



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (the "MD&A") as provided by the management of Lycos Energy Inc. ("Lycos" or the "Company") is dated April 27, 2023 and should be read in conjunction with the audited financial statements for the years ended December 31, 2022 and 2021 and the notes thereto (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are referenced in Canadian dollars unless otherwise stated. Additional information relating to Lycos, including Lycos' Annual Information Form for the year ended December 31, 2022, is available on SEDAR at www.sedar.com and the Company's website at www.lycosenergy.com. The MD&A should also be read in conjunction with Lycos' disclosure under "Forward-Looking Information and Statements" below.

Description of the Business

Lycos is a Calgary based Canadian resource company engaged in the exploration for and development of petroleum and natural gas production in western Canada. Lycos currently has operations in the Gull Lake area of southwest Saskatchewan and heavy oil assets in Lloydminster, Saskatchewan and Alberta.

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 from "Samoth Oilfield Inc." to "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.

For accounting purposes, the Business Combination was accounted for as a reverse takeover ("RTO"). Accordingly, following completion of the RTO, although Samoth was the reporting issuer, Chronos is the continuing entity from an accounting perspective and the Financial Statements are those of Chronos.

Unless otherwise indicated, all production information presented herein have been presented on a gross basis, which is the Company's working interest prior to deduction of royalties and without including any royalty interests. Readers are cautioned that the MD&A should be read in conjunction with disclosures in the sections entitled "Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures".

Subsequent Event

On February 28, 2023, Lycos purchased its joint venture partner's equity interest in the Company's joint venture limited partnership. The purchase price consisted of \$50.0 million cash and the grant of a 3% gross overriding royalty to the former ownership group on any newly drilled wells on the acquired lands. The strategic acquisition provides the Company with 100% percent working interest in certain lands and heavy oil producing wells in Lloydminster, Alberta.

Q4 2022 Highlights

Highlights for the fourth quarter ended December 31, 2022 include:

- As at December 31, 2022, Lycos had cash of \$59.6 million, an adjusted working capital surplus of 56.8 million⁽¹⁾ and no outstanding debt.
- Lycos successfully drilled its first 100 percent, multi-leg "fishbone" well and a second 8 leg multi-lateral well from the same drilling pad location. Both wells were subsequently brought on production with an initial 30-day production rate of approximately 150 boe/d and 97 boe/d.

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Generated an average fourth quarter production of 1,123 boe/d (99% crude oil), representing 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).
- Achieved total petroleum and natural gas sales, net of blending⁽¹⁾ of \$6.3 million and \$32.8 million for the fourth quarter and year ended December 31, 2022, representing a 4% decrease and 128% increase from the comparable periods.
- Cash flow from operations was \$5.4 million for the year ended December 31, 2022. Adjusted funds flow from operations⁽¹⁾ for the year ended December 31, 2022 was \$6.0 million, representing a 92% increase from \$3.1 million in the comparable period of 2021.

2023 Guidance

The latter part of the 2022 year was a pivotal change for Lycos, with the RTO transaction, financing raise of \$65.0 million and the newly constituted management and board of directors. This material change provided the Company with a new starting point that provides for growth through strategic acquisitions and internally generated prospects. As such, on April 3, 2023, the Company released the following 2023 Guidance.

	Guidance ⁽¹⁾ Year Ended December 31, 2023
Annual average production (boe/d)	3,000 boe/d
Average Q4 2023 production (boe/d)	4,000 boe/d
Acquisition expenditures	50.0 million
Capital expenditures	37.0 million
Total capital expenditures ⁽²⁾⁽³⁾	87.0 million
Adjusted funds flow from operations ⁽³⁾	37.2 million
Adjusted working capital ⁽³⁾	8.3 million

⁽¹⁾ Annual guidance numbers are based on 2023 average pricing assumptions of: US\$75.00/bbl WTI; (US\$15.00) WCS differential; and \$0.741 CAD/USD

⁽²⁾ Capital budget includes exploration and development capital, decommissioning, facilities, land and seismic and acquisitions and dispositions

⁽³⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

Our guidance is based on 2023 capital expenditures being directed towards both a strategic acquisition, further drilling of our fishbone and multi-lateral wells and injection and disposal initiatives to lower operating costs requirements. Our 2023 plan is based on maximizing free funds flow generation and increasing Lycos' inventory of high rate, high return multi-leg "fishbone" and multi-lateral drilling locations. The Company is disciplined and continues to monitor commodity prices, heavy oil differentials and inflation and their combined impact on our 2023 guidance.

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

MANAGEMENT'S DISCUSSION AND ANALYSIS

2022 Operational and Financial Highlights

(\$ in thousands, except per share)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Petroleum and natural gas sales, net of blending⁽¹⁾	6,341	6,602	(4)%	32,805	14,391	128%
Cash flow from operating activities	910	2,214	(59)%	5,392	4,394	23%
Per share - basic	\$ 0.01	\$ 0.03	(75)%	\$ 0.06	\$ 0.06	6%
Per share - diluted	\$ 0.01	\$ 0.03	(75)%	\$ 0.05	\$ 0.06	(16)%
Adjusted funds flow from operations⁽¹⁾	(201)	938	(121)%	5,956	3,109	92%
Net income (loss)⁽²⁾	(14,948)	11,738	(227)%	3,671	13,012	(72)%
Per share - basic	\$ (0.12)	\$ 0.15	(178)%	\$ 0.04	\$ 0.17	(76)%
Per share - diluted	\$ (0.12)	\$ 0.15	(178)%	\$ 0.03	\$ 0.17	(81)%
Capital expenditures⁽¹⁾	5,489	537	922%	9,775	1,687	479%
Adjusted working capital (net debt)⁽¹⁾	56,835	(1,222)	(4751)%	56,835	(1,222)	(4751)%
Weighted average shares outstanding (thousands)						
Basic	127,991	78,499	63%	90,973	78,499	16%
Diluted	127,991	78,499	63%	114,959	78,499	46%
Average daily production:						
Crude oil (bbls/d)	1,109	910	22%	993	628	58%
Natural gas (mcf/d)	85	50	68%	62	55	13%
Total (boe/d)	1,123	918	22%	1,004	638	57%
Realized prices:						
Crude oil (\$/bbl) ⁽³⁾	57.20	73.35	(22)%	85.88	60.42	42%
Natural gas (\$/mcf)	4.76	4.96	(4)%	5.16	3.56	45%
Total (\$/boe)	56.84	72.95	(22)%	85.32	59.86	43%
Operating netback (\$/boe)						
Petroleum and natural gas revenues ⁽³⁾	56.84	72.95	(22)%	85.32	59.86	43%
Royalties	(9.70)	(12.84)	(24)%	(13.85)	(11.41)	21%
Net operating expenses ⁽¹⁾	(40.16)	(36.14)	11%	(47.68)	(27.62)	73%
Transportation expenses	(0.75)	(0.96)	(21)%	(0.73)	(1.11)	-34%
Operating netback (\$/boe)⁽¹⁾	6.22	23.02	(73)%	23.06	19.73	17%
Adjusted funds flow from operations (\$/boe)⁽¹⁾	(1.94)	11.10	(118)%	16.25	13.36	22%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

⁽²⁾ The years ended December 31, 2022 and December 31, 2021 include non-cash impairment reversals of \$8.9 million and \$11.5 million

⁽³⁾ Realized prices are based on revenue, net of blending expense

Results of Operations Production

(6:1 boe conversion)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Daily production:						
Crude oil (bbls/d)	1,109	910	22%	993	628	58%
Natural gas (mcf/d)	85	50	68%	62	55	13%
Total (boe/d)	1,123	918	22%	1,004	638	57%
% Heavy oil	99%	99%	0%	99%	99%	0%

Production for the three months ended December 31, 2022 was 1,123 boe/d (99% crude oil) consisting of crude oil of 1,109 bbls/d and natural gas of 85 mcf/d, an increase of 22% over production of 918 boe/d (99% crude oil) in the comparative period. The increase in production is the result of a successful reactivation program, one month of initial production results from its first two wells drilled in Lloydminster area, offset by natural well declines on Lycos' base production as well as downtime related to extreme cold weather conditions during December 2022.

