

Lotus Creek Exploration Inc. Announces Second Quarter 2025 Operating Results and Appointment of Chief Financial Officer

Calgary, Alberta--(Newsfile Corp. - August 6, 2025) - Lotus Creek Exploration Inc. (TSXV: LTC) ("Lotus Creek" or the "Company") is pleased to provide the following second quarter operating results to shareholders. Lotus Creek's Interim Consolidated Financial Statements and related Management's Discussion and Analysis ("MD&A") for the period ended June 30, 2025 are available for review on Lotus Creek's website at www.lotuscreek.ca and on Lotus Creek's SEDAR+ profile at www.sedarplus.ca.

QUARTERLY HIGHLIGHTS

- Production for the second quarter of 2025 was 1,627 boe per day comprised of 970 bbl per day of light oil, 243 bbl per day of NGLs and 2,481 mcf per day of natural gas. Production remained flat from the first quarter of 2025. The Company continues to await approval from the Alberta Energy Regulator for the Tucker Lake facility license and anticipates approval and on-stream production during the third quarter of 2025.
- Lotus Creek invested a total of \$3.4 million of capital during the second quarter, which includes initial costs for a new oil battery in Wilson Creek with capacity of 5,000 boe per day.
- The Company maintains a strong balance sheet with a working capital surplus of \$10.5 million at the end of the second quarter and access to ample liquidity through its \$35.0 million credit facility.
- Lotus Creek initiated its risk management program. The Company plans to manage the risks of changes in commodity prices and foreign currency exchange by entering into a variety of short-term risk management contracts.
- Adjusted funds from operations ("Adjusted FFO") for the second quarter of 2025 were \$2.0 million as compared to \$1.6 million for the first quarter of 2025. Commodity prices decreased in the second quarter driven by a lower WTI benchmark oil price. See "Non-GAAP and Other Financial Measures" in this press release.

OPERATIONS UPDATE

In July, Lotus Creek commenced its Belly River drilling program in Central Alberta. The Company will drill and complete 2 gross (2.0 net) light oil Belly River wells that are expected to be onstream late in the third quarter of 2025. Lotus Creek plans to drill and bring onstream an additional 2 gross (2.0 net) light oil Belly River wells later in the year.

2025 GUIDANCE

Lotus Creek has reached an exciting and important part of its inaugural year as a new company. The Company has successfully commenced development in its two key focus areas, Wilson Creek in Central Alberta and Tucker Lake in Northern Alberta. The Company encountered good quality reservoir rock in both areas. The Company is progressing towards the completion and onstream stage and expects important production additions in the month of September from 3 gross (3.0 net) Tucker Lake heavy oil wells and 2 gross (2.0 net) Belly River light oil wells. The initial results from these wells are expected to have a meaningful impact on the 2025 annual metrics. At the present time, the Company has not made any changes to its 2025 guidance and budget as previously disclosed. Lotus Creek intends to update shareholders in the second half of 2025 as the new wells come on production. The Company's annual average production and fourth quarter production for 2025, as well as the other metrics disclosed in our previously issued guidance, will depend on the timing of bringing wells on production during the second

half of the year.

Table 1

	2025 Fiscal Guidance	Q2 2025 YTD Actuals
Annual production (boe/d)	2,000 - 2,400	1,629
Q4 average production (boe/d)	3,000 - 3,400	NA
Light oil and NGLs weighting (%)	77	74
Heavy oil weighting (%)	10	-
Natural gas weighting (%)	13	26
Royalty rate (%)	12 - 13	14
Operating and transportation costs (\$/boe)	19.50 - 20.50	25.19
General and administrative expense (\$/boe)	5.00 - 5.50	9.38
Interest and financing charges (\$/boe)	0.50 - 1.00	0.97
Capital and abandonment expenditures (\$ millions) ⁽¹⁾	43.0	13.1

(1) Capital and abandonment expenditures includes decommissioning liability expenditures made by Lotus Creek

The following table summarizes selected highlights for the three and six months ended June 30, 2025 and December 31, 2024.

