



**LYCOS ENERGY INC.**



**CORPORATE PRESENTATION**

**TSXV: LCX**  
August 2024

# CORPORATE SNAPSHOT



Lycos Energy is an exploration, development and production company led by a team of technically experienced professionals taking a bold and disruptive approach using multi-lateral drilling to capitalize on opportunities others have bypassed.

## Capital Structure & Key Metrics

|  |                    |
|--|--------------------|
| Basic Shares Outstanding <sup>(1)</sup>                | <b>53.2 MM</b>     |
| Fully Diluted Shares Outstanding <sup>(1)</sup>        | <b>62.5 MM</b>     |
| Market Capitalization <sup>(2)</sup>                   | <b>\$168.2 MM</b>  |
| Estimated Tax Pools <sup>(3)</sup>                     | <b>\$187.3 MM</b>  |
| Q2 2024 Adj. Working Capital (Net debt) <sup>(4)</sup> | <b>\$(30.6) MM</b> |
| Credit Facility  | <b>\$50 MM</b>     |

## 2024 Guidance

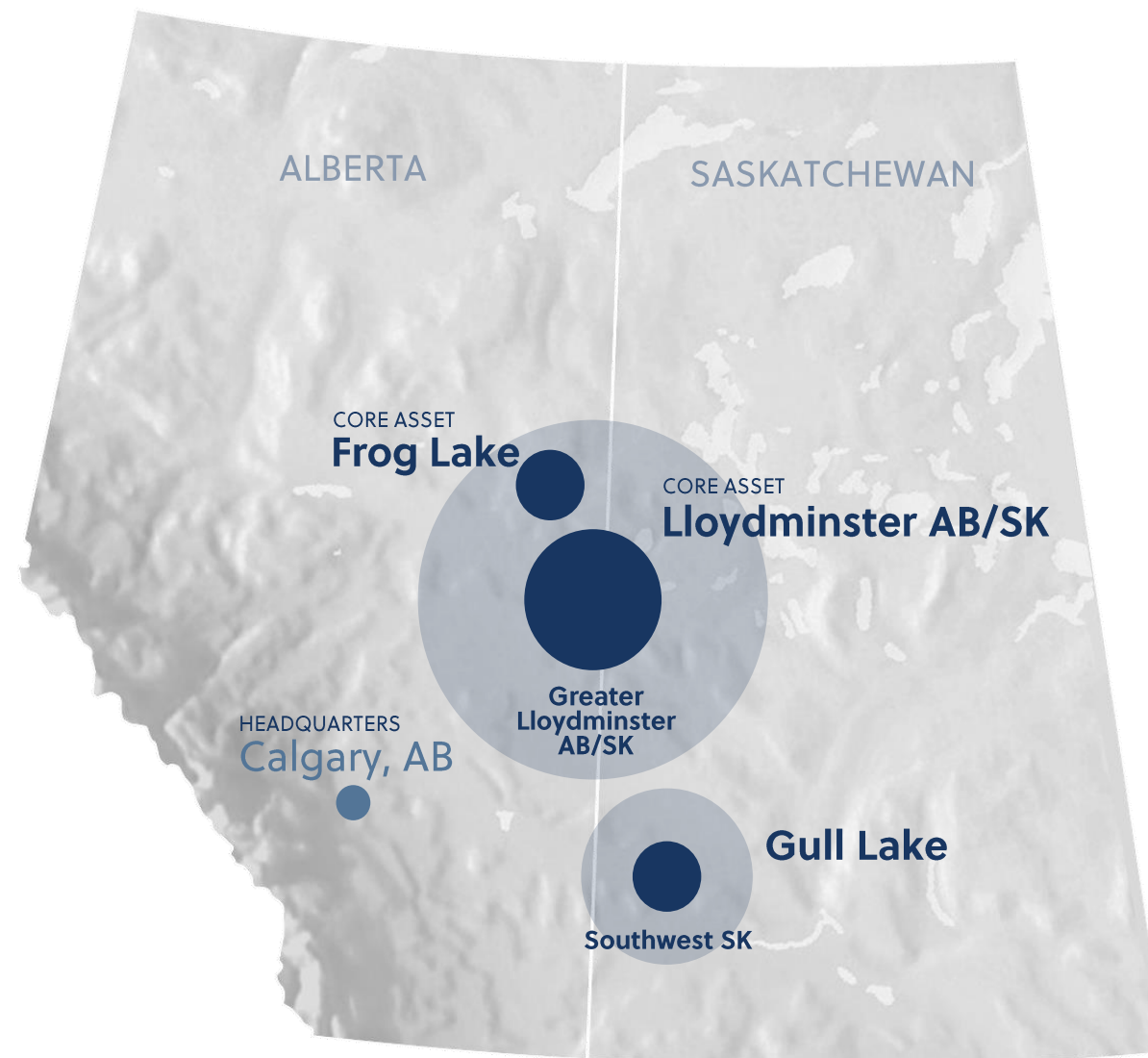
|   |                          |
|---|--------------------------|
| Annual Average Production                                     | <b>4,800 boe/d (99%)</b> |
| Q4 2024 Average Production                                    | <b>5,700 boe/d (99%)</b> |
| Capital Expenditures <sup>(4)</sup>                           | <b>\$66.0 MM</b>         |
| Adjusted Funds Flow from Operations <sup>(4)</sup>            | <b>\$65.8 MM</b>         |
| Year End 2024E Adj. Working Capital (Net debt) <sup>(4)</sup> | <b>\$(19.8) MM</b>       |
| 2024 Net Debt to Cash Flow                                    | <b>0.3 x</b>             |

1) Basic and fully diluted shares outstanding as at June 30, 2024. Fully diluted shares outstanding includes 3.7 mm stock options (weighted avg strike price \$4.06/share) and 5.6 mm warrants (weighted avg. strike price \$2.24/ share).

2) As at August 20, 2024 (\$3.16 / share close price)

3) Estimated tax pools as at June 30, 2024.

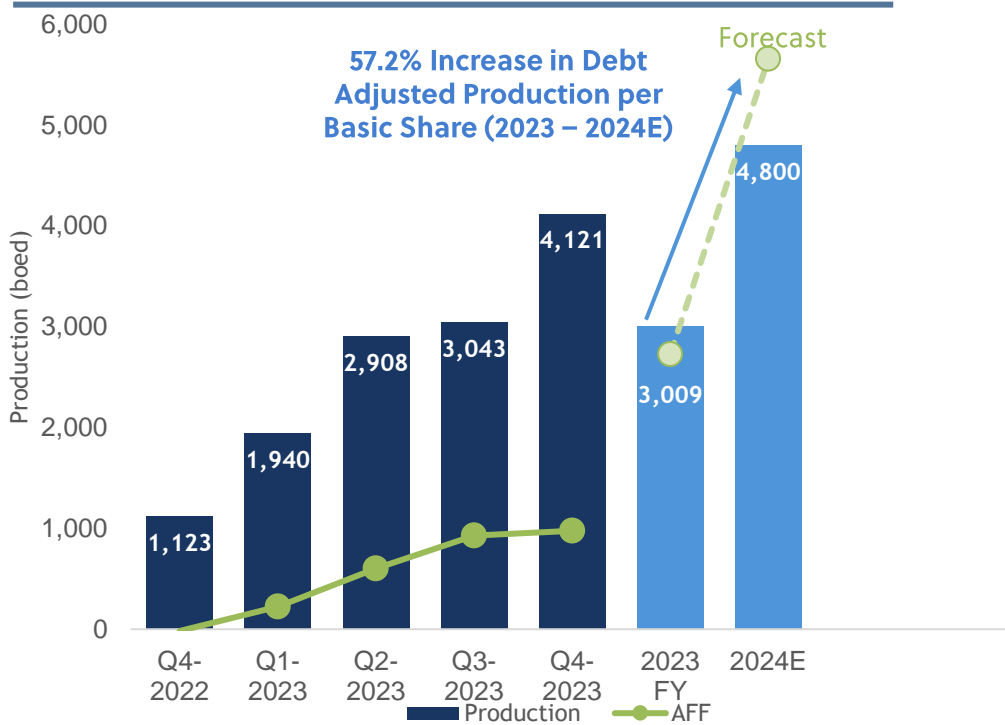
4) Non-GAAP financial measure. Refer to Non-GAAP Financial Measures.



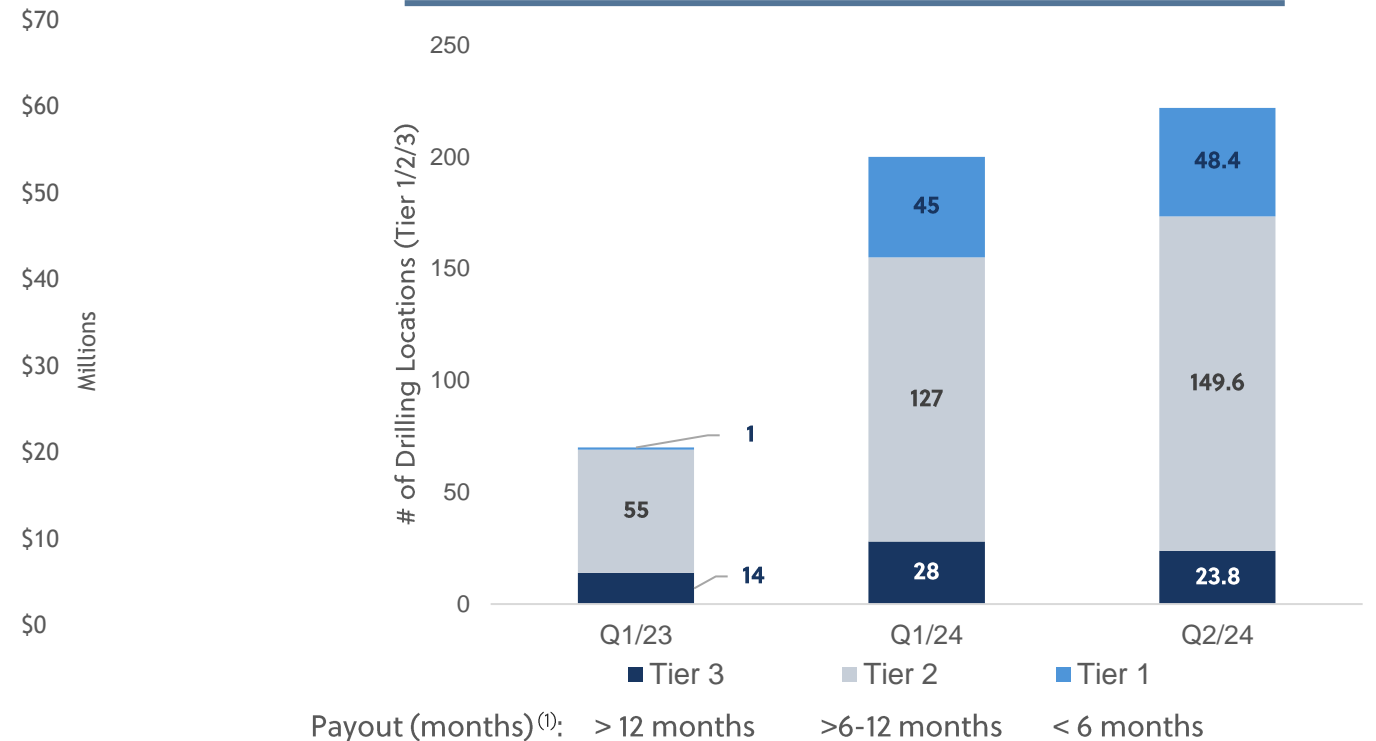
# THE LYCOS ADVANTAGE



## Production & AFF Growth



## Drilling Location Inventory Growth Y/Y



1) Q1/23 excludes the acquisition of CDLP effective March 1, 2023  
 2) Q4/23 includes the acquisition of CDLP, Wyatt Resources Ltd. and Durham Creek Exploration Ltd.