For the year ended December 31, 2022, production was 1,004 boe/d (99% crude oil), a 57% and 366 boe/d increase over the prior year. The increase is a result of the full year of operating the heavy oil assets in the Lloydminster Saskatchewan area, which were acquired on September 24, 2021. Additionally, combined with a successful reactivation program in 2022, initial production from the two wells mentioned above, production

MANAGEMENT'S DISCUSSION AND ANALYSIS

would be offset by natural well declines on Lycos' base production as well as extreme cold weather conditions during December 2022 which led to well downtime.

Gas production is not a significant component of the Company's production but remained relatively consistent with prior periods. The Company expects gas production to decline due to normal field declines and no capital being deployed to increase gas volumes.

Petroleum and Natural Gas Sales

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Crude oil sales	8,342	6,609	26%	39,343	14,330	175%
Blending expense	(2,505)	(467)	436%	(8,189)	(467)	1654%
Crude oil, net of blending ⁽¹⁾	5,837	6,142	(5)%	31,154	13,863	125%
Natural gas	37	23	61%	116	71	63%
Total petroleum and natural gas revenues, net of blending ⁽¹⁾	5,874	6,165	(5)%	31,270	13,934	124%
Processing income	467	437	7%	1,535	457	236%
Total petroleum and natural gas sales, net of blending ⁽¹⁾	6,341	6,602	(4)%	32,805	14,391	128%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

Total petroleum and natural gas revenues, net of blending for the fourth quarter ended December 31, 2022 was \$5.9 million, a 5% decrease from revenue of \$6.1 million in the fourth quarter of 2021 due to a lower realized price, offset by higher production volumes. Total petroleum and natural gas revenues, net of blending for year ended December 31, 2022, was \$31.3 million or 124% higher than revenue of \$13.9 million the prior year due higher production volumes and significantly higher realized prices.

Benchmark and Realized Prices

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Averaged realized prices:						
Crude oil (\$/bbl) ⁽¹⁾⁽³⁾	57.20	73.35	(22)%	85.88	60.42	42%
Natural gas (\$/mcf) ⁽¹⁾	4.76	4.96	(4)%	5.16	3.56	45%
Barrels of oil equivalent (\$/boe) ⁽²⁾⁽³⁾	56.84	72.95	(22)%	85.32	59.86	43%
Benchmark prices:						
Western Texas Intermediate Oil (\$US/bbl)	82.64	77.19	7%	94.23	67.91	39%
Edmonton Light (\$/bbl)	108.23	92.14	17%	119.75	80.31	49%
Western Canadian Select (\$US/bbl)	57.01	62.47	(9)%	75.74	54.98	38%
Western Canadian Select (\$Cdn/bbl)	77.39	78.71	(2)%	98.51	68.73	43%
Natural gas - AECO (\$/Mmbtu)	5.24	4.74	10%	5.43	3.64	49%
Exchange rate (\$Cdn/\$US)	1.36	1.26	8%	1.30	1.25	4%

⁽¹⁾ "Crude oil" refers to heavy crude oil and natural gas liquids combined. "Natural gas" refers to conventional gas combined

⁽²⁾ Disclosure of production on a per boe basis in this MD&A consists of the constituent product types and their respective quantities disclosed in the "Product Type Information" section of this MD&A. Also refer to the "BOE Presentation" section of this MD&A

⁽³⁾ Realized prices are based on revenue, net of blending expense

The Company takes all its working interest production "in kind" which is marketed and sold through various credit-worthy commodity purchasers. Lycos' crude oil is marketed under short-term (30 day) or fixed price contracts with crude oil marketers and through major North American crude oil purchasers. All the Company's natural gas is currently sold as spot gas through significant North American natural gas marketers.

The prices received for crude oil and natural gas production directly impact the Company's earnings, adjusted funds flow from operations and financial position.

Commodity prices are affected by both domestic and international factors that are beyond the control of the Company. Prices received for crude oil are determined by the quality of the crude oil compared to the benchmark price for Western Canadian Select ("WCS") crude oil expressed in Canadian dollars, which is

MANAGEMENT'S DISCUSSION AND ANALYSIS

determined by the price for West Texas Intermediate light oil ("WTI"), the exchange rate between Canadian dollar and US dollar, the heavy oil differential between WTI and WCS denominated in US dollars, and field level price adjustments for quality of crude oil and diluent costs to blend oil to meet pipeline specifications. The Company's realized crude oil prices in southwest Saskatchewan are based on Fosterton oil prices at Regina. The Company's realized crude oil prices in Lloydminster Saskatchewan are based on Lloyd Kerrobert which is gathered to the east and south of Lloydminster on the Manito Pipeline system for delivery to the Kerrobert station on Enbridge Pipeline Inc's mainline system.

The Company's realized crude oil price, net of blending, for the fourth quarter of 2022 was \$57.20/bbl a 22% decrease from \$73.35/bbl realized in the same quarter last year. Lycos' discount to WCS widened during the fourth quarter of 2022 primarily due to high condensate pricing associated with the cost to blend the heavy oil crude for pipeline specifications combined with additional seasonal blending requirements and significant apportionment and weaker realized pricing relative to WCS. The WCS differential to WTI widened in the three months ended December 31, 2022, due to reduced global demand for heavy sour crude because of the release of stored crude oil from the U.S. government Strategic Petroleum Reserve into the market which weakened the underlying WCS differential.

For year ended December 31, 2022, the Company's realized crude oil price, net of blending, was \$85.88/bbl, a 42% increase over realized crude oil price of \$60.42/bbl for the same period in 2021 reflecting higher WTI oil price offset by a wider heavy oil differential. The WTI benchmark price for the year averaged US\$94.23/bbl, higher by 39% from the same period in 2021. Up to the fourth quarter of 2022, commodity prices strengthened due to increased demand for crude oil following the global recovery from COVID-19 and supply concerns associated with the Russia-Ukraine war. During the fourth quarter of 2022, crude oil prices started to decrease in response to recessionary concerns and reduced oil demand in China.

Natural gas is not a significant component of the Company's revenue stream.

Risk Management

Fixed Price Contracts

Lycos maintains an ongoing risk management program to reduce the volatility of revenues to fund operations and capital expenditures. As at December 31, 2022, no financial derivative contracts have been entered into however the Company has the following fixed price physical sales contracts:

Benchmark	Period	Volume	Price/Unit
Western Canadian Select	May 1, 2023 to May 31, 2023	500 bbl/d	CAD \$77.00
Western Canadian Select	June 1, 2023 to June 30, 2023	250 bbl/d	CAD \$77.15
Western Canadian Select	June 1, 2023 to June 30, 2023	250 bbl/d	CAD \$80.25

Royalties

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Royalty expenses	1,003	1,085	(8)%	5,076	2,656	91%
Royalty rate ⁽¹⁾	17.1%	17.6%	(3)%	16.2%	19.1%	(15)%
Per boe (\$)	9.70	12.84	(24)%	13.85	11.41	21%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

Royalties are paid to provincial governments, freehold mineral rights owners and royalty contract owners and include the Saskatchewan resource surcharge. Royalties are calculated based on revenue less allowed costs of transportation and processing and are generally expressed as a percentage of revenue. Royalty rates can vary due to several factors including commodity prices, mix of production subject to each type of royalty, commodity produced, royalty contract terms, and royalty incentive schemes.

Total royalties in the fourth quarter of 2022 were \$1.0 million an 8% decrease from \$1.1 million in the fourth quarter of 2021. On a percentage of revenue basis, royalties were 17.1% in the fourth quarter 2022 or 3.0% lower than 17.6% the prior year. For the year ended December 31, 2022, total royalties were \$5.1 million or 16.2% of revenue compared to \$2.7 million or 19.1% of revenue for the year 2021. On an absolute dollar basis, royalties increased due to higher petroleum and natural gas revenues. On a percentage of revenue basis, royalties decreased due to a full year of petroleum and natural gas revenues on the heavy oil Lloyd

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saskatchewan assets (acquired in September of 2021) compared to one quarter of revenues in 2021. The Company's heavy oil assets attract a lower royalty rate as a percentage of revenue as compared to Lycos' legacy assets in the Gull Lake area of southwest Saskatchewan. In addition, royalties on new production volumes associated with Lycos' drilling activities will attract a lower royalty rate due to royalty incentive schemes.