	Three months ended	Three months ended	Six months ended
(Cdn\$ thousands, except per share, share and per boe amounts)	June 30, 2025(3)	Mar 31, 2025(2)	Jun 30, 2025(4)
FINANCIAL			
Adjusted funds from operations (1)	2,049	1,619	3,668
Per boe	13.84	18.04	15.42
Per weighted average basic share	0.05	0.07	0.11
Cash flows from (used in) operating activities	1,069	(443)	626
Per boe	7.22	(4.94)	2.63
Per weighted average basic share	0.03	(0.02)	0.02
Net loss	(115)	(489)	(604)
Per weighted average basic share	-	(0.02)	(0.02)
Exploration and evaluation expenditures	1,320	9,292	10,612
Property, plant and equipment expenditures	2,082	294	2,376
Net acquisitions (5)	196	58,435	58,631
Decommissioning liabilities settled	70	-	70
Net surplus (1)	10,478	12,192	10,478
Weighted average shares, basic (thousands)	40,000	24,444	32,265
Shares outstanding, end of period (thousands)	40,000	40,000	40,000
OPERATING			
Production			
Light oil (bbl/d)	970	945	961
Natural gas liquids (bbl/d)	243	252	246
Natural gas (mcf/d)	2,481	2,609	2,529
Total (boe/d)	1,627	1,632	1,629
Average realized prices			
Light oil (\$/bbl)	82.58	89.82	85.26
Natural gas liquids (\$/bbl)	30.92	43.21	35.65
Natural gas (\$/mcf)	1.64	2.23	1.87
Netback (\$/boe)			
Petroleum and natural gas sales	56.38	62.27	58.59
Royalties	(7.77)	(9.07)	(8.26)
Operating expenses	(23.15)	(23.92)	(23.44)
Transportation expenses	(1.68)	(1.87)	(1.75)
Operating netback (1)	23.78	27.41	25.14
General and administrative	(9.47)	(9.24)	(9.38)
Interest income	0.54	0.78	0.63
Interest and financing charges	(1.01)	(0.91)	(0.97)

(1) Adjusted funds from operations (including per boe and per weighted average basic share), net surplus and operating netback do not have any standardized meanings under Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other entities. For additional information related to these measures, including a reconciliation to the nearest GAAP measures, where applicable, see "Non-GAAP and Other Financial Measures" in this press release.

(2) The commercial operations of Lotus Creek for the first quarter of 2025 are between February 5, 2025 and March 31, 2025.

(3) As Lotus Creek was incorporated on August 21, 2024, there is no comparative for the three and six months ended June 30, 2024. As such, the only comparative period is the three months ended March 31, 2025.

(4) Reflects commercial operations between February 5, 2025 and June 30, 2025

(5) Net of decommissioning liabilities on date of acquisition.

APPOINTMENT OF CHIEF FINANCIAL OFFICER

The Company is pleased to announce the appointment of Mitchell Harris as its Chief Financial Officer ("CFO") and Vice-President, Finance.

"I am pleased to announce Mitchell as CFO and Vice-President, Finance, of Lotus Creek. Mitchell's knowledge, experience and tenure with the Lotus Creek assets has led to an efficient and stable transition for the Company. I look forward to continuing to work with Mitchell and our leadership team as we execute our strategy as a profitable, high torque, organic growth oil and gas company." said Kevin Johnson President and Chief Executive Officer.

Mr. Harris has served as the Interim CFO since March 3, 2025, and prior to that, was the Controller of Lotus Creek since inception and previously served as Controller of Gear from 2020 to 2025. Mr. Harris is a Chartered Professional Accountant with close to 15 years of industry experience. Mr. Harris has a Bachelor of Business Administration degree from Acadia University.

ABOUT LOTUS CREEK

Lotus Creek is a Canadian exploration and production company with oil production in Central Alberta and Southeast Saskatchewan and exploration assets in Tucker Lake and Central Alberta. On February 5, 2025, Lotus Creek, Gear and a third-party closed the previously announced transformative plan of arrangement and commenced commercial operations on close of the plan of arrangement.

