the past 15 months, which includes drilling both the longest and fastest wells ever drilled in the Cardium.
- Saturn is planning two multi-well pads featuring extended reach horizontals up to 3-miles in this area, including one seven well pad and an additional six well pad.

CONFERENCE CALL AND WEBCAST

The Company plans to host a conference call on Thursday, December 18, 2025, at 8:00 am Mountain Time (10:00 am Eastern Time) to provide additional context around our 2026 capital budget and development program, followed by a question-and-answer session with attendees.

- Date: Thursday, December 18, 2025
- Time: 8:00 am MT (10:00 am ET)
- Live Webcast Link: https://www.gowebcasting.com/14567
- North America (Toll Free) Dial In: 1-833-752-3741
- International Dial In: 1-647-846-8678

An audio replay of the webcast will be available one hour after the end of the call at the link above and will remain accessible for 12 months. The replay link will also be posted on Saturn's website.

NOTES

[1] See reader advisory: Non-GAAP and Other Financial Measures.
[2] See reader advisory: Supplemental Information Regarding Product Types.

(3) 2026 Pricing assumptions: WTI crude oil of US$60.00/bbl; US$13.00/bbl WCS differential; US$4.00/bbl MSW differential; CAD/USD exchange rate of 0.72x; AECO price of C$3.00/GJ.
(4) Based on approximately 185.3 million weighted average basic common shares outstanding.
(5) Free funds flow yield calculated as Saturn's current market cap of ~$450 million divided by free funds flow.
(6) Based on midpoint production of approximately 40,000 boe/d.

ABOUT SATURN

Saturn is a returns-driven Canadian energy company focused on the efficient and innovative development of high-quality, light oil weighted assets, supported by an acquisition strategy targeting accretive and complementary opportunities. The Company's portfolio of free-cash flowing, low-decline operated assets in Saskatchewan and Alberta provide a deep inventory of long-term economic drilling opportunities across multiple zones. With an unwavering commitment to building an entrepreneurial-focused culture, Saturn's goal is to increase per share reserves, production and cash flow at an attractive return on invested capital. The Company's shares are listed for trading on the TSX under ticker 'SOIL' and on the OTCQX under the ticker 'OILSF'. Further information and our corporate presentation are available on Saturn's website at www.saturnoil.com.

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READER ADVISORIES

Non-GAAP and Other Financial Measures

Throughout this news release and in other materials disclosed by the Company, Saturn employs certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow used in investing activities, as indicators of Saturn's performance.

The disclosure under the section "Non-GAAP and Other Financial Measures" in our MD&A, including non-GAAP financial measures and ratios, capital management measures and supplementary financial measures in the Company's Financial Statements and MD&A are incorporated by reference into this news release.

This news release uses the terms "Adjusted EBITDA", "Adjusted Funds Flow", "Net Debt", "Free Funds Flow", "Net Debt to Annualized Proforma AFF", "Net Debt to Annualized Adjusted EBITDA" and "Net Debt to Annualized AFF" which are capital management financial measures. See the disclosure under "Capital Management" in our Financial Statements for the three and nine months ended September 30, 2025, for an explanation and composition of these measures, how these measures provide useful information to an investor, the additional purposes, if any, for which management uses these measures, and, where applicable, a reconciliation of the Company's historical non-GAAP financial measures to the most directly comparable measure calculated in accordance with IFRS for the applicable period then ended.

Capital Expenditures

Saturn uses development capital expenditures to monitor its capital investments relative to those budgeted by the Company on an annual basis. Saturn's capital budget excludes acquisition and disposition activities as well as the accounting impact of any accrual changes or payments under certain lease arrangements. Development capital expenditures in this news release are calculated as expenditures on exploration and evaluation assets, property plant and equipment and excludes the impact of capitalized administrative costs.

Adjusted EBITDA

The Company considers Adjusted EBITDA to be a key capital management measure as it was used within certain financial covenants prescribed under the Company's previous Senior Term Loan and demonstrates Saturn's standalone profitability, operating and financial performance in terms of cash flow generation, adjusting for interest related to its capital structure. Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization and other non-cash or extraordinary items. Adjusted EBITDA is presented both before and after derivatives to identify the impact of WTI commodity contracts hedges in place.

Adjusted Funds Flow

The Company considers adjusted funds flow to be a key capital management measure as it demonstrates Saturn's ability to generate the necessary funds to manage production levels and fund future growth through capital investment. Adjusted funds flow is calculated as cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures and transaction costs. Management believes that this measure provides an insightful assessment of Saturn's operations on a continuing basis by eliminating certain non-cash charges, actual settlements of decommissioning obligations, of which the nature and timing of expenditures may vary based on the stage of the Company's assets and operating areas, and transaction costs which vary based on the Company's acquisition and disposition activity.

Adjusted Funds Flow per Share

Adjusted funds flow per share is a non-GAAP ratio by management to better analyze the Company's performance against prior periods on a more comparable basis. Adjusted funds flow per share is calculated as adjusted funds flow from operations divided by weighted average shares outstanding during the applicable period on a basic or diluted basis.