Net Operating Expenses

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Operating expenses	4,617	3,491	32%	19,009	6,885	176%
Less: processing income	467	437	7%	1,535	457	236%
Total net operating expenses ⁽¹⁾	4,150	3,054	36%	17,474	6,428	172%
Per boe (\$)	40.16	36.14	11%	47.68	27.62	73%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

During the fourth quarter of 2022, net operating expenses were \$4.2 million or 36% higher than \$3.1 million in the same quarter last year. On a per boe basis, net operating expenses in the fourth quarter of 2022 were \$40.16/boe or 11% more than \$36.14/boe for the fourth quarter of 2021. The overall increase in operating expenses is due to inflationary pressures on the business and higher energy and chemical costs combined with repairs and maintenance for wells, roads and leases associated with the extreme cold weather experienced in the fourth quarter of 2022.

For the year ended December 31, 2022, net operating expenses were \$17.5 million or 172% more than \$6.4 million in 2021. On a per boe basis, net operating expenses were 73% higher at \$47.68/boe compared to \$27.62/boe in 2021. The increase is a result of a full year of operating the heavy oil assets in Lloydminster Saskatchewan compared to one quarter in 2021. In addition, the Company incurred a significant increase in well servicing costs related to the repair and reactivations of wells in response to higher commodity prices. As part of the Company's reactivation strategy, wells were reactivated in pods of 5 to 12 wells in close proximity and evaluated during the higher commodity environment. In some instances, the Company incurred a significant increase in water handling costs as a result. These wells were subsequently shut-in, however these costs incurred allowed the Company to ascertain go forward oil and water production profiles to feed engineering design and evaluate installing facilities and future water handling (i.e., disposal wells and pipelines) to reduce these costs going forward.

Transportation Expenses

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Transportation expenses	78	81	(4)%	269	258	4%
Per boe (\$)	0.75	0.96	(21)%	0.73	1.11	(34)%

Transportation expenses include the cost of transporting natural gas and the cost to truck clean crude oil from the field to sales points and can fluctuate month to month depending on the product mix and the proximity of each well to a sales point. Transportation expenses is not a significant expense and are relatively consistent with prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Netbacks

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
	Total petroleum and natural gas revenues, net of blending ⁽¹⁾	5,874	6,165	(5)%	31,270	13,934
Royalties	(1,003)	(1,085)	(8)%	(5,076)	(2,656)	91%
Net operating expenses ⁽¹⁾	(4,150)	(3,054)	36%	(17,474)	(6,428)	172%
Transportation expenses	(78)	(81)	(4)%	(269)	(258)	4%
Operating netback⁽¹⁾	643	1,945	(67)%	8,451	4,592	84%

(\$/boe)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
	Total petroleum and natural gas revenues, net of blending ⁽²⁾	56.84	72.95	(22)%	85.32	59.86
Royalties	(9.70)	(12.84)	(24)%	(13.85)	(11.41)	21%
Net operating expenses ⁽¹⁾	(40.16)	(36.14)	11%	(47.68)	(27.62)	73%
Transportation expenses	(0.75)	(0.96)	(21)%	(0.73)	(1.11)	(34)%
Operating netback⁽¹⁾	6.22	23.02	(73)%	23.06	19.73	17%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

⁽²⁾ Realized prices are based on revenue, net of blending expense

For the three months ended December 31, 2022, operating netback per boe was lower on a boe and absolute basis primarily due to the lower realized price in the fourth quarter of 2022 and higher net operating costs, partially offset by lower royalties and transportation expense. For the year ended December 31, 2022, operating netbacks per boe and on an absolute basis were higher than the same periods of 2021. This is due to the higher commodity prices realized in 2022, offset by higher royalties, net operating expenses and transportation expenses.

General and Administrative ("G&A") Expenses

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
	General and administrative expenses	1,766	1,080	63%	3,744	1,676
Capitalized G&A and overhead recoveries	(803)	(65)	1135%	(1,110)	(233)	377%
Net general and administrative expenses	963	1,015	(5)%	2,634	1,443	83%
Per boe (\$)	9.32	12.01	(22)%	7.19	6.20	16%

G&A expenses are primarily for personnel and office related expenses and are expected to increase as the overall size of the business expands; however, when measured on a per unit basis, the expense is expected to decrease as production volumes increase. The Company capitalizes salaries and overhead costs directly related to petroleum and natural gas exploration and development activities.

In the fourth quarter of 2022, the Company incurred gross G&A expenses of \$1.8 million, an increase of 63% over the fourth quarter of 2021. Included in the gross G&A expenses for the three months ended December 31, 2022, is a \$1.0 million bonus paid to management and employees. In the comparable period of 2021, the Company did not pay any bonuses, however the Company incurred \$0.6 million related to severance costs for personnel changes made in the fourth quarter of 2021. In addition, gross G&A increased due to employee related costs and professional fees associated with planned growth resulting from the recent RTO transaction and related financing. For the three months ended December 31, 2022, the Company had increased capitalized G&A due to Lycos' higher Q4 2022 capital expenditure program as compared to the prior period combined with technical staff additions.

For the year ended December 31, 2022, the Company incurred gross G&A expenses of \$3.7 million compared to \$1.7 million in 2021. As mentioned above, the Company incurred \$1.0 million related to bonuses and \$0.4 million related to severance costs associated with personnel changes in 2022, whereas in 2021 the Company incurred \$0.6 million related to severance costs for personnel changes. Additionally, G&A costs increased

MANAGEMENT'S DISCUSSION AND ANALYSIS

due to an increase in employee related costs and professional fees associated with the transformative growth expected. For the year ended December 31, 2022, the Company capitalized G&A due to Lycos' increased capital expenditure program in 2022 as compared to the prior year.

Depletion, Depreciation and Amortization ("DD&A")

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Depletion and depreciation	1,501	1,195	26%	6,386	2,875	122%
Per boe (\$)	14.52	14.14	3%	17.42	12.35	41%

DD&A per boe will fluctuate from one period to the next depending on the amount and type of capital spending, the recognition or reversal of impairments, the amount of reserves and future development costs added and production volumes.

Depletion of oil and gas assets is provided on the unit-of-production method based on total proved and probable reserves, including future development costs, on a component basis. Depletion and depreciation expense for the fourth quarter of 2022 was \$1.5 million or 26% higher than \$1.2 million for the fourth quarter of 2021. On a per boe basis, depletion and depreciation for the fourth quarter of 2022 was \$14.52/boe compared to \$14.14/boe for the fourth quarter of 2021. The increase to DD&A is mainly the result of the impact of the impairment reversals at December 31, 2021 and 2022 which increased Lycos' depletable base as well as an increase to future development costs.

For the year ended December 31, 2022, depletion and depreciation was \$6.4 million compared to \$2.9 million in the prior year. On a per boe basis, depletion and depreciation was \$17.42/boe in 2022 compared to \$12.35/boe the prior year. The increase to DD&A is mainly the result of the impact of the impairment reversals at December 31, 2021 and 2022 which increased Lycos' depletable base in addition to an increase to future development costs.

Impairment Expense (Reversal)

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Impairment (reversal)	10,667	(11,509)	(193)%	(8,922)	(11,509)	(22)%
Per boe (\$)	103.22	(136.19)	(176)%	(24.34)	(49.44)	(51)%

At December 31, 2022, the Company conducted an assessment of indicators of impairment or impairment reversal for the Company's CGUs. In performing the assessment, management determined an impairment or impairment reversal trigger existed for the southwest Saskatchewan CGU and therefore conducted an impairment test. At December 31, 2022, there were no indicators of impairment for the Lloyd Saskatchewan CGU.

