LYCOS ENERGY INC. ANNOUNCES 2022 YEAR END RESERVES AND OPERATING AND FINANCIAL RESULTS

Calgary, Alberta – April 27, 2023 **-** Lycos Energy Inc. ("**Lycos**" or the "**Company**") (TSXV: LCX) is pleased to announce its operating and financial results for the three months and year ended December 31, 2022 and the results of Lycos' year-end independent oil and gas reserves evaluation as of December 31, 2022 (the "Reserve Report"), prepared by Sproule Associates Limited ("Sproule"), the Company's independent qualified reserves evaluator. Selected financial, operating and reserves information is outlined below and should be read with Lycos' audited annual consolidated financial statements and related management's discussion and analysis ("MD&A") for the three months and year ended December 31, 2022 and annual information form ("AIF") for the year ended December 31, 2022, which are available at sedar.com and on our website www.lycosenergy.com. The highlights reported in this press release include certain non-IFRS financial measures and ratios which have been identified using capital letters. The reader is cautioned that these measures may not be directly comparable to other issuers; refer to additional information under the heading "*Specified Financial Measures*".

Message to Shareholders

On December 12, 2022, Samoth Oilfield Inc. ("Samoth") completed a business combination transaction (the "Business Combination") with Chronos Resources Ltd. ("Chronos"), pursuant to which Chronos raised aggregate gross proceeds of $65.0 million pursuant to a private placement, a new management team of Samoth was appointed and the board of directors of Samoth was reconstituted. The resulting entity was renamed "Lycos Energy Inc." and, on December 15, 2022, the common shares of the Company commenced trading under the new symbol "LCX" on the TSX Venture Exchange.

The Business Combination ushered in an ambitious new entrant to the junior public oil and gas energy sector with substantial growth plans. By applying specialized drilling techniques to multi-lateral wells, Lycos is substantially increasing returns on acquired assets, as evidenced in the fishbone and eight leg multi-lateral well results in the Lloydminster area.

Even though the multi-lateral wells drilled in 2022 were not on stream until the latter part of the fourth quarter of 2022, they had a substantial impact on reserves growth. Strong production results, combined with exceptional capital cost control resulted in overall net reserve increases of over 1.7 mmboe of total proved reserves ("TP") and 2.8 mmboe of total proved plus probable ("TPP") from the reserves of Chronos as of December 31, 2021, a 65% and 55% increase. Well performance generated higher than expected reserve bookings on both proved developed producing reserves ("PDP") for the two wells on stream and the offset undeveloped wells recognized by Sproule.

We highlight the following fourth quarter and full year 2022 operating and financial results:

- As at December 31, 2022, Lycos had cash of $59.6 million, Adjusted Working Capital surplus of $56.8 million and no outstanding debt.
- Lycos successfully drilled its first 100 percent, multi-leg "fishbone" well and a second eight leg multi-lateral well from the same drilling pad location at Baldwinton. The wells were subsequently brought on production with initial 30-day production rates of approximately 150 boe/d and 97 boe/d, respectively.
- As a result of the fishbone and multi-lateral well and reactivation program results from late Q4 2022, the Company recorded increases in reserves of over 1.7 mmboe TP and 2.8 mmboe TPP, a 65% and 55% increase.

- Based on the reserve additions for 2022, the Company achieved FD&A costs of $13.55/boe for TP reserves and $11.22/boe for TPP reserves, respectively. These values drove Recycle Ratios of 1.7 (TP) and 2.6 (TPP) based on 2022 average Operating Netbacks.
- Production replacement was 462% (TP) and 767% (TPP).
- Average fourth quarter production was 1,123 boe/d (99% crude oil), a 22% increase from the fourth quarter of 2021 of 918 boe/d (99% crude oil). Production averaged 1,004 boe/d (99% crude oil) for the year, an increase of 57% from 2021 annual production of 638 boe/d (99% crude oil).
- Cash flow from operating activities was $5.4 million for the year ended December 31, 2022. Adjusted Funds Flow from Operations for the year ended December 31, 2022 was $6.0 million, a 92% increase from $3.1 million in the comparable period of 2021.

Outlook

Lycos' 2023 production and capital guidance remains unchanged with target 2023 annual production averaging 3,000 boe/d (99% oil) through exploration and development expenditures of $37 million and $50.0 million of acquisition expenditures.

On February 28, 2023, the Company completed a major transaction, acquiring over 1,500 boe/d and substantially increasing our multi-lateral drilling location inventory (the "Acquisition"). The Acquisition marked a significant step in the overall growth plan for the Company, and initial multi-lateral well results have been above forecast type curves.

The company previously announced that net operating expenses were anticipated to decrease by more than 30% as a result of the Acquisition. Current Net Operating Expenses are less than $25/boe, representing a 38% decrease from the fourth quarter of 2022.

Lycos will resume drilling in late Q2 2023 and plans to drill an additional 12 fishbone and multi-lateral wells prior to year end. These wells are expected to increase current production to average over 4,000 boe/d (99% oil) in Q4 2023, an increase of over 35% in production per share for the year.