Our objective is to be the fastest growing, fully funded, public junior oil and gas company in Canada. We will measure shareholder value creation by profitable growth in earnings, cashflow, production and producing reserves per debt adjusted share.

Key Attributes

- ✓ High-quality, light sweet oil production base with long life reserves
- ✓ Material upside in Wilson Creek and Tucker Lake assets with strong economics and capital efficiencies
- ✓ Multiple stacked oil reservoir zones, with open hole, multi-lateral and multi-stage fractured horizontal locations
- ✓ Well capitalized business model positioned to substantially grow in the coming years

Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: the anticipated timing for receiving approval for the Tucker Lake multi-well battery facility license and timing for bringing onstream; Lotus Creek's Belly River drilling program and the expected timing and benefits thereof; Lotus Creek's plans to manage the risks of changes in commodity prices and foreign currency exchange by entering into a variety of risk management contracts; expectations relating to the addition of important production adds in the month of September; Lotus Creek's expectations that the Tucker Lake and Belly River wells will have a meaningful impact to the 2025 annual metrics; the Company's plans to update shareholders in the second half of 2025; Lotus Creek's operational strategy, plans, priorities and focus; Lotus Creek's objective to be the fastest growing, fully funded, public junior oil and gas company in Canada; that the Company will measure shareholder value creation by profitable growth in cashflow, production and producing reserves per debt adjusted share; the expectation that the Company has ample liquidity; the intent of Lotus Creek to continue to monitor commodity prices and overall market conditions and to determine whether to make adjustments to its 2025 capital expenditure budget and guidance; and other such similar statements.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Lotus Creek including, without limitation: that Lotus Creek will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; the ability of the Company to receive all necessary regulatory approvals without significant adverse conditions, including in respect of the multi-well battery facility license at Tucker Lake; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Lotus Creek's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. Lotus Creek believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

To the extent that any forward-looking information contained herein may be considered a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeting and developing future plans and readers are cautioned that the information may not be appropriate for other purposes. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company, including by decreasing demand for oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the failure to receive any regulatory approvals required for the Company's operations as contemplated, including in respect of the multi-well battery facility license at Tucker Lake; the imposition of the impact of the Russian-Ukraine war and the conflicts in the Middle East on the global economy and commodity prices; the impacts of inflation and supply chain issues; pandemics, political events, natural disasters and terrorism; changes in commodity prices; the impact of actions taken by OPEC+ on global supply and demand of oil and gas; changes in the demand for or supply of Lotus Creek's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Lotus Creek or by third party operators of Lotus Creek's properties, increased debt levels or debt service requirements; inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; any ability for Lotus Creek to repay any of its indebtedness when due; inaccurate estimation of Lotus Creek's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Lotus Creek's public documents including risk factors set out in Lotus Creek's Listing Application dated February 5, 2025 on TSXV Form 2B, which is available on SEDAR+ at www.sedarplus.ca.

The forward-looking information and statements contained in this press release speak only as of the

date of this press release, and Lotus Creek does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Non-GAAP and Other Financial Measures

This press release includes references to non-GAAP and other financial measures that Lotus Creek uses to analyze financial performance. These specified financial measures include non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures, and are not defined by International Financial Reporting Standards ("IFRS") Accounting Standards and are therefore referred to as non-GAAP and other financial measures. Management believes that the non-GAAP and other financial measures used by the Company are key performance measures for Lotus Creek and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable with the calculation of similar measures for other entities. These non-GAAP and other financial measures should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. Descriptions of the non-GAAP and other financial measures used by the Company as well as reconciliations to the most directly comparable GAAP measure for the three and six months ended June 30, 2025 and the period from incorporation on August 21, 2024 to December 31, 2024, where applicable, are provided below.