The recoverable amount of the southwest Saskatchewan CGU were estimated using value in use based on the net present value of before tax cash flows from proved and probable petroleum and natural gas reserves estimated by the Company's independent third-party reserve evaluators discounted at rates ranging from 12 to 25 percent. In determining the appropriate discount rates, the Company referenced recent market transactions completed on assets similar to those in the CGU.

At December 31, 2022, the Company determined the recoverable amount of the southwest Saskatchewan CGU was \$41.5 million. Accordingly, an aggregate impairment reversal of \$8.9 million was recorded for the year ended December 31, 2022.

At December 31, 2021, the Company conducted an assessment of indicators of impairment or impairment reversal for the Company's CGUs and determined that the increase in forward benchmark commodity prices compared to December 31, 2020 and the increase in reserve value for the southwest Saskatchewan CGU justified a review for impairment reversal. As at December 31, 2021, the Company determined that the recoverable amount of the southwest Saskatchewan CGUs exceeded the carrying value, net of depletion, by \$11.5 million. Accordingly, an impairment reversal of \$11.5 million was recorded in the Consolidated Statement of Income and Comprehensive Income.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Transaction Costs

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	change %	2022	2021	change %
Transaction costs	404	38	963%	404	63	541%
Per boe (\$)	3.91	0.45	769%	1.10	0.27	307%

For the three months and year ended December 31, 2022, Lycos incurred \$0.4 million related to certain professional fees associated with the RTO transaction. For the three months and year ended December 31, 2021, the Company incurred transaction costs associated with acquisition of certain heavy oil properties in Lloydminster Saskatchewan which closed September 24, 2021.

Finance Expense

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	change %	2022	2021	change %
Interest expense (income)	(1)	19	(105)%	4	67	(94)%
Interest on lease obligation	1	1	0%	5	11	(55)%
Accretion of decommissioning liabilities	136	-	100%	477	70	581%
	136	20	580%	486	148	228%
Per boe (\$)	1.31	0.23	470%	1.32	0.63	110%

Finance expense includes cash interest expense (income), interest on lease obligations and accretion on decommissioning liabilities.

The Company's finance expense for the three and twelve months ended December 31, 2022 was \$0.1 million and \$0.5 million compared to finance expense of \$20 thousand and \$0.1 million in the comparable periods. The increase in finance expense is due to the accretion associated with the Company's decommissioning liabilities associated with its Lloydminster Saskatchewan assets and an increase in the discount rate used. Accretion will fluctuate due to changes in inflation and risk-free rate.

Other Income

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	change %	2022	2021	change %
Other income	225	217	4%	646	217	198%
Per boe (\$)	2.18	2.57	(15)%	1.76	0.93	89%

Other income consists of interest income associated with interest earned on cash on hand, as well as government grants earned for well site rehabilitation. During the year ended December 31, 2022, the Company earned \$0.1 million in interest income and received \$0.5 million related to the government grants compared to \$0.2 million earned in government grants in the prior year.

Taxes

The following table outlines the Company's estimated tax pools as at December 31, 2022:

(\$ in thousands)	Year ended December 31,		Annual Deductibility
	2022	2021	
Undepreciated capital cost	4,298	3,925	Primarily 25% declining balance
Canadian exploration expense	4,572	4,572	100%
Canadian development expense	7,149	3,781	30% declining balance
Canadian oil and gas property expense	15,515	17,093	10% declining
Non-capital loss carry forward	61,323	57,604	100%
Share issue costs	2,722	-	20% straight line
Total	95,579	86,975	

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash flow from Operating Activities, Adjusted Funds Flow and Net Income

(\$ in thousands, except per share)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Cash flow from operating activities	910	2,214	(59)%	5,392	4,394	23%
Adjusted funds flow from operations⁽¹⁾	(201)	938	(121)%	5,956	3,109	92%
Net income (loss)	(14,948)	11,738	(227)%	3,671	13,012	(72)%
Per share - basic	\$ (0.12)	\$ 0.15	(178)%	\$ 0.04	\$ 0.17	(76)%
Per share - diluted	\$ (0.12)	\$ 0.15	(178)%	\$ 0.03	\$ 0.17	(81)%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

The Company recorded a net loss of \$14.9 million (\$0.12 per basic and diluted share) for the three months ended December 31, 2022 and \$3.7 million (\$0.04 per basic share and \$0.03 per diluted share) for the year ended December 31, 2022 compared to net income of \$11.7 million (\$0.15 per basic and diluted share) and \$13.0 million (\$0.17 per basic and diluted share) in the comparable periods. The decrease in net income for the three months and year ended December 31, 2022 as compared to the same periods in 2021 is primarily due to impairment reversals recognized in the comparative periods in 2021. In addition, Lycos recorded a listing expense of \$1.5 million associated with the RTO transaction (refer to "Reverse Take-over Transaction" for further information).

Adjusted funds flow and cash flow from operating activities for the three months ended December 31, 2022 were lower compared to the same periods in 2021. This was primarily due to lower realized prices, higher G&A and higher net operating expenses, offset by higher production and lower royalties. For the year ended December 31, 2022, adjusted funds flow and cash flow from operating activities were higher compared to the same periods in 2021. This was primarily due to an increase in revenue from additional production and higher realized commodity prices, partially offset by higher operating costs, G&A expenses and royalties.

Capital Expenditures

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Land and geological and geophysical	171	6	2742%	264	31	751%
Drilling and completions	3,532	117	2919%	6,702	287	2235%
Equipping and facilities	1,080	89	1114%	2,323	303	667%
Other	706	25	2725%	802	48	1570%
Exploration and development	5,489	237	2216%	10,091	669	1408%
Property acquisitions	-	366	(100)%	-	1,144	(100)%
Property dispositions	-	(66)	(100)%	(316)	(125)	153%
Total capital expenditures⁽¹⁾	5,489	537	922%	9,775	1,687	479%

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

Total capital expenditures for the fourth quarter 2022 were \$5.5 million compared to \$0.5 million in the fourth quarter of the prior year. During the fourth quarter of 2022, the Company incurred \$0.2 million on lease acquisitions, \$3.5 million on drilling and completions, \$1.1 million on equipping and facilities, and \$0.7 million related to other costs. As part of the drilling and completions, the Company completed the drilling and completion of its 100 percent, multi-leg "fishbone" well and a second 8 leg multi-lateral well from the same drilling pad location. In addition, the Company continued to invest in its recompletions and reactivation projects to bring on incremental production.

Total capital expenditures for the year ended December 31, 2022 were \$9.8 million compared to \$1.7 million in the comparable period of 2021. As discussed above, the significant capital additions in 2022 related to the drilling and completion of the Company's first two wells drilled on its Lloydminster Saskatchewan assets as well as recompletion and production facilities related to upgrades and reactivating existing wellbores.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table summarized the Company's drilling results:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Drilling activity				
Gross wells	2.0	-	2.0	-
Net wells	2.0	-	2.0	-
Success rate	100%	n/a	100%	n/a

As at December 31, 2022, the Company's land holdings (in acres) are as follows:

	Undeveloped Gross ⁽¹⁾	Net ⁽²⁾	Total Gross ⁽¹⁾	Net ⁽²⁾
Alberta	633	633	2,850	2,613
Saskatchewan	22,314	21,857	42,543	39,691
Total	22,947	22,490	45,393	42,304

Notes:

(1) "Gross" means the total number of acres in which Lycos holds an interest.

(2) "Net" means the aggregate of the percentage working interests of Lycos in the gross acres.

Investment in Associate

Prior to the Company's purchase of the equity interest of its joint venture partner on February 28, 2023, the Company held a 21.85% working interest in a partnership with a private equity firm, which is engaged in the development for and production of heavy oil in Lloydminster, Alberta. The assets are held by Chronos Duvernay LP and its General Partner. The operations of the assets are managed and operated by Lycos Energy Inc. under a management advisory and service agreement.

Summarized below is the financial information of Chronos Duvernay LP and Lycos' share of net assets.