<sup>(1)</sup> NPV-10%, BT NPV10 and Payout assumptions are based on pricing assumptions of: US\$80/bbl WTI; (US\$15.00) WCS differential; and \$0.741 CAD/USD, operating expenses of \$7000/wm and \$10/bbl, Alberta MRF and capital expenditures of \$1.8 million.

# MANAGEMENT TEAM



**Management & Board have founded, grown and sold multiple junior companies at industry-leading multiples on initial investment, and bring extensive heavy oil, horizontal and multi-lateral development experience**

## **David Burton, P.Eng., M.Eng.**

*President & CEO*

- 30 years experience in upstream oil and gas development
- Founder / co-founder of over 7 start ups
- Raging River Exploration Inc. (VP, Engineering),
- Wild Stream Exploration Inc. (VP, Engineering)

## **Kyle Boon, P. Tech (Eng.)**

*Chief Operating Officer*

- 22 years experience in upstream oil and gas development
- Raging River Exploration Inc. (Drilling & Completions Manager)
- Wild Stream Exploration Inc. (Drilling/ Completions)

## **Lindsay Goos, CPA-CA**

*VP Finance & CFO*

- 22 years experience in upstream oil and gas development
- Imaginea Energy Corp. (VP Finance & CFO)
- Black Shire Energy Corp. (Controller)
- KPMG LLP

## **Jamie Conboy, P.Geol**

*VP Exploration*

- 32 years experience in upstream oil and gas development
- Storm Resources Ltd. (VP, Geoscience)
- Storm Exploration Inc. (Chief Geologist)
- Storm Energy Ltd. (Sr. Geologist)

## **Barret Henschel, P.Eng.**

*VP Production*

- 15 years experience in upstream oil and gas development
- Baytex Energy (Manager of Development – Light Oil)
- Raging River Exploration (Sr. Area Engineer)

## **Jeff Rideout P.Land, MBA**

*VP Land*

- 24 years experience in upstream oil and gas development
- Whitecap Resources Inc. (Senior Commercial Negotiator)
- TORC Oil & Gas Ltd. (Sr. Land Negotiator)

# LYCOS TEAM: TRACK RECORD OF SUCCESS



**Solid Foundational Business**

| Shareholder Return <sup>(1)</sup> | Wild Stream | Raging River |
|-----------------------------------|-------------|--------------|
| Initial Shareholders              | 630%        | 279%         |
| External                          | 119%        | 205%         |

**Historical Success (3x Proven Executers)**

### Low Op. Cost Producer

- Realized op. cost reductions with each iteration

### Disciplined Balance Sheet

- Never exceeded 1.1x trailing debt/cash flow

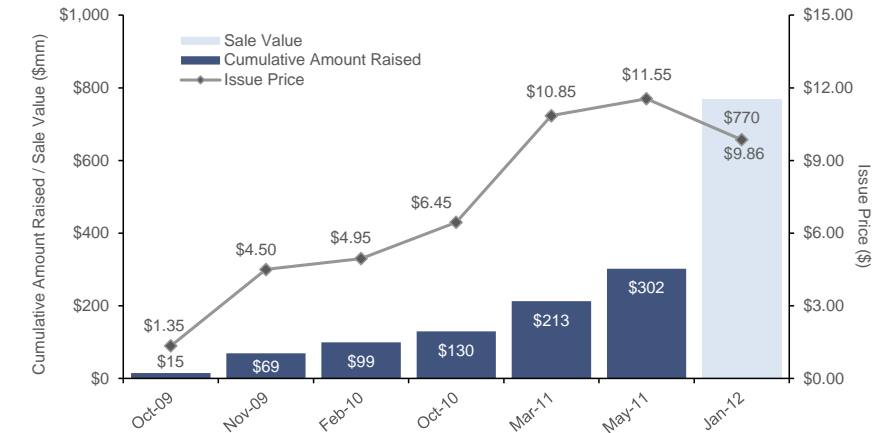
### Technology Implementation

- At the forefront of productivity improvements

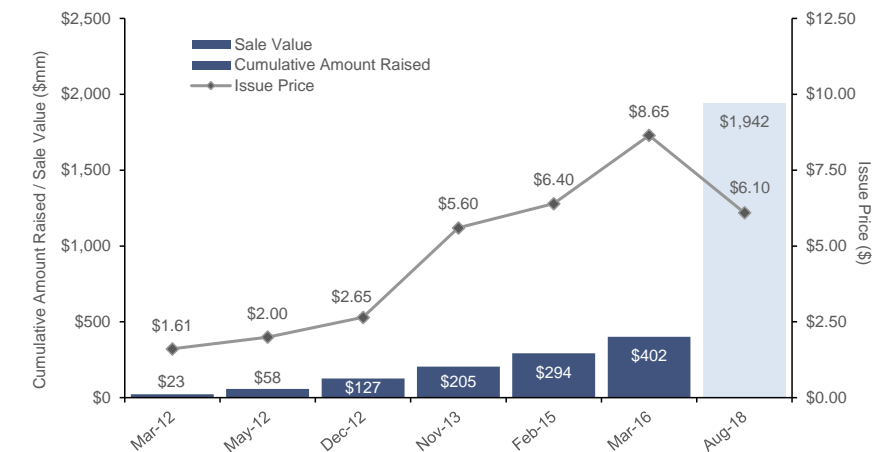
**Ability to Access Capital**

| Equity Raised (\$MM) | Wild Stream | Raging River |
|----------------------|-------------|--------------|
| Founders             | \$14.6      | \$23.1       |
| External             | \$287.5     | \$378.8      |
| Total                | \$302.1     | \$401.9      |

## Wild Stream Exploration Inc.



## Raging River Exploration Inc.

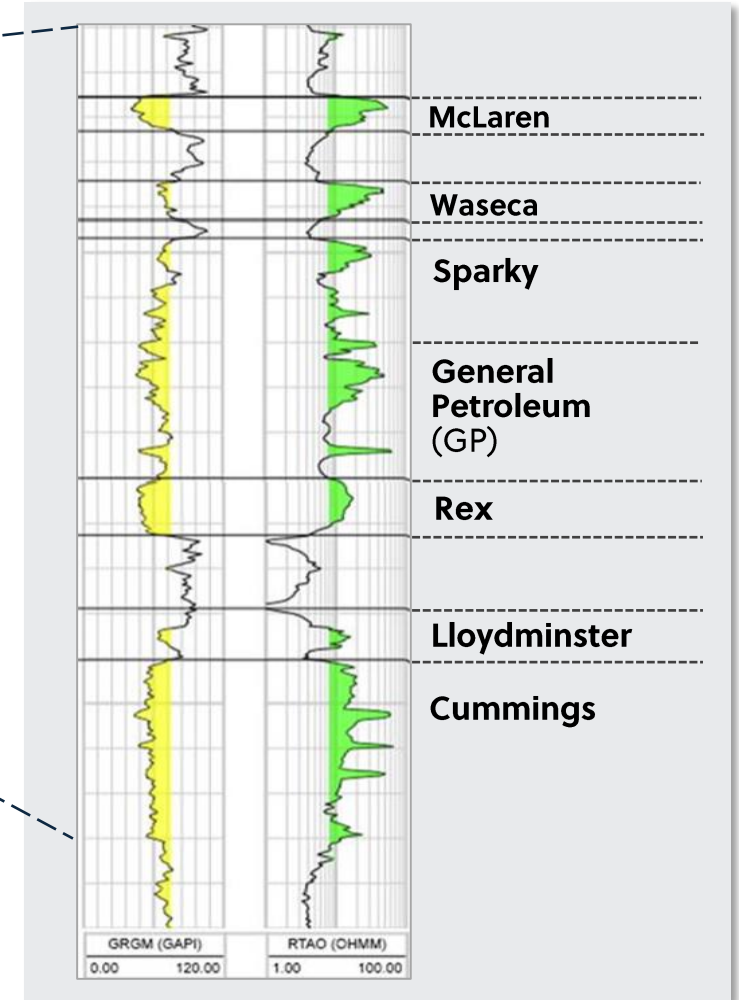
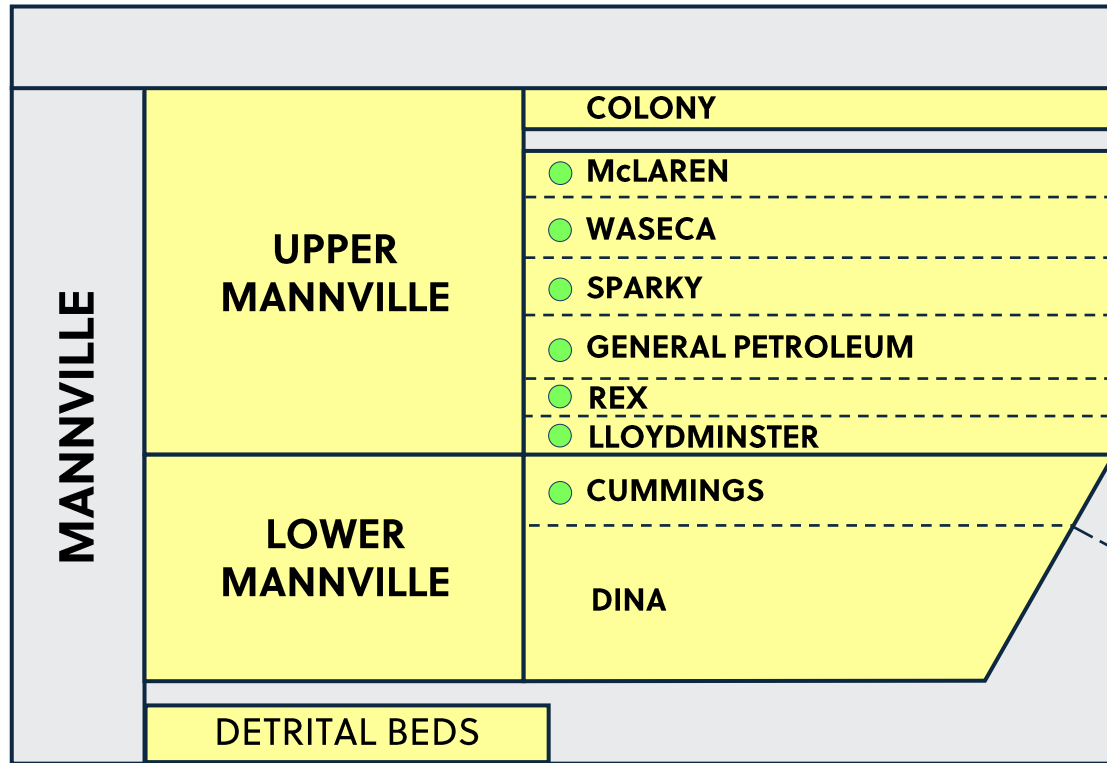


1) Shareholder return calculated as final sale price divided by initial financing price

# LCX DRILLING TARGETS



Lycos targets the 'Mannville Stack', a series of sandstone deposits found in Alberta & Saskatchewan



