



LYCOS ENERGY INC. ANNOUNCES CLOSING OF PREVIOUSLY ANNOUNCED WYATT RESOURCES LTD. ACQUISITION

Calgary, Alberta – September 1, 2023 - Lycos Energy Inc. ("**Lycos**" or the "**Company**") (TSXV: LCX) is pleased to announce that it has successfully closed the previously announced acquisition (the "**Acquisition**") of Wyatt Resources Ltd. ("**Wyatt**"), a privately held, heavy oil producer. Lycos acquired all of the issued and outstanding common shares of Wyatt for total consideration of \$8.8 million, consisting of \$6.5 million in cash and \$2.3 million of equity. The Acquisition includes current production of 400 boe/d. Significant growth opportunities have been identified on the 12,335 net acres of Wyatt land, including over 20 net drilling locations.

The cash consideration for the Acquisition was funded through the Company's credit facilities. The equity consideration for the Acquisition comprised of 635,640 post-consolidation common shares of Lycos (the "**Lycos Shares**") at a deemed price of approximately \$3.62 per Lycos Share. The post-consolidation Lycos Shares will commence trading on the facilities of the TSX Venture Exchange at market open today. Following the completion of the Acquisition and the consolidation, the Company has 40,404,140 Lycos Shares issued and outstanding. For further details on the Acquisition and the consolidation, please refer to the Company's press release dated August 24, 2023.

About Lycos

Lycos is an oil-focused, exploration, development and production company based in Calgary, Alberta, operating high-quality, heavy-oil, development assets in the Gull Lake area of southwest Saskatchewan and heavy-oil assets in the Lloydminster area.

Additional Information

For further information, please contact:

Dave Burton

President and Chief Executive Officer
T: (403) 616-3327
E: dburton@lycosenergy.com

Lindsay Goos

Vice President, Finance and Chief Financial Officer
T: (403) 542-3183
E: lgoos@lycosenergy.com

Reader Advisories

Forward-Looking and Cautionary Statements

Certain statements contained within this press release constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavor", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions. Lycos believes that the expectations reflected in such forward-looking statements are reasonable as of the date hereof, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this press release contains forward-looking statements pertaining to: Lycos' business strategy, objectives, strength and focus; the anticipated benefits of the Acquisition, including the impact of the Acquisition on the Company's operations, reserves, inventory and opportunities, financial condition, access to capital and overall strategy; the performance characteristics of the Company's oil and natural gas properties; the ability of the Company to achieve drilling success consistent with management's expectations; and the source of funding for the Company's activities including development costs. Statements relating to production, reserves, recovery, replacement, costs and valuation are also deemed to be forward-looking

statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking statements and information are based on certain key expectations and assumptions made by Lycos, including expectations and assumptions concerning the business plan of Lycos; the timing of and success of future drilling, development and completion activities; the geological characteristics of Lycos' properties, including those acquired in connection with the Acquisition; prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products; the availability and performance of drilling rigs, facilities, pipelines and other oilfield services; the timing of past operations and activities in the planned areas of focus; the drilling, completion and tie-in of wells being completed as planned; the performance of new and existing wells; the application of existing drilling and fracturing techniques; prevailing weather and break-up conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; the continued availability of capital and skilled personnel; the ability to maintain or grow its credit facility; the accuracy of Lycos' geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Lycos' ability to execute its plans and strategies.

Although Lycos believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Lycos can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, unforeseen difficulties in integrating the Wyatt assets into Lycos' operations; incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs (including the Acquisition); fluctuations in commodity prices, changes in industry regulations and political landscape both domestically and abroad, wars (including Russia's military actions in Ukraine), hostilities, civil insurrections, foreign exchange or interest rates, increased operating and capital costs due to inflationary pressures (actual and anticipated), volatility in the stock market and financial system, impacts of pandemics, the retention of key management and employees, risks with respect to unplanned third-party pipeline outages and risks relating to the Alberta wildfires, including in respect of safety, asset integrity and shutting in production. Ongoing military actions between Russia and Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the actions between these nations remains uncertain. Please refer to the annual information form for the year ended December 31, 2022, and the management discussion and analysis for the three and six months ended June 30, 2023, for additional risk factors relating to Lycos, which can be accessed either on the Company's website at www.lycosenergy.com or under the Company's SEDAR+ profile at www.sedarplus.ca. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. Lycos 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 required by law.

Disclosure of Oil and Gas Information

Reserves Information. All reserves information in this press release relating to the Wyatt assets was prepared by Sproule Associates Limited ("**Sproule**") for Wyatt effective March 31, 2023 (the "**Wyatt Reserves Report**"). The evaluation of Wyatt's properties was prepared in accordance with the definitions, standards and procedures contained in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the most recent publication of the Canadian Oil and Gas Evaluations Handbook ("**COGEH**") and is based on Sproule's published price forecast as of March 31, 2023. Reserves values are based on working interest reserves of the Wyatt assets being acquired before deduction of royalties and without including any of royalty interest reserves.

Unit Cost Calculation. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Product Types. Throughout this press release, "crude oil" or "oil" refers to heavy crude oil product types as defined by NI 51-101.

Drilling Locations. This press release discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are derived from the Wyatt Reserves Report and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will

ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by the drilling of existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production

Abbreviations

bbl	barrels of oil
bbl/d	barrels of oil per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mbbl	thousand barrels of oil
Mboe	thousand barrels of oil equivalent
MMbbl	million barrels of oil
MMboe	million barrels of oil equivalent
MMcf	million cubic feet

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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.