	December 31, 2022		December 31, 2021	
<i>(\$ in thousands)</i>				
Current assets	\$	3,801	\$	4,219
Non-current assets		29,092		43,904
Current liabilities		(5,882)		(4,519)
Non-current liabilities		(11,750)		(13,443)
Net assets	\$	15,261	\$	30,161
Share of associate (percentage)		21.85%		21.85%
Share of net assets	\$	3,335	\$	6,590
Unrecognized portion of transaction costs ⁽¹⁾		341		341
Investment in associate	\$	3,676	\$	6,931

⁽¹⁾The amount represents transactions costs incurred in 2018 and 2019 on the financing of the Partnership that is not included in the net assets of the associate.

The Company's carrying amount of the investment is as follows:

Investment in associate, December 31, 2021	\$	6,931
Share of net income from investment in associate	\$	(2,327)
Loss on portion related to Class D unit distribution ⁽¹⁾		(928)
Investment in associate, December 31, 2022	\$	3,676

⁽¹⁾ During 2022, the Partnership paid a distribution of \$4.2 million to the class D unitholders, resulting in a loss of \$928 thousand.

As mentioned earlier in the MD&A, subsequent to December 31, 2022, Lycos purchased its partner's interest in Chronos Duvernay LP (and its General Partner). The purchase price consisted of \$50.0 million cash and

MANAGEMENT'S DISCUSSION AND ANALYSIS

the grant of a 3% gross overriding royalty to the former ownership group on any newly drilled wells on the acquired lands.

Reverse Take-over Transaction

On December 12, 2022, Lycos (formerly Samoth Oilfield Inc. or "Samoth") and Chronos Resources Ltd. (formerly "Chronos") completed an amalgamation (the "Transaction") pursuant to a Definitive Agreement dated November 7, 2022, between Samoth and Chronos. The amalgamation was treated as a reverse takeover transaction ("RTO") for accounting purposes. In accordance with IFRS 3, Samoth did not meet the definition of a business for accounting purposes. Therefore, the RTO does not constitute a business combination, but instead a share-based payment to acquire Samoth's listing status, with Chronos being the continuing entity from an accounting perspective.

On December 12, 2022, in conjunction with the Definitive Agreement, Chronos completed a non-brokered private placement ("Subscription Receipt Private Placement"), whereby Chronos issued an aggregate of 75,714,285 Subscription Receipts or common shares at an offering price of \$0.70 for aggregate gross proceeds of \$53.0 million and 17,142,858 Units at an offering price of \$0.70 for aggregate gross proceeds of \$12.0 million. Each Unit was comprised of one Chronos Share and one Chronos Share purchase warrant.

Advisors received aggregate compensation equal to \$2.6 million in cash and 1,117,144 Units, at a deemed issuance price of \$0.70 per Unit, with respect to the RTO and the Subscription Receipt Private Placement. Each unit was comprised of one Chronos Share and One Chronos Share purchase warrant.

Pursuant to the Definitive Agreement, Lycos acquired each issued and outstanding common shares in Chronos in exchange for twenty (20) common shares of Lycos ("formerly Samoth") at a deemed price of \$0.035 per Lycos Share. On December 12, 2022, Lycos completed a share consolidation on the basis of one (1) common share of Lycos for every eight (8) pre-consolidation Lycos Share, representing an exchange ratio on a post-Consolidation basis, of two and a half (2.5) Lycos Shares at a deemed price of \$0.28 per Lycos Share for every Chronos Share.

The following were the issued and outstanding common shares of the combined equity:

	Number of Shares	Amount
Chronos Resources Ltd.		
Balance, December 12, 2022	31,399,439	\$ 113,332
Issued common shares of Chronos for \$53.0 million proceeds at \$0.70/share	75,714,285	53,000
Issued units of Chronos for \$12.0 million proceeds at \$0.70/unit	17,142,858	12,000
Issued units of Chronos for \$782 thousand of advisory fees at \$0.70/unit	1,117,144	782
Balance, December 12, 2022	125,373,726	\$ 179,114
20 to 1 exchange of Chronos to Samoth Common Shares	2,507,474,520	-
Elimination of common share to effect a 8:1 consolidation	(2,194,040,096)	-
Balance as of December 12, 2022	313,434,424	\$ 179,114
Samoth Oilfield Inc.		
Balance, December 12, 2022	37,707,055	\$ 1,320
Elimination of common share to effect a 8:1 consolidation	(32,993,673)	-
Balance as of December 12, 2022 prior to the transaction	4,713,382	\$ 1,320
Total share capital at December 12, 2022	318,147,806	\$ 180,434

Based on the statement of financial position of Samoth at the time of the transaction, the estimated fair value of net liabilities acquired by Chronos and the resulting listing expense was recorded in the Consolidated Statement of Income and Comprehensive Income were as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Consideration		
Common shares 37,707,055	\$	1,320
Fair value of net liabilities acquired		
Working capital	\$	(67)
Decommissioning liabilities		(92)
Net liabilities acquired		(159)
Listing expense		1,479
Total consideration	\$	1,320

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all the goods or services received in return. Samoth issued shares with a value that exceeded the net liabilities acquired, therefore an amount of \$1.5 million has been determined to be a listing expense and included in the Consolidated Statement of Income and Comprehensive Income.

Share Capital Common Shares

The Company's authorized share capital consists of an unlimited number of common voting shares and an unlimited number of preferred shares, issuable in series.

The following table summarized the Company's issued and outstanding common shares as at December 31, 2022 and 2021.

	December 31, 2022		December 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	78,498,598	\$ 113,332	78,498,598	\$ 113,332
Common shares issued	234,935,826	65,782	-	-
Acquired on reverse takeover	4,713,382	1,320	-	-
Share issue costs	-	(3,402)	-	-
Balance, end of year	318,147,806	\$ 177,032	78,498,598	\$ 113,332

Stock Options

During the year ended December 31, 2022, there were no stock options of the Company issued or outstanding. On January 25, 2023, Lycos granted 15,935,000 stock options to certain employees, directors and officers. The stock options expire five years from the date of grant and are exercisable at a price of \$0.55 per common share. The options vest as to one-third on each of the first, second and third anniversary of the grant date.

Warrants

In connection with the RTO transaction, the Company issued 45,650,000 warrants (post the 2.5 to 1 share exchange). Each warrant will entitle the holder thereof to purchase one Lycos Share for a period of five years following the date of issuance at an exercise of \$0.28 per warrant (post the 2.5 to 1 share exchange) and vest and become exercisable as to one-third upon the 10-day weighted average trading price of Lycos Shares equalling or exceeding \$0.42, an additional one-third upon the market price equalling or exceeding \$0.49 and a final one-third upon the market price equalling or exceeding \$0.56. As at December 31, 2022, the warrants have fully vested.

Liquidity and Capital Resources

At December 31, 2022, the Company has sufficient liquidity and was holding cash of \$59.6 million and an adjusted working capital surplus of \$56.8 million and no outstanding debt. The Company has sufficient financial resources to undertake its planned activities in 2023. Lycos intends to use the net proceeds from the Subscription Receipt Private Placement and the Company's cash flows from operations for acquisition, development and drilling opportunities. To the extent that the Company's existing adjusted working capital is not sufficient to pay the cash portion of the purchase price for any acquisition, Lycos anticipates that it will

MANAGEMENT'S DISCUSSION AND ANALYSIS

make use of the credit facility entered into subsequent to year end and discussed below. Alternatively, the company may issue equity as consideration to complete any future acquisitions.

Credit Facility

At December 31, 2022, the Company had no debt and no credit facilities. On January 16, 2023, the Company announced a new revolving credit facility from National Bank of Canada (the "Lender") for up to \$20.0 million, of which \$10.0 million is immediately available for general corporate purposes and an additional \$10.0 million is available at the discretion of the Lender. The facility is a senior-secured credit facility. The credit facility is undrawn, uncommitted, and payable on demand.

Contractual Obligations and Commitments

Commitments exist under various agreements and operations in the normal course of the Company's business, none of which are expected to have a significant impact on the Company's financial statements or operations.