- In the Lloydminster Area, the Mannville consists of stacked continental to marginal-marine facies. Coarsening upwards shoreface sands are interspersed with fluvial channels and incised valley successions.
- Here, the Mannville presents up to 10 target reservoirs (LCX drilling 7 of 10)

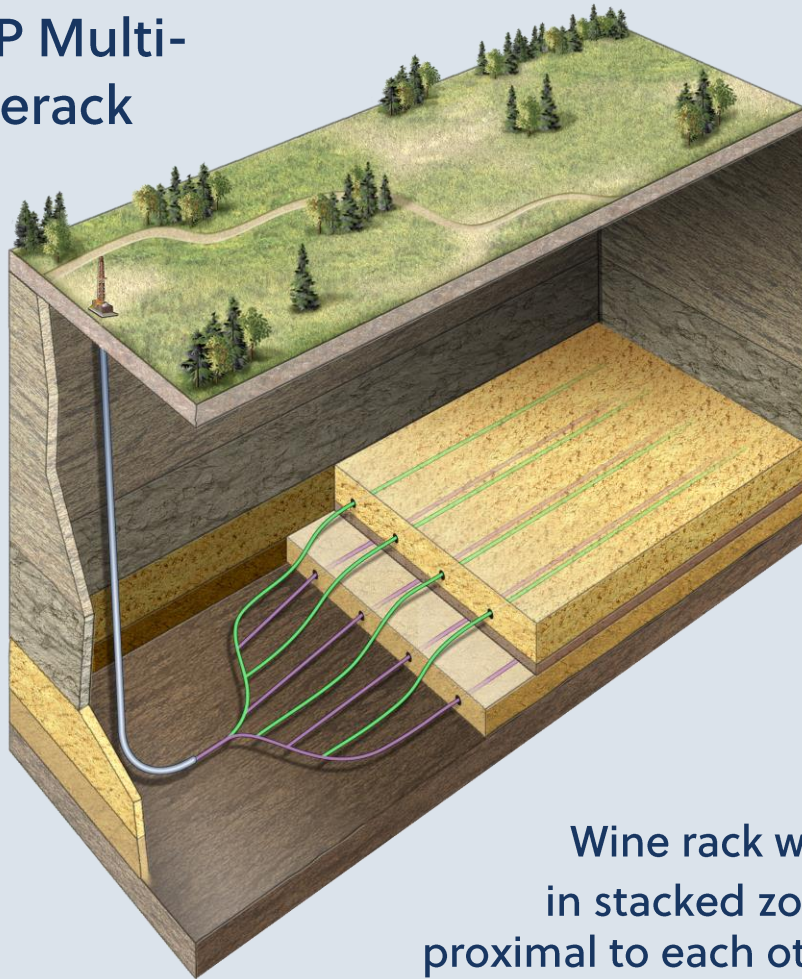
# LCX INNOVATIVE DRILLING PATTERNS



Lycos uses fit-for-purpose multi-lateral styles which are selected for the particular zone being drilled

## Sparky GP Multi-Zone Winerack

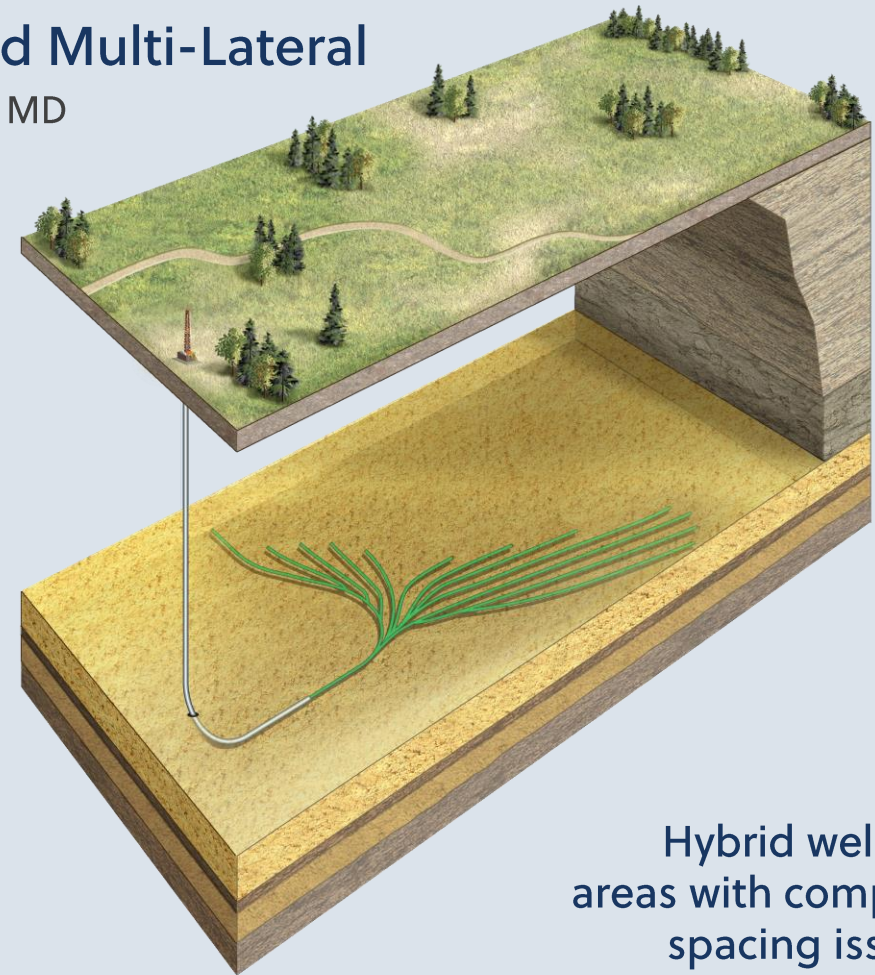
9,600m MD



Wine rack wells  
in stacked zones  
proximal to each other

## Hybrid Multi-Lateral

9,200m MD

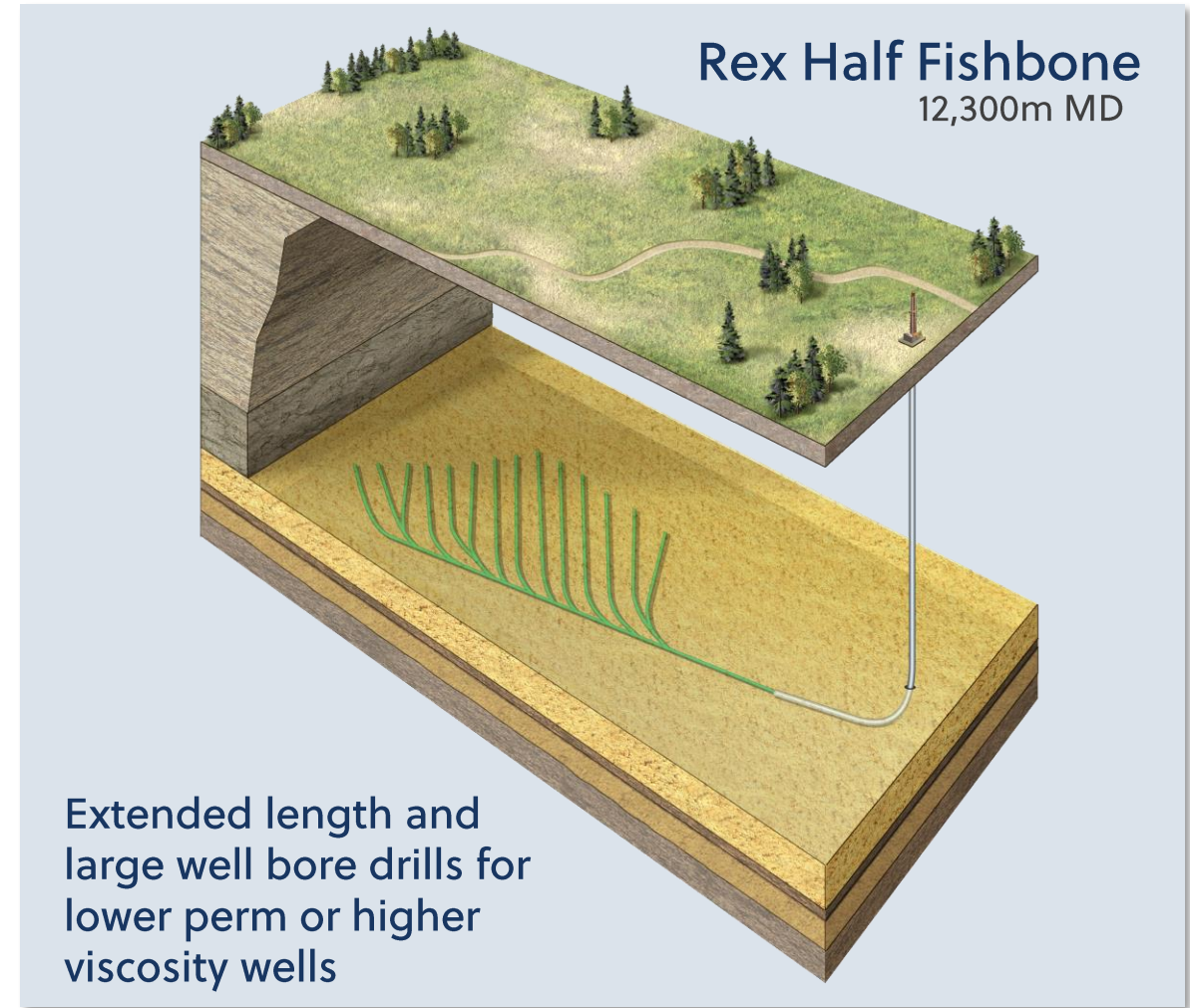
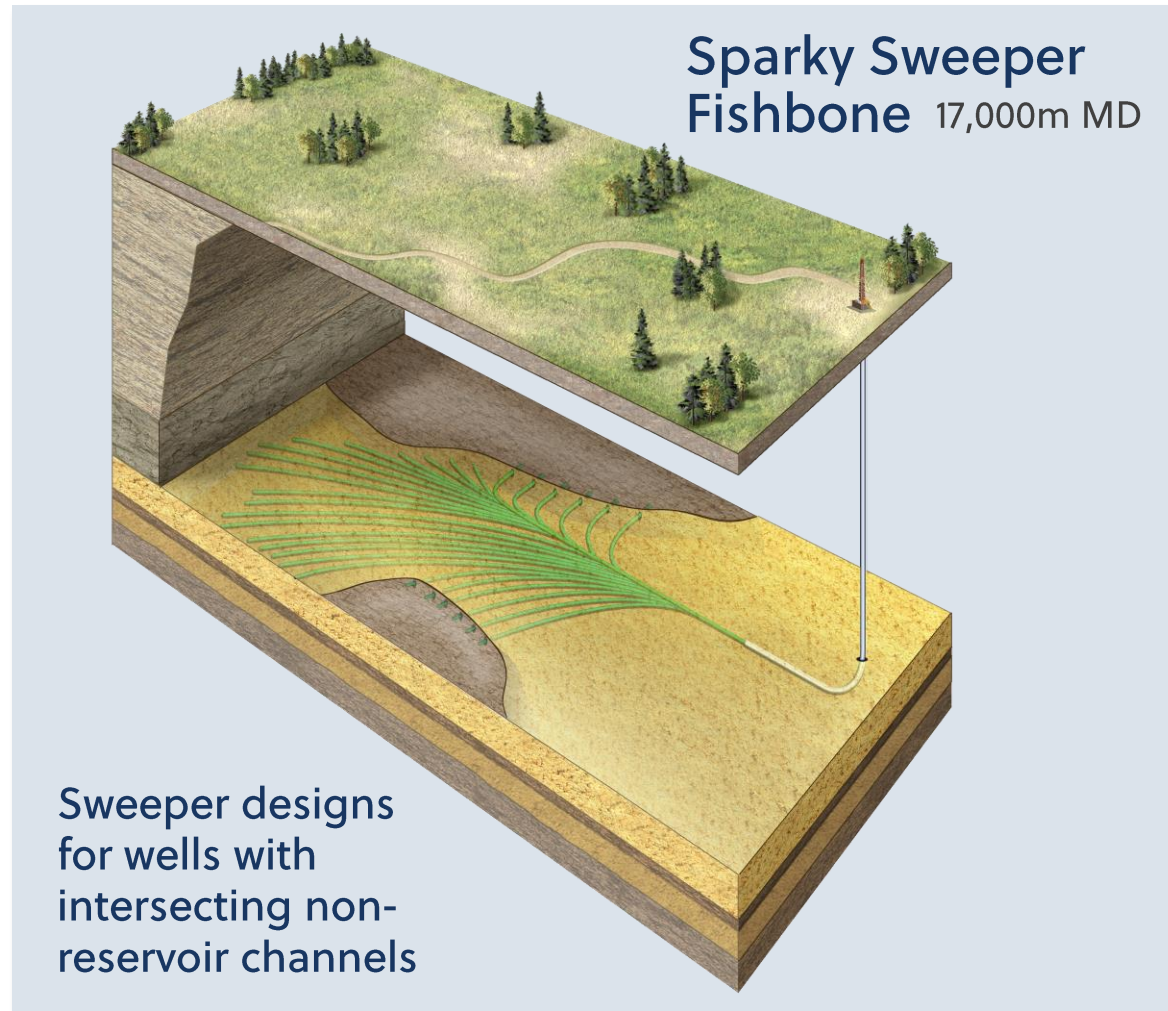