Free Funds Flow and Free Funds Flow per Share

Saturn uses free funds flow as an indicator of the efficiency and liquidity of its business, measuring its funds after capital investment available to manage debt levels, pursue acquisitions and gauge optionality to pay dividends and/or and return capital to shareholders through activities such as share repurchases. Saturn calculates free funds flow as adjusted funds flow in the period less capital expenditures. By removing the impact of current period capital expenditures from adjusted funds flow, management monitors its free funds flow to inform its capital allocation decisions. Free funds flow is also presented on a per share basis as a non-GAAP financial ratio.

Annualized Proforma Adjusted Funds Flow

Annualized proforma adjusted funds flow is calculated by adding the trailing four quarters of Saturn's adjusted funds flow and the annualized proforma adjusted funds flow of acquisitions completed within the quarter. This metric is used by management to quantify and analyze its leverage ratios in the current period, with the added context of the proforma adjusted funds flow from the acquired assets.

Net Operating Expenses and Net Operating Expenses per BOE

Net operating expense is calculated by deducting processing income primarily generated by processing third party production at processing facilities where the Company has an ownership interest, from operating expenses presented on the Statement of income (loss). Where the Company has excess capacity at one of its facilities, it will process third-party volumes to reduce the cost of ownership in the facility. The Company's primary business activities are not that of a midstream entity whose activities are focused on earning processing and other infrastructure-based revenues, and as such third-party processing revenue is netted against operating expenses in the MD&A. This metric is used by management to evaluate the Company's net operating expenses on a unit of production basis. Net operating expense per boe is a non-GAAP financial ratio and is calculated as net operating expense divided by total barrels of oil equivalent produced over a specific period of time. The calculation of the Company's net operating expenses is shown within the net operating expenses section of the MD&A.

Operating Netback and Operating Netback, Net of Derivatives

The Company's operating netback is determined by deducting royalties, net operating expenses and transportation expenses from petroleum and natural gas sales. The Company's operating netback, net of derivatives is calculated by adding or deducting realized financial derivative commodity contract gains or losses from the operating netback. Derivative contract termination payments are included in realized derivative commodity contract gains or losses for the purposes of calculating the operating netback. The Company's operating netback and operating netback, net of derivatives are used in operational and capital allocation decisions. Presenting operating netback and operating netback, net of derivatives on a per boe basis is a non-GAAP financial ratio and allows management to better analyze performance against prior periods on a per unit of production basis.

Capital Management Measures

National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-110") defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Please refer to note 13 "Capital Management" in Saturn's financial statements as at and for the three and nine months ended September 30, 2025, for additional disclosure on: net debt, adjusted EBITDA, adjusted funds flow, free funds flow, and net debt to annualized proforma AFF, each of which are capital management measures used by the Company in this news release.

Supplementary Financial Measures

NI 52‐112 defines a supplementary financial measure as a financial measure that: (i) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of an entity; (ii) is not disclosed in the financial statements of the entity; (iii) is not a non‐GAAP financial measure; and (iv) is not a non‐GAAP ratio. The supplementary financial measures used in this news release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

Supplemental Information Regarding Product Types

References to gas or natural gas and NGLs in this news release refer to conventional natural gas and natural gas liquids product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities, except where specifically noted otherwise. 2026 average production at the midpoint of the guidance range is anticipated to be comprised of approximately 64% light and medium crude oil, 8% heavy oil, 9% NGLs and 19% natural gas.

Boe Presentation

Boe means barrel of oil equivalent. All boe conversions in this news release are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does 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.

Forward-Looking Information and Statements

Certain information included in this news release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "scheduled", "will" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this news release may include, but is not limited to, the Company's capital allocation strategy, the benefits of robust adjusted funds flow, expectations with respect to the oil and natural gas environment, the benefits of acquisition activity, the success of our development program, expectations with respect to our assets, including anticipated funding of certain programs and anticipated volumes and production associated therewith, the Company's outlook for 2026, the expected composition of production, the Company's drilling, completion and development plans, capital allocation strategy, the strength and sustainability of the Company's asset base and expertise of its personnel, expectations concerning the quantum and timing of the 2026 capital program, expected returns from OHML drilling programs, the liquidity of the Company and available credit, expectations regarding netbacks, cost savings, hedging strategy, operating costs, return of capital, share buybacks and debt reduction strategies, the effect the Company's capital strategy on per share metrics and equity accretion, the business plan, cost model and strategy of the Company, per boe operating costs, anticipated production levels and related product types, and expectations regarding anticipated pricing trends, growth opportunities, taxability and market conditions.

The forward-looking statements contained in this news release are based on certain key expectations and assumptions made by Saturn which may prove to be incorrect. Although Saturn believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Saturn can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual plans and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraints in the availability of services, commodity price and exchange rate fluctuations, actions of OPEC and OPEC+ members, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Saturn's Annual Information Form for the year ended December 31, 2024, available on SEDAR+ at sedarplus.ca.

The forward-looking information in this news release reflects the Company's current expectations, assumptions and/or beliefs based on information currently available to the Company. The forward-looking information contained in this news release is made as of the date hereof and Saturn undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

To view the source version of this press release, please visit https://www.newsfilecorp.com/release/278421