Commitments with a fixed term are set out below. Office premise costs include an estimate of the Company's share of operating costs for its office premises for the duration of the lease term. The future minimum payments relating to variable office rent payments and vehicle leases at December 31, 2022 are as follows:

	December 31, 2022
Less than 1 year	\$ 520
1-3 years	1,461
Total commitments	\$ 1,981

On November 24, 2022, Lycos entered into a sublease agreement for a period of two years and eight months, commencing on May 1, 2023. The Company will be obligated to pay basic rent of approximately \$94 thousand per year plus operating costs defined annually by the landlord.

Related Party Transactions

Related parties for the year ended December 31, 2022 and 2021 include key management personnel and a limited partnership, Chronos Duvernay LP, in that a wholly owned subsidiary is a partner in the partnership.

The Company performs management and advisory services for the partnership and is reimbursed for these services. During the year ended December 31, 2022, the Company charged Chronos Duvernay LP \$1.0 million (2021 - \$1.0 million) related to management and advisory services which was netted against G&A and invoiced \$1.0 million (2021 - \$0.1 million). As at December 31, 2022 the Company had a net receivable of \$0.4 million due from Chronos Duvernay LP (December 31, 2021 - \$0.8 million). Subsequent to year end, the Company collected the outstanding receivable. All transactions are recorded at the exchange amount which is the amount agreed upon between the parties.

Subsequent Events

On April 17, 2023, the Company entered into the following financial derivative contracts:

Option Traded	Term	Volume	Price/Unit
Swap - WCS/CAD	June 1, 2023 to June 30, 2023	250 bbl/d	CAD \$87.30
Swap - WCS/CAD	July 1, 2023 to September 30, 2023	250 bbl/d	CAD \$85.35

On February 28, 2023, the Company acquired the remaining 78.15 percent partnership interest in Chronos Duvernay LP from our joint venture partner through a wholly owned subsidiary. As a result, the Company's interest in Chronos Duvernay LP is now 100 percent. The cash consideration for the acquisition was \$50.0 million in cash and the grant of a 3 percent GORR to the former ownership group on any newly drilled wells on the acquired lands.

The Company intends to account for the acquisition as a business combination in accordance with IFRS 3. Given the transaction closed on February 28, 2023, as at the date of our annual Consolidated Financial Statements we do not have sufficient information to determine fair values and complete the purchase price allocation or the proforma financial information disclosures. The Company has engaged our independent third-party reserve evaluator to assist in determining the value of proved and probable petroleum and natural gas

MANAGEMENT'S DISCUSSION AND ANALYSIS

reserves to support the fair value of property, plant and equipment and are assessing the related deferred tax impacts.

On January 16, 2023, Lycos entered into a credit agreement in respect of a new revolving credit facility for up to \$20.0 million, of which \$10.0 million is immediately available for general corporate purposes and an additional \$10.0 million is available at the discretion of the Lender. The credit facility is undrawn, uncommitted and payable on demand.

On January 25, 2023, Lycos granted 15,935,000 stock options to certain employees, directors and officers. The stock options expire five years from the date of grant and are exercisable at a price of \$0.55 per common share. The options vest as to one-third on each of the first, second and third anniversary of the grant date.

Quarterly Results

The following table summarizes the Company's key quarterly financial and operating results for the past eight quarters.

	Q4	2022			2021			
		Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial (thousands of dollars, except share data)								
Total petroleum and natural gas sales, net of blending ⁽¹⁾⁽²⁾	6,341	9,622	9,039	7,803	6,602	3,480	2,329	1,980
Cash flow from operating activities	910	3,164	(769)	2,087	2,214	1,459	686	35
Adjusted funds flow from operations ⁽¹⁾	(201)	1,385	2,331	2,421	938	1,496	498	225
Net income	(14,948)	15,646	1,682	1,291	11,737	1,827	(164)	(388)
Per share - basic	\$ (0.12)	\$ 0.20	\$ 0.02	\$ 0.02	\$ 0.15	\$ 0.02	\$ (0.00)	\$ (0.00)
Per share - diluted	\$ (0.12)	\$ 0.20	\$ 0.02	\$ 0.02	\$ 0.15	\$ 0.02	\$ (0.00)	\$ (0.00)
Adjusted working capital (net debt) ⁽¹⁾	56,835	636	2,199	887	(1,222)	(1,542)	(2,038)	(2,222)
Capital expenditures ⁽¹⁾	5,489	2,924	1,056	306	171	1,290	253	(27)
Weighted average shares outstanding								
Basic	127,991	78,499	78,499	78,499	78,499	78,499	78,499	78,499
Diluted	127,991	78,499	78,499	78,499	78,499	78,499	78,499	78,499
Shares outstanding, end of period (thousands)								
Basic	318,148	78,499	78,499	78,499	78,499	78,499	78,499	78,499
Diluted	318,148	78,499	78,499	78,499	78,499	78,499	78,499	78,499
Operational								
Average daily production								
Crude oil (bbls/d)	1,109	1,075	892	895	910	574	516	511
Natural gas (mcf/d)	85	49	67	45	50	66	58	45
Total (boe/d)	1,123	1,083	903	903	918	584	526	518

⁽¹⁾ See Non-IFRS measures, Non-IFRS Financial Ratios and Capital Management Measures

⁽²⁾ The Company has adjusted petroleum and natural gas sales, operating expenses and blending and transportation expenses to record certain transactions gross that had previously been recorded net. The adjustment is not a result of any change to the Company's operations or the Company's business. For any and all of the periods adjusted there is no impact on the overall cash position, cash flow from operating, investing or financing activities on the Consolidated Statement of Cash Flows, or any of the inputs used to determine the Company's recoverable reserves. See the table below for a reconciliation of the impact of the adjustment to the Consolidated Statement of Income and Comprehensive Income.

(\$ in thousands)	As at					
	Three months ended			Nine months ended		
	September 30, 2022			September 30, 2022		
	Previously Reported	Adjustment	Adjusted	Previously Reported	Adjustment	Adjusted
Petroleum and natural gas sales	9,212	2,363	11,575	25,396	6,696	32,092
Operating expense	5,341	410	5,751	13,324	1,068	14,392
Blending and transportation expense	-	1,953	1,953	-	5,628	5,628
Net income and comprehensive income	15,646	-	15,646	18,619	-	18,619

MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Annual Financial Information

The following table summarizes the Company's key annual financial and operating results over the most recently completed financial years.

	2022	2021	2020
Financial (thousands of dollars, except share data)			
Total petroleum and natural gas sales, net of blending ⁽¹⁾	32,805	14,391	5,593
Cash flow from operating activities	5,392	4,394	1,156
Adjusted funds flow from operations ⁽¹⁾	5,956	3,109	150
Net income	3,671	13,012	(36,121)
Per share - basic	\$ 0.04	\$ 0.17	\$ (0.46)
Per share - diluted	\$ 0.03	\$ 0.17	\$ (0.46)
Capital expenditures ⁽¹⁾	9,775	1,687	3,955
Adjusted working capital (net debt) ⁽¹⁾	56,835	(1,222)	(2,392)
Total assets	135,248	67,659	39,569
Common shares outstanding (thousands)	318,148	78,499	78,499
Operational			
Average daily production			
Crude oil (bbls/d)	993	628	491
Natural gas (mcf/d)	62	55	49
Total (boe/d)	1,004	638	500

⁽¹⁾ See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

December 2022 was a transformational period for Lycos following the RTO transaction, \$65.0 million Subscription Receipt Private Placement and Unit Private Placement and the reconstitution of management and the board of directors. Exiting the year with \$56.8 million of adjusted working capital and \$59.6 million of cash on hand, the Company is well positioned for significant growth in 2023. For the year ended December 31, 2022 year and Q4 2021, the Company drove most of its growth from the acquisition of the Lloydminster assets, which the Company purchased at the end of Q3 2021. Capital expenditures over the 2022 year have been targeted toward proving up the Company's drilling technology associated with a multi-leg "fishbone" well, and as a comparative, an 8 leg multi-lateral well. In addition, the Company pursued a reactivation program of previously shut-in wells and the associated equipping and facility expenditures to take advantage of the higher commodity price environment and optimization projects to reduce operating expenses. Lycos grew an average daily production to 1,123 boe/d in the fourth quarter of 2022. The recovery of crude oil prices and the increase in the Company's daily average production has resulted in an increase in sales and cash flow from operating activities in the fiscal year ended 2022.