Hybrid wells in  
areas with complex  
spacing issues

# LCX INNOVATIVE DRILLING PATTERNS



Lycos has been at the forefront of multi-lateral, next-gen development geometries including industry leading number of legs and total drilled meterage per well

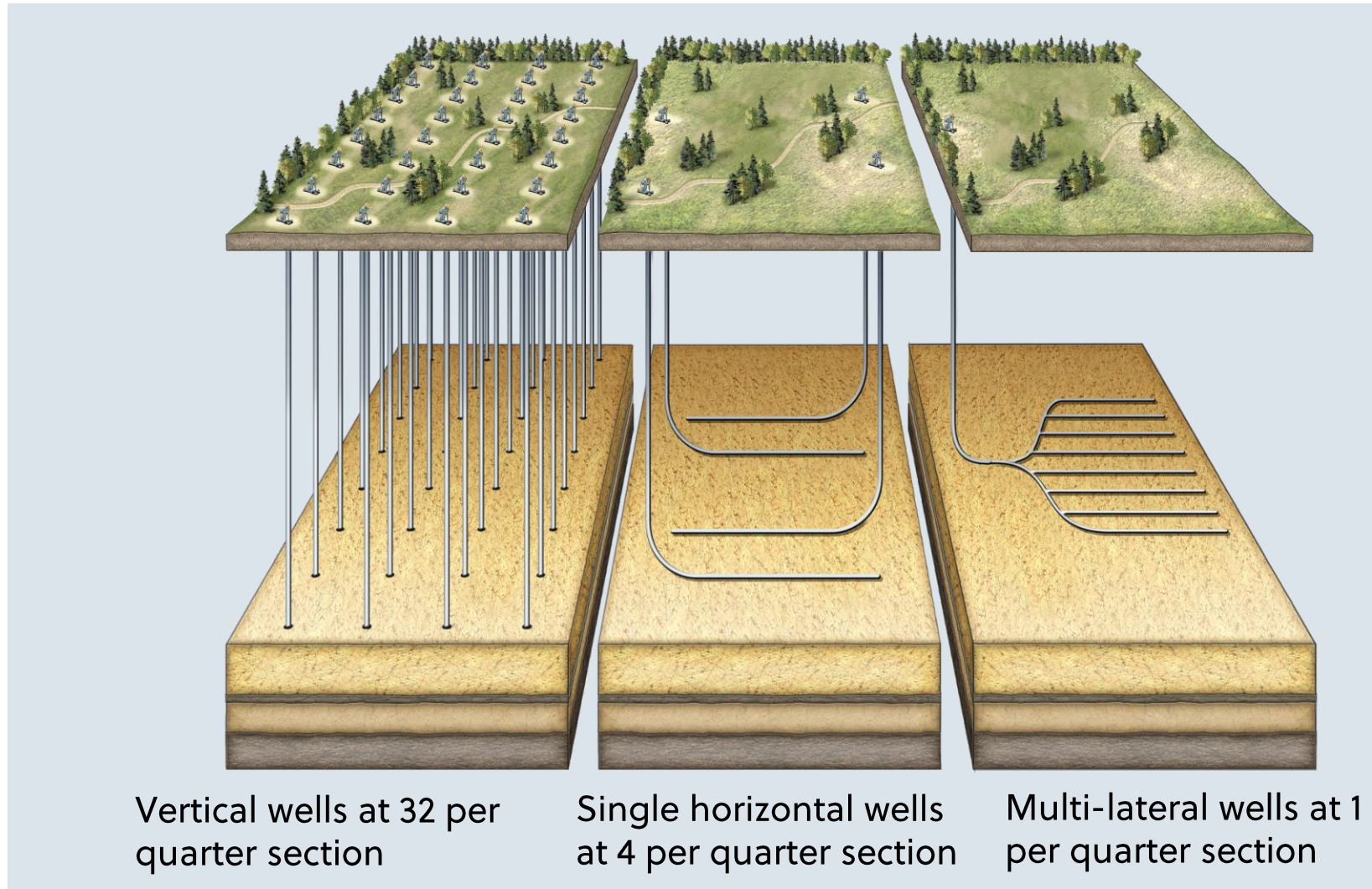




# IMPACT OF DECREASED FOOTPRINT



Lycos uses fit-for-purpose multi-lateral styles which are selected for the particular zone being drilled



# LYCOS – A PROVEN MULTI-LATERAL DRILLER



**Multi-lateral development uses well LENGTH to increase productivity and IRR as opposed to other methods such as hydraulic fracturing or steam flooding**

Multi-lateral drilling is substantially more cost effective on a \$/incremental bbl of production than vertical, “single leg” horizontal wells or other method



- Vertical wells are limited in reservoir contact to a maximum of the reservoir thickness and require between 64 and 128 wells drilled per square mile
- “Single leg” horizontal wells are limited (at Mannville depths) to ~ 3,000m or horizontal length & require 16 to 32 wells drilled per square mile

## Benefits of Multi-Laterals:

- Substantially lower capital intensity than other methods of development
- Minimizes surface disturbance
- Involves no “fracking” or high-pressure pumping
- Requires little to no water

## To Date LCX has Drilled:

|                                   |                                    |                        |
|-----------------------------------|------------------------------------|------------------------|
| <b>44+</b><br>multi-lateral wells | <b>&gt;450,000</b><br>metres       | <b>&gt;530</b><br>legs |
| <b>12</b><br>Fishbone             | <b>30</b><br>Multi-lateral (8 leg) | <b>10</b><br>Winerack  |

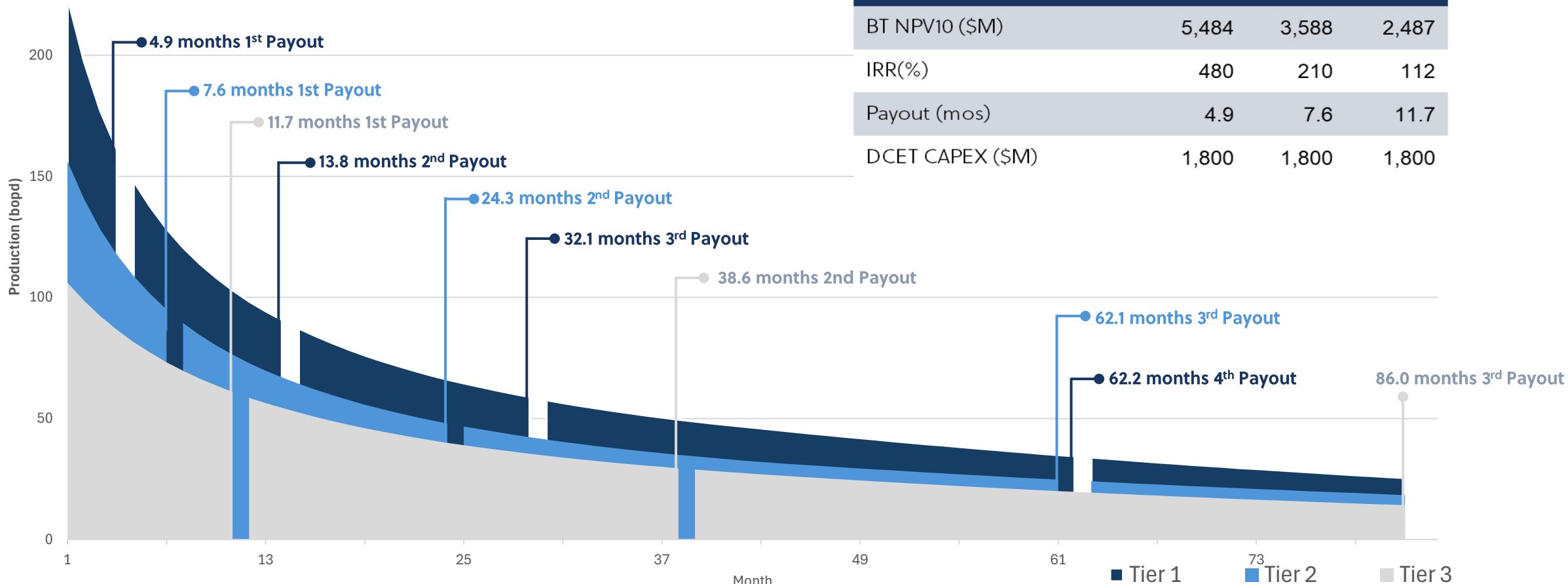
**Lycos enhances flow by using extended length horizontal drilling with up to 40 individual multiple legs that can access up to 20,000m of drilled reservoir, developing an entire square mile from a single surface pad**

# MULTIPLE PAYOUTS IN LESS THAN TWO YEARS



Rapid well payouts allows for quick recycling of capital, supporting cash flow generation

## Type Curve Models



\*Price used \$87.77 CAD WCS based on historical average from Jan 1, 2022 to March 31, 2024