Lycos continues to innovate its extended length open hole multi-lateral wells. The Company is actively acquiring new multi-lateral well inventory and plans to continue to grow through multi-lateral development and acquisition of both under exploited reserves as well as new lands that are suitable for organic fishbone and multi-lateral exploitation.

2022 Reserves Information

Lycos is pleased to provide select highlights from the results of the year end evaluation of the Company's heavy oil reserves in the Lloydminster Saskatchewan and Gull Lake Saskatchewan areas as of December 31, 2022, as prepared by Sproule. The evaluation of Lycos' properties was prepared in accordance with the definitions, standards and procedures contained in the most recent publication of the Canadian Oil and Gas Evaluation Handbook ("COGEH") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and is based on Sproule's published price forecast as of December 31, 2022. The reserves are exclusive of the assets acquired pursuant to the Acquisition completed subsequent to year end on February 28, 2023. See "*Reader Advisories – Reserves and Future Net Revenue Disclosure*" for more information. Additional reserves information as required under NI 51-101 is included in the AIF. The numbers in the tables below may not add due to rounding.

Summary of Reserves Volumes as at December 31, 2022

	Total Company Share Reserves [1]			
Reserves Category	Heavy Crude Oil (Mbbl)	Conventional Natural Gas (Solution Gas) (MMcf)	Natural Gas Liquids (Mbbl)	Total (Mboe)
Proved developed producing	1,492	111	0.3	1,510
Proved developed non-producing	155	3	-	155
Proved undeveloped	2,235	66	0.2	2,246
Total proved	**3,881**	**180**	**0.5**	**3,912**
Probable	3,610	131	0.4	3,633
Total proved plus probable	**7,491**	**311**	**0.9**	**7,544**

[1] Reserves have been presented on gross basis which are the Company's total working interest share before the deduction of any royalties and without including any royalty interests of the Company.

Net Present Values of Future Net Revenue

The following tables summarize the net present value, at varying discount rates, of the Company's reserves (before tax) as at December 31, 2022.

	Before Tax Net Present Value ($ millions) [1]				
	Discount Rate				
Description	0%	5%	10%	15%	20%
Proved developed producing	14,852	18,145	18,895	18,745	18,253
Proved developed non-producing	2,917	2,679	2,473	2,293	2,136
Proved undeveloped	65,114	45,769	33,463	25,231	19,461
Total proved	**82,883**	**66,593**	**54,831**	**46,269**	**39,850**
Probable	127,022	87,017	64,161	49,799	40,085
Total proved plus probable	**209,905**	**153,610**	**118,992**	**96,068**	**79,935**

[1] Includes abandonment and reclamation costs as defined in NI 51-101

Future Development Costs ("FDC")

The following is a summary of the estimated FDC required to bring proved undeveloped reserves and proved plus probable undeveloped reserves on production. FDC associated with our TP reserves at year end 2022 is $28.7 million and FDC on TPP reserves is $50.3 million.

($ millions)	Total Proved	Total Proved plus Probable
2023	6,489	11,342
2024	10,435	21,040
2025	10,926	16,284
2026	831	1,661
Total FDC, undiscounted	28,681	50,327

Finding and development ("F&D") costs is based on the change in reserves for the 2022 year, based on the Reserve Report and the evaluation of the heavy oil reserves in the Lloydminster Saskatchewan and Gull Lake Saskatchewan areas of Chronos as of December 31, 2021 (the "Chronos Report"), as prepared by its independent qualified reserves evaluator, Sproule, in accordance with COGEH and NI 51-101.

	Opening Reserves January 1, 2022 (Mboe)	2022 Production (Mboe)	Closing Reserves December 31, 2022 (Mboe)	Net Change in Reserves (Mboe)	2022 Capital expenditures - property, plant and equipment (M$)	Change in FDC (M$)	F&D ($/boe)[1]
Total proved	2,588	365	3,912	1,689	10,091	12,790	$ 13.55
Total proved plus probable	5,107	365	7,544	2,803	10,091	21,356	$ 11.22

(1) F&D costs are calculated as the sum of capital expenditures - property, plant and equipment of $10.1 million plus the change in FDC for the period of 12.8 million (TP) and $21.4 million (TPP), divided by the change in reserves

Additional Information

For further information, please contact:

Lycos Energy Inc.
Dave Burton
President and CEO
T: (403) 616-3327
E: dburton@lycosenergy.com

Lindsay Goos
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; anticipated capital program and operational results for 2023 including, but not limited to, estimated or anticipated growth, production levels, capital expenditures, drilling plans and locations; expectations regarding commodity prices; 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; 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, 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 the current COVID-19 pandemic and the retention of key management and employees. 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 AIF and the MD&A 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 profile on www.sedar.com. 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.

Future Oriented Financial Information

This press release contains future oriented financial information and financial outlook information (collectively, "FOFI") about Lycos' prospective results of operations and production, organic growth and acquisitions, operating costs, 2023 outlook and guidance, including capital, development and acquisition expenditures in 2023 and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Lycos' proposed business activities in 2023. Lycos and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results. Lycos disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in Lycos' guidance. The Company's actual results may differ materially from these estimates.