Prior to Q4 2021, the Company's capital expenditures have been directed primarily towards the development of its assets in southwest Saskatchewan consisting of recompletion and reactivations, a waterflood pressure maintenance scheme and facilities to increase fluid handling capacity and optimization projects to reduce operating expenses.

Changes in Accounting Policies

There were no changes that had a material effect on the reported income or net assets of the Company.

Off-Balance Sheet Arrangements

All off-balance sheet arrangements are in the normal course of business. Refer to the commitments under the heading "Contractual Obligations and Commitments".

Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

This document contains the terms "net operating expenses", "operating netback" and "crude oil, petroleum and natural gas revenue, and total petroleum and natural gas sales, net of blending" and "royalty rate" which are non-IFRS financial measures, or ratios if calculated on a per boe or percentage basis. The Company uses these measures to help evaluate Lycos' performance. These non-IFRS financial measures and ratios do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This document also contains the capital management measures of "adjusted funds flow from operations", "adjusted working capital (net debt)" and "capital expenditures".

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management believes that the presentation of these non-IFRS and other financial measures provides useful information to shareholders and investors in understanding and evaluating the Company's ongoing operating performance.

Adjusted Funds Flow from Operations

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.

The Company reconciles funds flow from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS as follows:

(\$ in thousands)	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Cash flow from operating activities	910	2,214	5,392	4,394
Changes in non-cash working capital	(1,523)	(1,314)	132	(1,348)
Funds flow from operations	(613)	900	5,524	3,046
Decommissioning costs incurred	8	-	28	-
Transaction costs	404	38	404	63
Adjusted funds flow from operations	(201)	938	5,956	3,109
Per boe (\$)	(1.94)	11.10	16.25	13.36

Adjusted Working Capital (Net Debt)

Adjusted working capital is a capital management measure which management uses to assess the Company's liquidity.

(\$ in thousands)	Year ended	
	December 31,	
	2022	2021
Working capital	55,835	(1,222)
Current portion of decommissioning liabilities	1,000	-
Adjusted working capital (net debt)	56,835	(1,222)

Crude Oil, Net of Blending and Total Petroleum and Natural Gas Revenues, Net of Blending

Management uses crude oil, net of blending expense and total petroleum and natural gas revenues, net of blending expense to compare realized pricing to WCS benchmark pricing. This is calculated by deducting the Company's blending expense from crude oil sales. Blending expense is recorded within transportation and blending expense in the Consolidated Financial Statements.

(\$ in thousands)	Three months ended		Year ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Crude oil	8,342	6,609	39,343	14,330
Blending expense	(2,505)	(467)	(8,189)	(467)
Crude oil, net of blending	5,837	6,142	31,154	13,863
Natural gas	37	23	116	71
Total petroleum and natural gas revenues, net of blending	5,874	6,165	31,270	13,934

Total Petroleum and Natural Gas Sales, Net of Blending

Management uses total petroleum and natural gas sales, net of blending expense to compare realized pricing to benchmark pricing. This is calculated by deducting the Company's blending expense from petroleum and

MANAGEMENT'S DISCUSSION AND ANALYSIS

natural gas sales. Blending expense is recorded within transportation and blending expense in the Consolidated Financial Statements.

(\$ in thousands)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Petroleum and natural gas sales	8,846	7,069	40,994	14,858
Blending expense	(2,505)	(467)	(8,189)	(467)
Total petroleum and natural gas sales, net of blending	6,341	6,602	32,805	14,391

Royalty Rate

The Company's royalty rate is calculated as total royalties as a percentage of total revenue, net of blending expense.

Net Operating Expenses

Management uses net operating expenses to analyse operating performance. Net operating expenses are determined by deducting processing income primarily generated by third party volumes at processing facilities where the Company has an ownership interest. However, 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. As such, third party processing revenue is netted against operating costs in the MD&A.

(\$ in thousands)	Three months ended December 31,			Year ended December 31,		
	2022	2021	% change	2022	2021	% change
Operating expenses	4,617	3,491	32%	19,009	6,885	176%
Less: processing income	467	437	7%	1,535	457	236%
Total net operating expenses	4,150	3,054	36%	17,474	6,428	172%
Per boe (\$)	40.16	36.14	11%	47.68	27.62	73%

Operating netback

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.

Capital Expenditures

Management uses the term "capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and dispositions, as such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable IFRS measure for capital expenditures is cash flow used in investing activities. Capital expenditures represents capital expenditures – exploration and evaluation, capital expenditures – property, plant and equipment, acquisition through business combination and proceeds on disposition in the Consolidated Statement of Cash Flows in the Company's audited annual financial statements. A summary of the reconciliation of cash flow used in investing activities to capital expenditures is set forth below:

(\$ in thousands)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Net cash used in investing activities	5,327	561	8,280	1,719
Change in non-cash working capital	162	(24)	1,495	(32)
Capital expenditures	5,489	537	9,775	1,687

MANAGEMENT'S DISCUSSION AND ANALYSIS

Advisories

BOE Presentation

The Company uses the following industry terms in the MD&A: “bbl” refers to barrels, “mbbl” refers to thousand barrels, “mcf” refers to thousand cubic feet, “mmcf” refers to million cubic feet, “MMbtu” refers to one million British thermal units, “boe” refers to barrel of oil equivalent, and “mboe” refers to thousand barrels of oil equivalent. Disclosure provided herein in respect of a boe may be misleading, particularly if used in isolation. A boe conversion rate of nine thousand cubic feet of natural gas to one barrel of oil equivalent has been used in the calculation of the boe amounts in the MD&A. The boe conversion rate is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Short-Term Production

References in this MD&A to initial 30-day production rates 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.

Product Type Information

The Company has disclosed natural gas liquids (“NGLs”) product type with crude oil due to the insignificant magnitude of NGLs. Crude oil therefore refers to heavy oil and NGLs combined. Natural gas refers to conventional natural gas.

Supplementary Financial Measures

Per boe disclosures for petroleum and natural gas revenues, royalties, net operating expenses, transportation expenses, G&A expenses, financing expenses, and depletion, depreciation and amortization, impairment (reversal) are supplementary financial measures that are calculated by dividing each of these respective GAAP measures by the Company's total production volumes for the period.

Average realized prices for crude oil and natural gas are supplementary financial measures calculated by dividing each of these components of petroleum and natural gas revenues by their respective production volumes for the period.

Royalties as a percentage of petroleum and natural gas revenues is a supplementary financial measure calculated by dividing royalties by petroleum and natural gas revenues.

Critical Accounting Estimates

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

(i) Business Combinations

Management's determination of whether a transaction constitutes a business combination or asset acquisition is determined based on the criteria in IFRS 3 Business Combinations (“IFRS 3”). Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events.

The assumptions and estimates with respect to determining the fair value of property, plant and equipment (“PP&E”) and exploration and evaluation (“E&E”) assets acquired generally require the most judgment and include estimate of proved and probable petroleum and natural gas reserves acquired, forecast benchmark commodity prices, discount rates, future costs and the assessment of recent comparable market transactions. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill or bargain purchase gain.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(ii) Identification of cash-generating units ("CGU")

The Company's assets are aggregated into CGUs, for the purpose of calculating impairment, based on their ability to generate largely independent cash flows. The determination of these CGUs was based on management's judgment in regard to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality. By their nature, these estimates and assumptions are subject to judgement and may impact the carrying value of the Company's assets in future periods.

(iii) Impairment and impairment reversals of petroleum and natural gas assets

Judgments are required to assess when impairment indicators or impairment indicators of reversal exist and impairment testing is required. In determining the estimated recoverable amount of assets or CGUs, in the absence of quoted market prices, impairment tests are based on the estimate of proved and probable petroleum and natural gas reserves, including significant estimates and assumptions related to forecasted petroleum and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs, forecasted future development costs and discount rates.