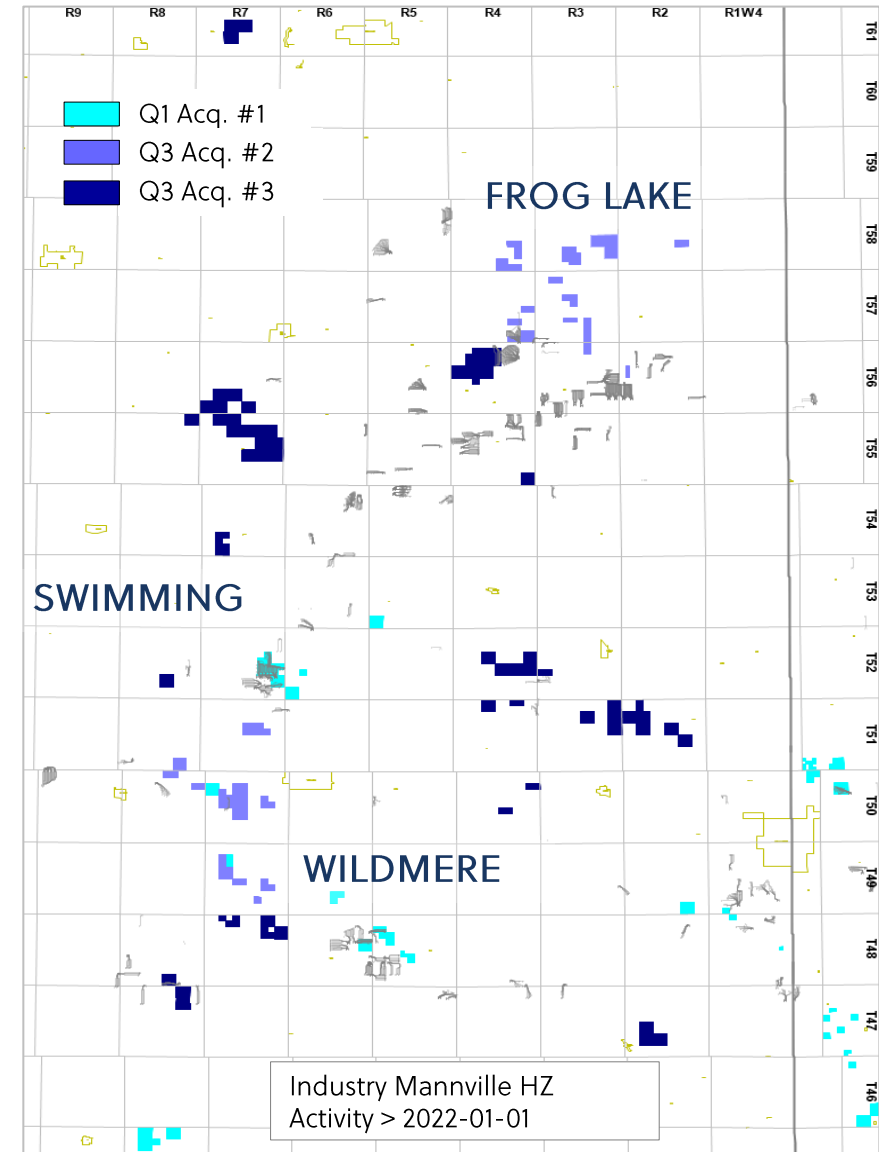
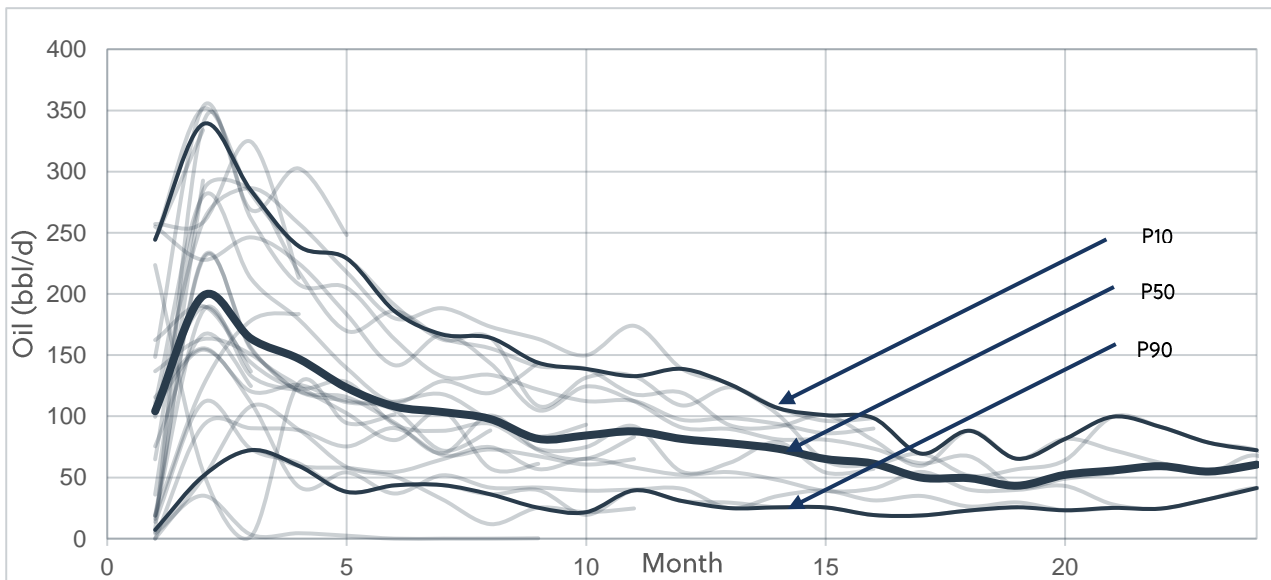
\*\* NPV-10%, BT NPV10 and Payout assumptions are based on pricing assumptions of; US\$80/bbl WTI; (US\$15.00) WCS differential; and \$0.741 CAD/USD, operating expenses of \$7000/wm and \$10/bbl, Alberta MRF and capital expenditures of \$1.8 million

# INVENTORY-RICH ACQUISITIONS COMPLETED IN 2023



|                              | Acquisition 1 | Acquisition 2 | Acquisition 3 |
|------------------------------|---------------|---------------|---------------|
| Land Acquired (Net Sections) | 56.2          | 19.3          | 55.9          |
| Locations Acquired           | 40            | 20            | 70            |
| Production Acquired (boe/d)  | 1,500         | 400           | 180           |
| CAPEX Invested (\$MM)        | 20.0          | 3.2           | 6.2           |
| Current Production (boe/d)   | 3,137         | 453           | 438           |

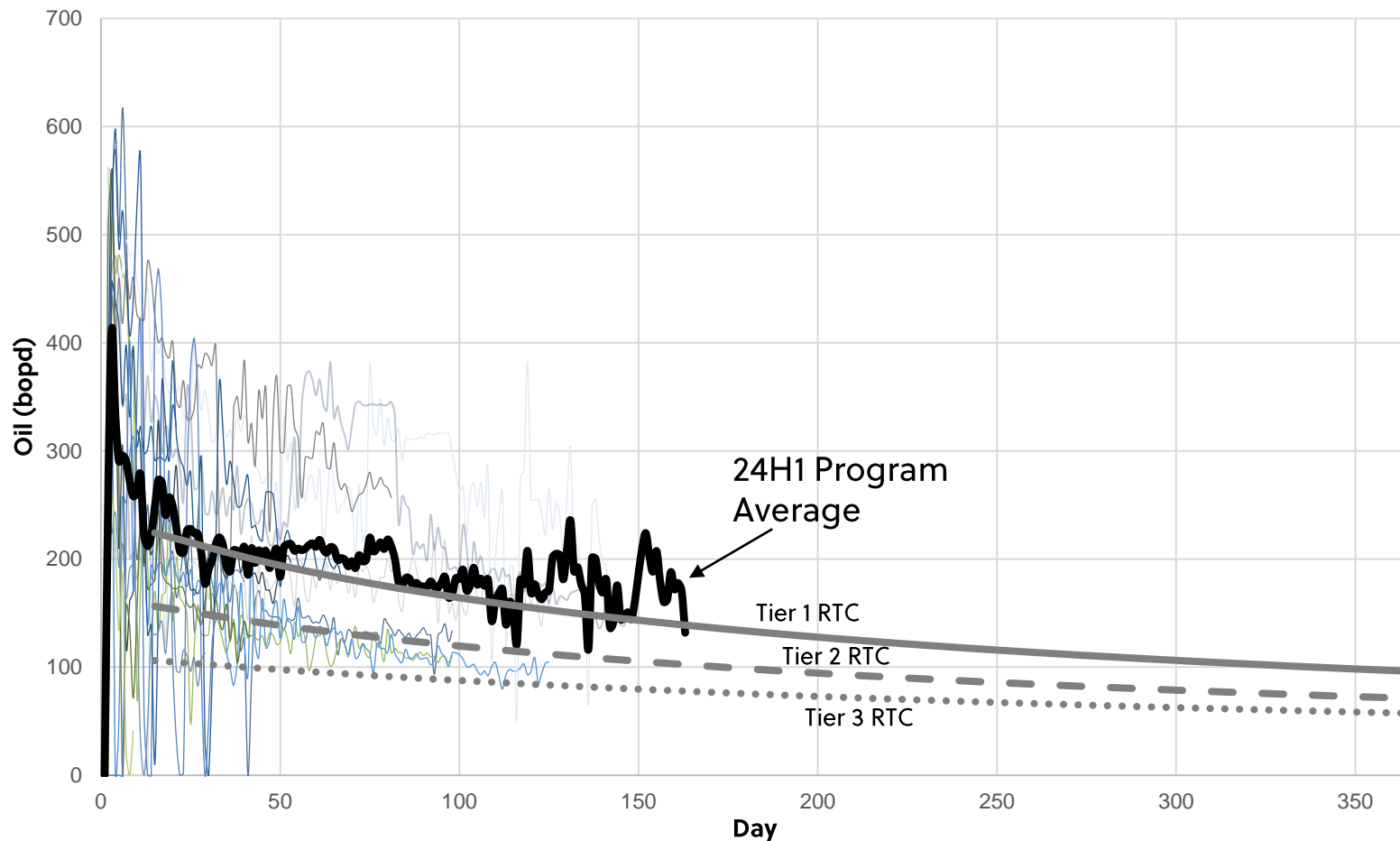
## Alberta Multi-Laterals to Date (LCX)



# LCX WELLS OUTPERFORMING TYPE CURVES



## Comparison of LCX Multi-Lateral Wells to Tier Type Curves



### Payout days of 24H1 Wells

- 25% of H1 wells have paid out
  - 04/09-30-048-05W4 – paid out after 98 days
  - 02/14-30-048-05W4 – paid out after 120 days
  - 05/06-29-048-05W4 – paid out after 104 days

| Type Curve Economics | Tier 1 | Tier 2 | Tier 3 |
|----------------------|--------|--------|--------|
| BT NPV10 (\$M)       | 5,484  | 3,588  | 2,487  |
| IRR(%)               | 480    | 210    | 112    |
| Payout (months)      | 4.9    | 7.6    | 11.7   |
| DCET CAPEX (\$M)     | 1,800  | 1,800  | 1,800  |