Adjusted Funds from Operations

Adjusted funds from operations is a non-GAAP financial measure defined as cash flows from (used in) operating activities before changes in non-cash operating working capital and decommissioning liabilities settled and adding back transaction costs, if any. Transaction costs, which primarily include legal fees and other related acquisition costs, are excluded to provide a measure representing cash flows generated by the Company's routine business operations. Lotus Creek evaluates its financial performance primarily on adjusted funds from operations and considers it a key measure for management and investors as it demonstrates the Company's ability to generate the adjusted funds from operations necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Reconciliation of cash flows from (used in) operating activities to adjusted funds from operations:

(\$ thousands)	Three months ended		Six months ended
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2025
Cash flows from (used in) operating activities	1,069	(443)	626
Decommissioning liabilities settled	70	-	70
Change in non-cash operating working capital	815	1,415	2,230
Add back transaction costs	95	647	742
Adjusted funds from operations	2,049	1,619	3,668

Adjusted Funds from Operations per BOE

Adjusted funds from operations per boe is a non-GAAP ratio calculated as adjusted funds from operations, as defined and reconciled to cash flows (used in) from operating activities above, divided by sales production for the period. Lotus Creek considers this a useful non-GAAP ratio for management and investors as it evaluates financial performance on a per boe level, which enables better comparison to other oil and gas companies in demonstrating its ability to generate the adjusted funds from operations necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Adjusted Funds from Operations per Weighted Average Basic Share

Adjusted funds from operations per weighted average basic share is a non-GAAP ratio calculated as adjusted funds from operations, as defined and reconciled to cash flows (used in) from operating

activities above, divided by the weighted average basic share amount. Lotus Creek considers this non-GAAP ratio a useful measure for management and investors as it demonstrates its ability to generate the adjusted funds from operations, on a per weighted average basic share basis, necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Net Surplus (Debt)

Net surplus (debt) is a capital management measure defined as debt less current working capital items (excluding debt, risk management contracts, if any, and decommissioning liabilities). Lotus Creek believes net surplus (debt) provides management and investors with a measure that is a key indicator of its leverage and strength of its balance sheet. Changes in net surplus (debt) are primarily a result of adjusted funds from operations, capital and abandonment expenditures and equity issuances.

Reconciliation of debt to net surplus (debt):

Capital Structure and Liquidity (\$ thousands)	Jun 30, 2025	Dec 31, 2024
Debt	-	-
Working capital surplus (deficit) ⁽¹⁾	10,478	(759)
Net surplus (debt)	10,478	(759)

(1) Current assets less current liabilities, excluding risk management contracts and decommissioning liabilities.

Net Debt to Quarterly Annualized Adjusted Funds from Operations

Net debt to quarterly annualized adjusted funds from operations is a non-GAAP ratio and is defined as net debt, as defined and reconciled to debt above, divided by the annualized adjusted funds from operations, as defined and reconciled to cash flows from operating activities above, for the most recently completed quarter. Lotus Creek uses net debt to quarterly annualized adjusted funds from operations to analyze financial and operating performance. Lotus Creek considers this a key measure for management and investors as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary, using the most recent quarter's results. When the Company is in a net surplus position, the Company's net debt to annualized adjusted funds from operations is not applicable.

Operating Netback

Operating netbacks are non-GAAP ratios calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Management considers operating netback to be a key measure of operating performance and profitability on a per unit basis of production. Management believes that operating netback provides investors with information that is commonly used by other oil and gas companies. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis.

Per BOE Figures

This press release represents various results on a per boe basis, including adjusted funds from operations, cash flows (used in) from operating activities, petroleum and natural gas sales, royalties, operating costs, transportation costs, general and administrative, interest income and interest and financing charges. These supplementary financial measures are determined by dividing the applicable financial figure as prescribed under IFRS by the Company's total sales volumes for the respective period.

Barrels of Oil Equivalent

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Oil & Gas Matters

References to heavy oil, light and medium oil, natural gas liquids and natural gas in this press release refer to the heavy crude oil, light crude oil and medium crude oil, natural gas liquids and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*.

FOR FURTHER INFORMATION PLEASE CONTACT:

Kevin Johnson
President & CEO
403-538-8463

Mitchell Harris
Vice President Finance & CFO
403-444-1465

Email: info@lotuscreek.ca
Website: www.lotuscreek.ca



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