Disclosure of Oil and Gas Information

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.

Short-Term Production. References in this press release to peak rates, IP30 and other short-term production rates 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 the aggregate production of Lycos.

Reserves and Future Net Revenue Disclosure. All reserves values, future net revenue and ancillary information contained in this press release are derived from the Reserve Report unless otherwise noted. All reserve references in this press release are "Company gross reserves". Company gross reserves are the Company's total working interest reserves before the deduction of any royalties payable by the Company. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to the effect of aggregation. There is no assurance that the forecast price and cost assumptions applied by Sproule in evaluating Lycos' reserves will be attained and variances could be material.

All evaluations and summaries of future net revenue are stated prior to the provision for interest, debt service charges or general and administrative expenses and after deduction of royalties, operating costs, estimated well abandonment and reclamation costs and estimated future capital expenditures. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. The recovery and reserve estimates of Lycos' crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Proved developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned. Certain terms used in this press release but not defined are defined in NI 51-101, CSA Staff Notice 51-324 – Revised Glossary to NI 51-101, Revised Glossary to NI 51-101, Standards of Disclosure for Oil and Gas Activities ("CSA Staff Notice 51-324") and/or the COGEH and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGEH, as the case may be.

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management. 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. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare our operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this presentation, should not be relied upon for investment or other purposes.

"**Development Capital**" means the aggregate exploration and development costs incurred in the financial year on reserves that are categorized as development. Development capital excludes capitalized administration costs.

"**FDC**" (future development costs) are the future capital cost estimated for each respective category in year-end reserves attributed with realizing those reserves and associated future net revenue. FDC by reserves category are calculated by dividing the total capital expenditures for the year (including both Chronos and Lycos) plus the change in future development capital attributed to the reserve category as calculated from the 2022 Reserve Report and the 2021 Chronos Report, divided by the net change in reserves from the Chronos Report to the Reserve Report. For clarity, the production for the year 2022 is added to the net reserves to form the net change in reserves in the calculation.

"**F&D costs**" are calculated as the sum of capital, characterized as exploration or development excluding capital used to develop assets the company acquired in the period, plus the change in FDC for each respective reserve category in the period excluding FDC associated with assets acquired in the year.

"**FD&A costs**" (finding, development and acquisition costs) are the sum of capital expenditures incurred in the period and the change in FDC required to develop reserves. FD&A cost per boe is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. Readers are cautioned that the aggregate of capital expenditures incurred in the year, comprised of exploration and development costs and acquisition costs, and the change in estimated FDC generally will not reflect total FD&A costs related to reserves additions in the year.

"**Recycle Ratio**" is measured by dividing the Operating Netback, before hedging, by the F&D cost per boe or FD&A cost per boe for the year.

Specified Financial Measures

This press release includes various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable with the calculation of similar measures by other companies.

"Adjusted Working Capital" is calculated as current assets less current liabilities, excluding the current portion of decommissioning liabilities. Adjusted working capital is a capital management measure which management uses to assess the Company's liquidity. See the MD&A for a detailed calculation and reconciliation of Adjusted Working Capital to the most directly comparable measure presented in accordance with IFRS.

"**Adjusted Funds Flow from Operations**" is funds flow is calculated by taking cash flow from operating activities and adding back changes in non-cash working capital. Adjusted funds flow is further calculated by adding back decommissioning costs incurred and transaction costs. Management considers Adjusted Funds Flow from Operations to be a key measure to assess the performance of the Company's oil and gas properties and the Company's ability to fund future capital investment. Adjusted Funds Flow from Operations is an indicator of operating performance as it varies in response to production levels and management of costs. Changes in non-cash working capital, decommissioning costs incurred and transaction costs vary from period to period and management believes that excluding the impact of these provides a useful measure of Lycos' ability to generate the funds necessary to manage the capital needs of the Company. See the MD&A for a detailed calculation and reconciliation of Adjusted Funds Flow from Operations to the most directly comparable measure presented in accordance with IFRS.

"**Net Operating Expenses”** is operating expenses, less processing income primarily generated by third party volumes at processing facilities where the Company has an ownership interest. The Company’s principal business is not that of a midstream entity whose activities are dedicated to earning processing and other infrastructure payments. Where the Company has excess capacity at its facilities, it will look to process third party volumes as a means to reduce the cost of operating/owning the facility.

"**Operating Netback**" is petroleum and natural gas revenues, less royalties, less net operating costs and transportation expenses, excluding the effects of financial derivatives. These metrics can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. Management considers operating netback an important measure to evaluate Lycos' operational performance, as it demonstrates field level profitability relative to current commodity prices. See the MD&A for a detailed calculation and reconciliation of operating netback per boe to the most directly comparable measure presented in accordance with IFRS.

Please refer to the MD&A for additional information relating to specified financial measures including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. The MD&A can be accessed either on the Company's website or under the Company's profile on www.sedar.com.

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
IP30	average production for the first 30 days that a well is onstream
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.