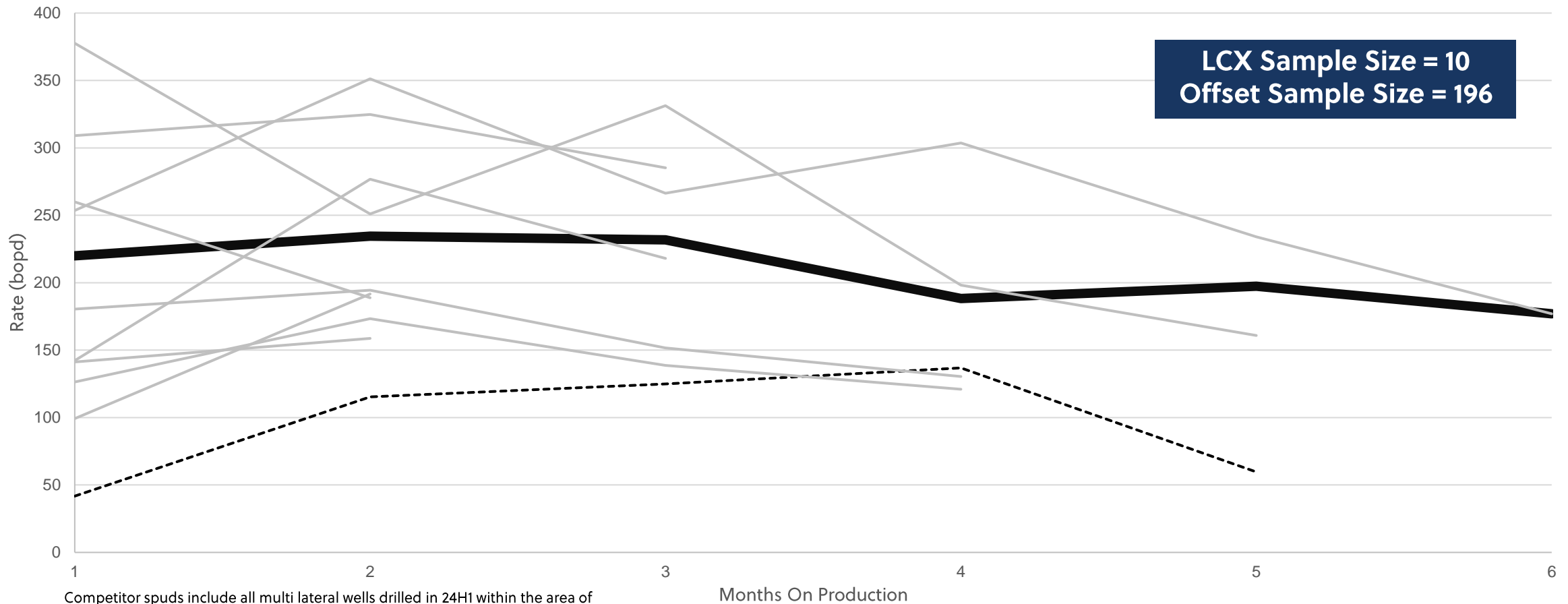
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# LCX 2024H1 RESULTS OUTPERFORMING COMPETITORS



## Comparison of LCX 24H1 to Offset Competitor Multi-Lateral Wells



Competitor spuds include all multi lateral wells drilled in 24H1 within the area of TWP40-R1W4 and TWP61-R13W4

- - - - Competitor Average
- - - - LCX Average
- 00/05-24-048-06W4
- 04/09-30-048-05W4
- 00/04-27-056-04W4
- 03/06-29-048-05W4
- 05/03-29-048-05W4
- 02/04-27-056-04W4
- 02/14-30-048-05W4
- 04/06-27-048-05W4
- 04/12-24-048-06W4
- 05/06-29-048-05W4

# LCX NEW MULTI-LATERAL DEVELOPMENT #1 SWIMMING



00/16-23-052-07W4 Rex  
IP 90 = 178 bbl/d  
Cum Oil to June 30, 2024 = 37,516 bbl

00/14-14-052-07W4 Rex  
IP 90 = 272 bbl/d  
Cum Oil to June 30, 2024 = 83,594 bbl

02/15-14-052-07W4 Rex  
IP 90 = 261 bbl/d  
Cum Oil to June 30, 2024 = 105,977 bbl

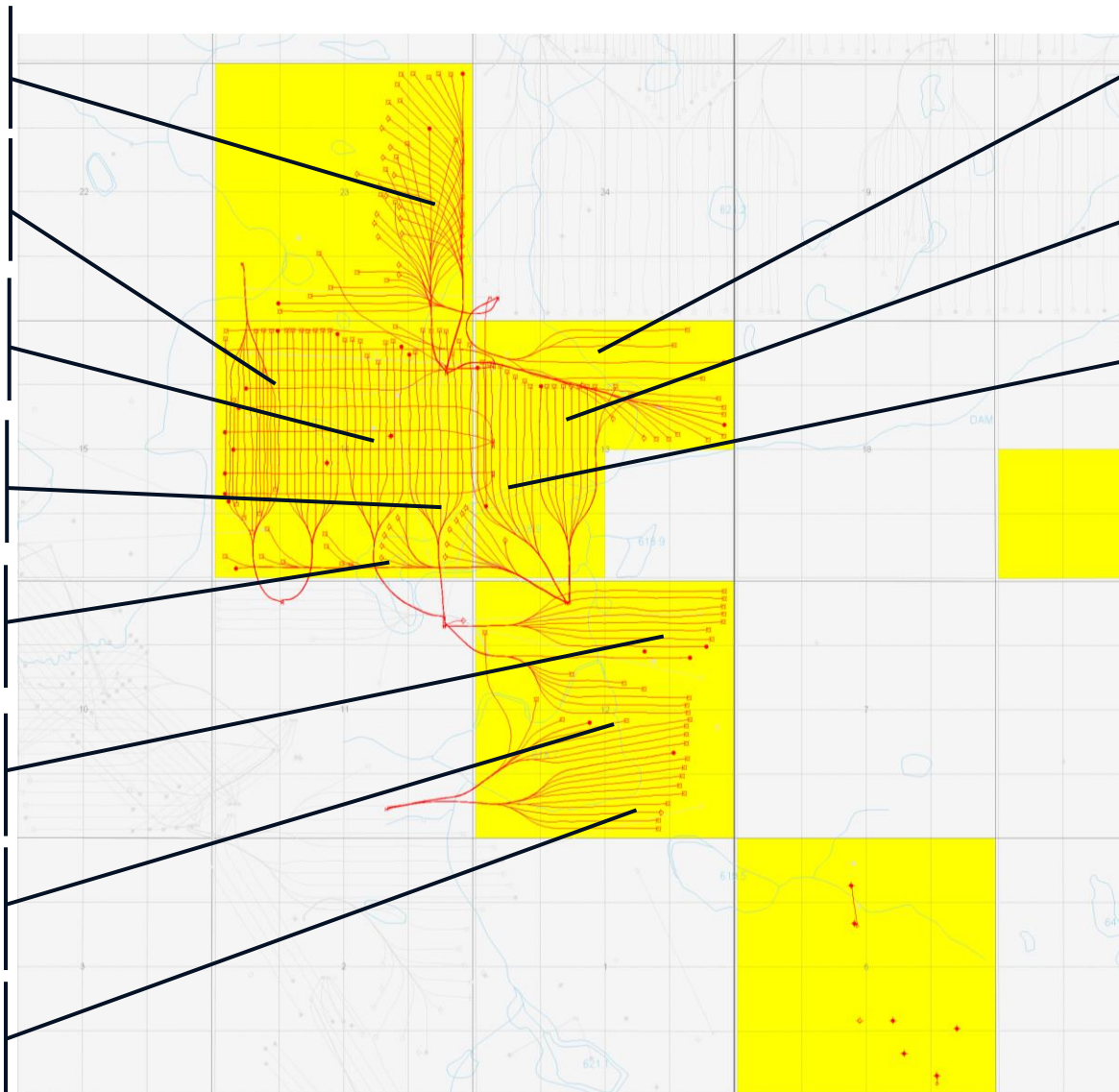
02/16-14-052-07W4 Rex  
IP 90 = 245 bbl/d  
Cum Oil to June 30, 2024 = 96,345 bbl

00/04-14-052-07W4 Rex  
IP 90 = 277 bbl/d  
Cum Oil to June 30, 2024 = 73,565 bbl

03/09-12-052-07W4 Rex  
IP 90 = 247 bbl/d  
Cum Oil to June 30, 2024 = 47,590 bbl

00/06-12-052-07W4 Rex  
IP 90 = 163 bbl/d  
Cum Oil to June 30, 2024 = 21,286 bbl

04/08-12-052-07W4 Rex  
IP 90 = 189 bbl/d  
Cum Oil to June 30, 2024 = 27,656 bbl



00/16-13-052-07W4 Rex  
IP 90 = 138 bbl/d  
Cum Oil to June 30, 2024 = 94,345 bbl

00/11-13-052-07W4 Rex  
IP 90 = 174 bbl/d  
Cum Oil to June 30, 2024 = 51,155 bbl

02/13-13-052-07W4 Rex  
IP 90 = 309 bbl/d  
Cum Oil to June 30, 2024 = 89,042 bbl

**Phase 1 – Drilling**

- Area acquired in Q1 2023
- Drilled to full multi-lateral development by Q2-2024

**Phase 2- Waterflood**

- HZ line drive waterflood to commence **Q2 – 2025**
- Analogous proximal waterfloods show excellent secondary recovery

# LCX NEW MULTI-LATERAL DEVELOPMENT #2 WILDMERE



02/14-30-048-06W4 Wine Rack  
IP 90 = 293 bbl/d  
Cum Oil to June 30, 2024 = 41,128 bbl

04/09-30-048-06W4 Wine Rack  
IP 90 = 318 bbl/d  
Cum Oil to June 30, 2024 = 50,081 bbl

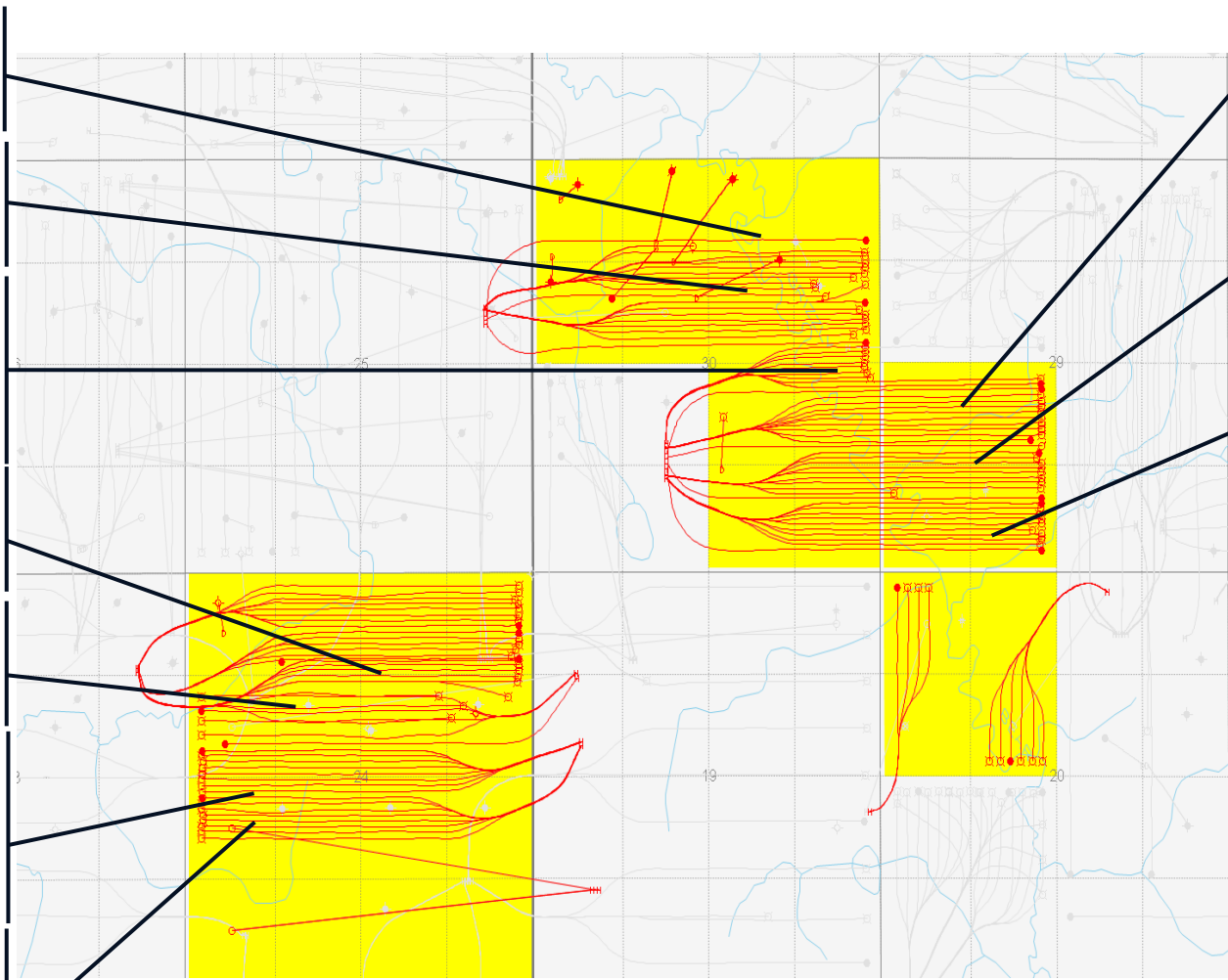
04/06-29-048-06W4 Wine Rack  
IP 30 = 218 bbl/d  
Cum Oil to June 30, 2024 = 12,785 bbl  
On since May 24, 2024