(iv) Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of proved and probable petroleum and natural gas reserves have been found in assessing economic and technical feasibility.

(v) Contractual arrangement

Management applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16. The measurement of lease liabilities is subject to management's judgment of the applicable incremental borrowing rate.

(vi) Deferred income taxes

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in the Consolidated Statement of Income and Comprehensive Income in the period in which the change occurs.

(vii) Classification of a joint arrangement

Classification of a joint arrangement as either joint operation or joint venture requires judgment. Management's considerations include, but are not limited to, determining if the arrangement is structured through a separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

b) Key sources of estimation uncertainty

The following are key estimates and the assumptions made by management affecting the measurement of balances and transactions in these Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(i) Depletion, depreciation, amortization and impairment (reversal)

Amounts recorded for depletion, depreciation and amortization and amounts used for impairment and impairment reversal calculations are based on estimate of proved and probable petroleum and natural gas reserves. By their nature, the estimate of proved and probable petroleum and natural gas reserves, including significant assumptions related to forecasted petroleum and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs, forecasted future development costs and discount rates, are subject to measurement uncertainty. Accordingly, the impact on the financial statements of future periods could be material.

(ii) Reserves

The Company uses estimated proved and probable petroleum and natural gas reserves to deplete its development and production assets included in property, plant and equipment and to assess for indicators of impairment or impairment reversal on each of the Company's CGUs and if any such indicators exist, to perform an impairment test to estimate the recoverable amount of the CGUs. The estimate of proved and probable petroleum and natural gas reserves include significant estimates and assumptions related to forecasted petroleum and natural gas commodity prices, forecasted production, forecasted operating costs, forecasted royalty costs, and forecasted future development costs. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological, and technical factors used to estimate reserves may change from period to period. Changes in reported proved and probable petroleum and natural gas reserves can impact the carrying values of the Company's property, plant and equipment, the calculation of depletion, and the recognition of deferred tax assets due to changes in expected future cash flows. The estimate of proved and probable petroleum and natural gas reserves from the Company's property, plant and equipment are estimated by independent third-party reserve evaluators at least annually.

The Company's proved and probable petroleum and natural gas reserves represent the estimated quantities of petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such petroleum and natural gas reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production; (ii) a reasonable expectation that there is a market for all or substantially all of the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Petroleum and natural gas reserves may only be considered proved and probable if producibility is supported by either production or conclusive formation tests. The Company's proved and probable petroleum and natural gas reserves are determined pursuant National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook.

(iii) Decommissioning obligations

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires assumptions regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

(iv) Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of petroleum and natural gas properties based upon the estimation of recoverable quantities of proved and probable petroleum and natural gas reserves being acquired.

(v) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in the Consolidated Statement of Income and Comprehensive Income both in the

MANAGEMENT'S DISCUSSION AND ANALYSIS

period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets, if any, are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

Forward Looking Statements

This MD&A may include forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are included for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "may" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or forward-looking information in this MD&A include, but are not limited to, statements or information with respect to: (i) Lycos' business strategy and objectives; (ii) statements with respect to the performance characteristics of Lycos' oil and natural gas properties; (iii) Lycos' expectation and plans regarding drilling and completions of wells, (iv) Lycos' expectations of royalty expenses as a percentage of revenue (v) Lycos' 2023 guidance related to expected annual average production, capital expenditures (including a proposed strategic acquisition and further drilling plans), adjusted annual funds flow and exit adjusted working capital (vi) Lycos' 2023 crude oil pricing assumptions and Canadian to US dollar exchange rates, and (vii) Lycos drawing on the credit facility and/or completing an equity financing to fund capital activities (viii) Lycos expectations of G&A expenses. In addition, the statements contained herein relating to "reserves" and "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves or resources described can be profitably produced in the future. The recovery, reserves and resources estimates provided herein are internal estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Therefore, actual results may differ materially from those anticipated in the forward-looking statements. Lycos disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Assumptions

Forward-looking statements or information are based on a number of factors and assumptions which have been used in developing such statements and information, but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this MD&A, assumptions have been made regarding, among other things: the accuracy of geological and geophysical data and interpretation of that data; estimated decline rates; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing of and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate transportation for products; future oil and natural gas prices; foreign currency exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Risks and uncertainties

Forward looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties which may cause actual results to differ materially from the forward looking statements or information include, among other things: the ability of management to execute its business plan; general economic and business conditions; the risk of instability affecting the jurisdictions in which the Company operates; risks associated with the oil and natural gas industry in general (e.g. operational risks in exploring for, developing and producing crude oil and natural gas; market demand; changes to supply and demand for oil and natural gas; uncertainty of reserves estimates; uncertainty of estimates and projections relating to

MANAGEMENT'S DISCUSSION AND ANALYSIS

production, costs and expenses, including increased operating and capital costs due to inflationary pressures); the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and natural gas deposits; the ability of the Company to add production and reserves through acquisition, development and exploration activities; the Company's ability to enter into or renew leases; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of foreign currency exchange rates and interest rates; risks inherent in the Company's marketing operations, including credit risk; uncertainty in amounts and timing of royalty payments; health, safety and environmental risks; adverse weather or break-up conditions; risks associated with existing and potential future law suits and regulatory actions against the Company; uncertainties as to the availability and cost of financing; financial risks affecting the value of the Company's investments; actions of OPEC and OPEC+ members; and the impact of Russia's military actions in Ukraine. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. These include, but are not limited to: the impact of general global economic conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; competition; the lack of availability of qualified personnel or management; the lack of availability of or access to services; fluctuations in foreign exchange rates, interest rates or commodity prices; the results of exploration and development drilling related activities; imprecision in reserve estimates; market volatility; changes to market valuations; and obtaining required approvals from regulatory authorities.

These known and unknown risks and uncertainties may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements. Accordingly, there is no assurance that the expectations conveyed by the forward-looking statements will prove to be correct. All subsequent forward-looking statements, whether written by or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

Additional risks and information on risk factors are included in the Annual Information Form for the year ended December 31, 2022, which is available on the Company's website at www.lycosenergy.com and under the Company's profile on SEDAR at www.sedar.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

Corporate Information

Board of Directors

KEVIN OLSON ⁽¹⁾⁽²⁾

Chairman of the Board of Directors
Calgary, Alberta

IAN ATKINSON, P.Eng., M.Sc., ICD.D ⁽³⁾

Independent Director
President and CEO, Southern Energy Corp.
Calgary, Alberta

ALI HORVATH ⁽¹⁾⁽²⁾

Independent Director
VP Finance & CFO, Headwater Exploration Inc.
Calgary, Alberta

KEL JOHNSTON ⁽²⁾⁽³⁾

Independent Director
President and CEO, Wylander Crude Corp.
Calgary, Alberta

BRUCE BEYNON ⁽³⁾

Independent Director
President, Tiburon Exploration Corp.
Calgary, Alberta

DON COWIE ⁽¹⁾

Independent Director
President, Cowie Capital Corp.
Calgary, Alberta

Special Advisor to the Board

NEIL ROSZELL

CEO & Chairman, Headwater Exploration Inc.
Calgary, Alberta

Officers

DAVE BURTON, P.Eng., M.Eng.
President & CEO

KYLE BOON, P.Tech (Eng.)
Chief Operating Officer

LINDSAY GOOS, CPA-CA, CPHR
Vice President Finance & CFO

JAMIE CONBOY, P.Geo.
Vice President, Exploration

BARRET HENSCHTEL, P.Eng.
Vice President, Production

JEFF RIDEOUT
Vice President, Land

SONY GILL
Corporate Secretary
Stikeman Elliott LLP

Head Office

Suite 1900, 215-2nd Street SW
Calgary, Alberta T2P 1M4
Tel: (403) 453-1950
Email: info@lycosenergy.com

Auditors

KPMG LLP
Chartered Professional Accountants
Calgary, Alberta

Independent Reservoir Consultants

Sroule Associates Limited
Calgary, Alberta

- (1) Audit Committee
(2) Corporate Governance and Compensation Committee
(3) Reserves, Environment and Health and Safety Committee