00/16-24-048-06W4 Wine Rack  
IP 90 = 245 bbl/d  
Cum Oil to June 30, 2024 = 50,627 bbl

02/16-24-048-06W4 Wine Rack  
IP 90 = 175 bbl/d  
Cum Oil to June 30, 2024 = 33,210 bbl

04/12-24-048-06W4 Wine Rack  
IP 30 = 211 bbl/d  
Cum Oil to June 30, 2024 = 6,815 bbl  
On since May 28, 2024

00/05-24-048-06W4 Wine Rack  
IP 30 = 328 bbl/d  
Cum Oil to June 30, 2024 = 7,180 bbl  
On since June 11, 2024



03/06-29-048-06W4 Wine Rack  
IP 30 = 243 bbl/d  
Cum Oil to June 30, 2024 = 16,884 bbl  
On since May 14, 2024

05/06-29-048-06W4 Wine Rack  
IP 90 = 323 bbl/d  
Cum Oil to June 30, 2024 = 33,787 bbl

05/03-29-048-06W4 Wine Rack  
IP 90 = 242 bbl/d  
Cum Oil to June 30, 2024 = 22,863 bbl

## Phase 1 – Drilling

- Area acquired in Q1 2023
- Drilled to full multi-lateral Wine Rack development by Q4-2024

## Phase 2- Waterflood

- HZ line drive waterflood initiated with further injection additions in 2025

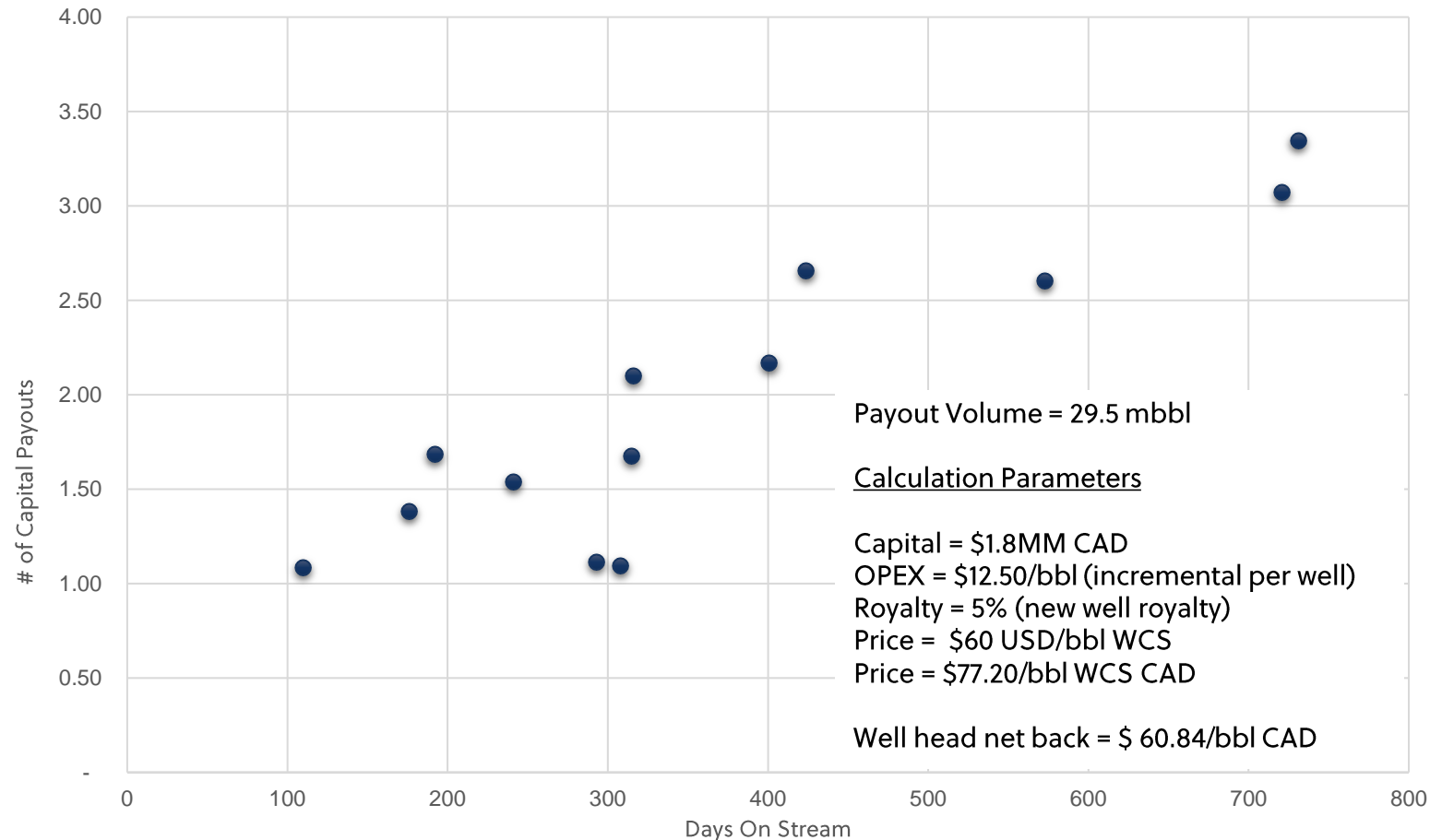


# LYCOS: EFFICIENT CAPITAL DEPLOYMENT



Actual results from recent LCX drilling demonstrates strong capital efficiencies and confirms ability to quickly recycle capital due to rapid well payouts

LCX Capital Payout vs Time (13 Wells)

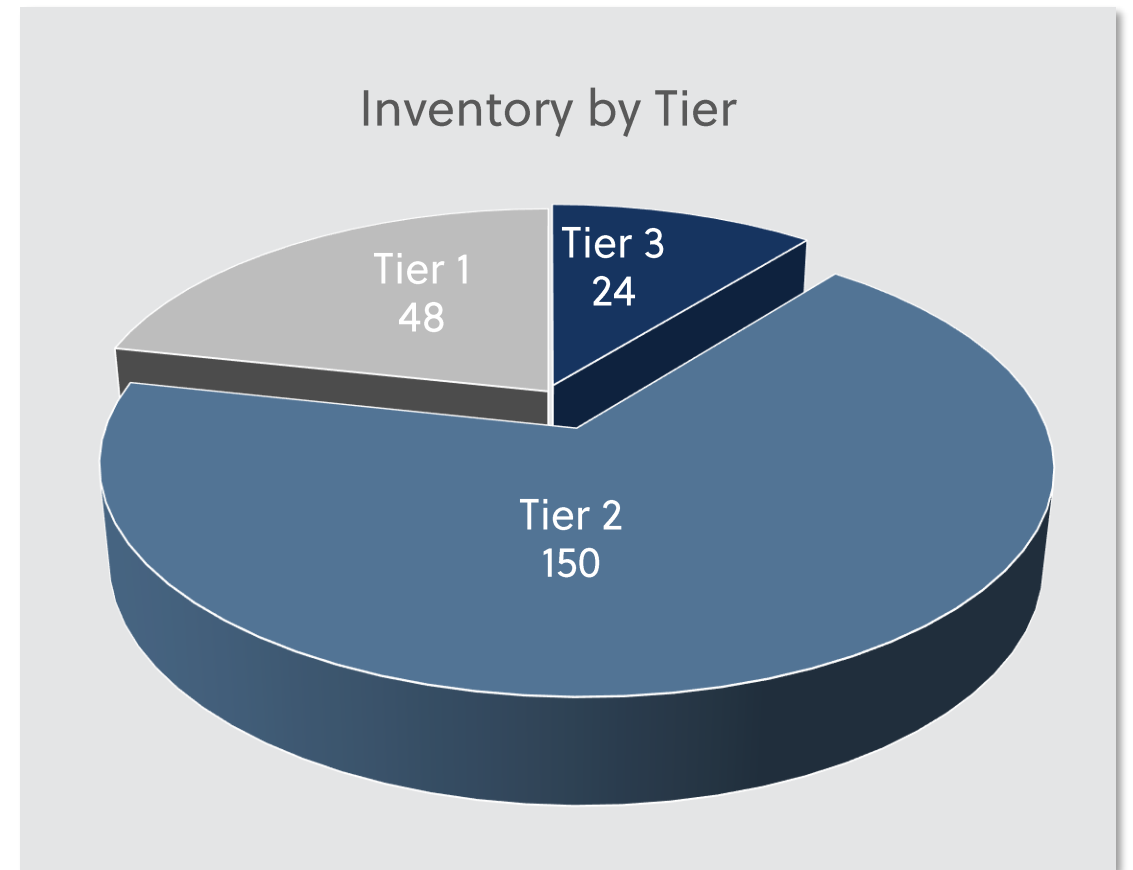


# INVENTORY DISTRIBUTION & UNRISKED POTENTIAL ASSET VALUE

Healthy inventory of identified net drilling locations across Tier 1, 2 and 3 provides support for future organic growth

| Tier         | Inventory (Net Wells) | Potential Value (BTAX PV10) <sup>(1)</sup> | Potential \$ Per share <sup>(2)</sup> |
|--------------|-----------------------|--|---------------------------------------|
| 1            | 48.4                  | >\$265 MM                                  | >\$4.99                               |
| 2            | 149.6                 | >\$535 MM                                  | >\$10.08                              |
| 3            | 23.8                  | >\$55 MM                                   | >\$1.04                               |
| <b>Total</b> | <b>221.9</b>          | <b>&gt;\$855 MM</b>                        | <b>&gt;\$16.10</b>                    |

**>\$16.10/ sh**  
potential PV10 value based on identified locations



1) NPV-10%, BT NPV10 and Payout assumptions are based on pricing assumptions of; US\$80/bbl WTI; (US\$15.00) WCS differential; and \$0.741 CAD/USD, operating expenses of \$7000/wm and \$10/bbl, Alberta MRF and capital expenditures of \$1.8 million.  
2) Per share value are based on potential value divided by 53.08 million basic shares outstanding.



# APPENDIX



## Corporate Headquarters

Suite 1900  
215 – 2nd Street SW  
Calgary, Alberta T2P 1M4  
Tel: (403) 453-1950

### Lending

National Bank of Canada

### Registrar & Transfer Agent

Odyssey Trust Corporation

### Auditors

KPMG LLP

### Legal Counsel

Stikeman Elliott LLP

### Evaluation Engineers

Sproule

## Equity Research Coverage

| Institution             | Analyst           |
|-------------------------|-------------------|
| National Bank Financial | Dan Payne         |
| Peters & Co. Limited    | Conrad Bereznicki |
| Eight Capital           | Christopher True  |
| BMO Capital Markets     | Jeremy McCrea     |
| Haywood Securities Inc. | Christopher Jones |
| ATB Financial           | Amir Arif         |



**TSXV: LCX**

### Investor Contacts

Dave Burton, President & CEO  
E: [dburton@lycosenergy.com](mailto:dburton@lycosenergy.com)

Lindsay Goos, VP Finance & CFO  
E: [lgoos@lycosenergy.com](mailto:lgoos@lycosenergy.com)

# BOARD OF DIRECTORS



## **Kevin Olson**

*Chairman of the Board*

- Director Headwater Exploration
- Former director and founder of Raging River Exploration Inc., Wild Stream Exploration Inc. and Wild River Resources Ltd.
- Former CEO of Kyklopes Capital Management and Energy X Equity

## **Ali Horvath, CPA, CA**

*Independent Director*

- CFO and VP Finance Headwater Exploration
- Former Controller and founder of Raging River Exploration Inc. and Wild Stream Exploration Inc.

## **Bruce Beynon, P. Geol**

*Independent Director*

- Athabasca Oil Corp (VP, Light Oil)
- Southern Energy (Director)
- Baytex Energy (Executive VP, Exploration and Corporate Development)
- Raging River Exploration (President and Executive VP)

## **David Burton, P.Eng., M.Eng.**

*President, CEO & Director*

- Lycos Energy Inc. (President & CEO)

## **Geri Greenall, CFA**

*Independent Director*

- Chief Operating Officer of Cascade Trading Ltd.
- Former CFO and co-founder, Spartan Delta Corp. and Camber Capital Corp.
- Former Portfolio Manager & Chief Compliance Officer, Canoe Financial

## **Kel Johnston**

*Independent Director*

- Carbon Infrastructure Partners (Partner)
- Wylander Crude Corp. (President)
- Lakeview Energy Ltd. (VP, Corporate Development)

## **Neil Roszell, P.Eng.**

*Special Advisor  
to the Board*

Executive Chairman of Headwater Exploration. Former President, CEO, Executive Chairman and founder of Raging River Exploration Inc., Wild Stream Exploration Inc., Wild River Resources Ltd.

# SASKATCHEWAN NEW FISHBONE ROYALTY



## Saskatchewan Government's royalty holiday program to incentivize drilling multi-lateral wells

- LCX Fishbone design is specifically mentioned as a **category with royalty relief** provided on the first 100 Mstb on a development well and over 150 Mstb on any appraisal Fishbone wells (first in pattern)
- Before this program, the maximum royalty holiday for a horizontal multi-lateral well at these depths was **37 Mstb**

|                   | Low Type Curve SK Sparky |                        |                      | High Type Curve SK Sparky |                        |                      |
|-------------------|--------------------------|------------------------|----------------------|---------------------------|------------------------|----------------------|
|                   | Old Scheme               | New Scheme Development | New Scheme Appraisal | Old Scheme                | New Scheme Development | New Scheme Appraisal |
| IP 30 (boe/d)     | 147                      | <b>147</b>             | <b>147</b>           | 209                       | <b>209</b>             | <b>209</b>           |
| EUR (Mbbbl)       | 130                      | <b>130</b>             | <b>130</b>           | 225                       | <b>225</b>             | <b>225</b>           |
| Payout (yrs)      | 0.8                      | <b>0.8</b>             | <b>0.8</b>           | 0.6                       | <b>0.6</b>             | <b>0.6</b>           |
| NPV 10 (BTAX M\$) | 2,895                    | <b>3,493</b>           | <b>3,502</b>         | 4,873                     | <b>6,026</b>           | <b>6,451</b>         |
| IRR (%)           | 168                      | <b>190</b>             | <b>190</b>           | 360                       | <b>445</b>             | <b>446</b>           |



**READER ADVISORIES**

# READER ADVISORIES

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## *Forward-Looking Statements*

Certain statements included in this corporate presentation (the "**Presentation**") constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided 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, such as making investment decisions. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words (including negative and grammatical variations) suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this Presentation include, but are not limited to, statements or information with respect to: Lycos Energy Inc.'s ("**Lycos**" or the "**Corporation**") business strategy, strengths, focus and objectives (including use of the Corporation's multi-lateral and "fishbone" geometries); the Corporation's 2024 guidance; statements with respect to the performance characteristics of the Corporation's oil and natural gas properties and wells (including properties and wells Lycos believes analogous to its own); anticipated benefits of the Corporation's 2023 acquisitions, including the impact of such acquisitions on the Corporation's operations, reserves, inventory and opportunities; future production levels; anticipated benefits of the Corporation's innovative drilling patterns; development opportunities; potential drilling locations; economics and payouts of the Corporation's wells; Lycos' ability to execute on its business plan and capital program; development plans and expected growth (including anticipated production growth); exploration plans; land acquisition and consolidation plans and the timing thereof; and Lycos' potential capital expenditures. In addition, the statements contained herein relating to "reserves" and "recovery" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserves estimates provided herein are internal estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

## *Assumptions*

Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect. Although the Corporation 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 Corporation 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 Presentation, assumptions have been made regarding, among other things: the business plan of the Lycos; the timing and success of future drilling, development and completion activities; the performance of existing wells and the performance of new wells; the geological characteristics of Lycos' properties, including recently acquired properties; the accuracy of geological and geophysical data and its interpretations of that data; estimated decline rates; the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the Corporation to operate in a safe, efficient and effective manner; the ability of the Corporation 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 successful integration of the recently acquired assets into Lycos' operations; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to secure adequate product transportation; prevailing weather and break-up conditions and access to the Corporation's drilling locations; future oil and natural gas prices; price volatility; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation 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.



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## ***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 Corporation 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 Corporation 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 production, costs and expenses, including increased operating and capital costs due to inflationary pressures); the possibility that government policies or laws may change, including but not limited to tax laws, royalties and environmental regulations (including uncertainty with respect to the interpretation of omnibus Bill C-59 and the related amendments to the *Competition Act* (Canada)); the possibility that governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and natural gas deposits; the ability of the Corporation to add production and reserves through acquisition, development and exploration activities; the Corporation'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 Corporation'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, including severe weather events and natural disasters such as fires, droughts and flooding; risks associated with existing and potential future law suits and regulatory actions against the Corporation; uncertainties as to the availability and cost of financing; financial risks affecting the value of the Corporation's investments; access to water contingent on river flow rates; actions of OPEC and OPEC+ members; and the impact on the Corporation of the military conflict between Russia and Ukraine as well as the war between Israel and Hamas. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties. Please refer to the Corporation's annual information form for the year ended December 31, 2023, and its most recent management discussion and analysis, for additional risk factors relating to Lycos. Copies of these documents may be accessed under the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## ***Future Oriented Financial Information***

This Presentation contains Future Oriented Financial Information ("**FOFI**") within the meaning of applicable securities laws, including, but not limited to, FOFI in respect of: prospective results of operations and production; cashflows; capital programs; estimated working capital; Year End 2024E Adjusted Working Capital (Net Debt); 2024 Net Debt to Cash Flow; operating costs; payout of wells; EUR; PV10; NPV10; IRR; and capital structure and components thereof. The FOFI has been prepared by Lycos' management to provide an outlook of the Corporation's activities and results as of the date of this Presentation. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward-Looking Statements" and assumptions with respect to the costs and expenditures to be incurred by the Corporation, capital equipment and operating costs, foreign exchange rates, taxation rates for the Corporation, general and administrative expenses and the prices to be paid for the Corporation's production. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Corporation and the resulting financial results will likely vary from the amounts set forth in the analysis presented in this Presentation, and such variation may be material.

The Corporation and its management believe that the FOFI has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, Lycos' expected expenditures and results of operations as of the date of this Presentation. However, because this information is highly subjective and subject to numerous risks including the risks discussed under the heading "Forward-Looking Statements", it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Lycos undertakes no obligation to update such FOFI and forward-looking statements and information.

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## ***No Obligation to Update***

The forward-looking statements or information contained in this Presentation are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws. The forward-looking statements or information contained in this Presentation are expressly qualified by this cautionary statement.

## ***Non-GAAP Financial Measures***

In addition to using financial measures prescribed by generally accepted accounting principles ("**GAAP**"), reference is made in this Presentation to various non-GAAP financial measures which is a measure that does not have any standardized meaning as prescribed by GAAP. Management believes that the presentation of these non-GAAP financial measures provides useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance. These non-GAAP financial measures might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of the Corporation's performance.

Set forth below are descriptions of the non-GAAP financial measures used in this Presentation.

## ***Capital Expenditures***

Management uses the term "capital expenditures" or "CAPEX" 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 Corporation'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 & evaluation, capital expenditures – property, plant & equipment, acquisition through business combination and proceeds on disposition.

| (\$ in thousands)                     | Three months ended<br>June 30, |        | Six months ended<br>June 30, |        |
|---------------------------------------|--------------------------------|--------|------------------------------|--------|
|                                       | 2024                           | 2023   | 2024                         | 2023   |
| Net cash used in investing activities | <b>17,521</b>                  | 11,787 | <b>35,288</b>                | 64,199 |
| Change in non-cash working capital    | <b>3,737</b>                   | 122    | <b>5,420</b>                 | 9,397  |
| Capital expenditures                  | <b>21,258</b>                  | 11,909 | <b>40,708</b>                | 73,596 |

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## *Adjusted Working Capital (Net Debt).*

This capital management measure is calculated as current assets less current liabilities, excluding the current portion of decommissioning liabilities and financial derivative receivable or liability. Adjusted working capital (Net debt) is a capital management measure which management uses to assess the Corporation's liquidity. Exit Adjusted Working Capital (Net Debt) is calculated by taking the forecasted December 2024 current assets less current liabilities, excluding the current portion of decommissioning liabilities and financial derivative receivable or liability.

| <i>(\$ in thousands)</i>                       | <b>June 30,<br/>2024</b> | December 31,<br>2023 |
|--|--------------------------|----------------------|
| Working capital                                | <b>(32,070)</b>          | (17,798)             |
| Current portion of decommissioning liabilities | <b>1,500</b>             | 1,500                |
| Financial derivative asset                     | <b>(22)</b>              | (759)                |
| Adjusted working capital (net debt)            | <b>(30,592)</b>          | (17,057)             |

## *Adjusted Funds Flow from Operations*

This capital management measure is calculated by taking cash-flow from operating activities, on a periodic basis, and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs since expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the funds flow is calculated by taking cash flow from operating activities and adding back changes in non-cash working capital. Adjusted funds flow ("AFF") 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 Corporation's oil and gas properties and the Corporation'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 Corporation.

| <i>(\$ in thousands)</i>            | Three months ended<br>June 30, |         | Six months ended<br>June 30, |       |
|-------------------------------------|--------------------------------|---------|------------------------------|-------|
|                                     | <b>2024</b>                    | 2023    | <b>2024</b>                  | 2023  |
| Cash flow from operating activities | <b>14,024</b>                  | 9,022   | <b>18,129</b>                | 5,598 |
| Change in non-cash working capital  | <b>3,791</b>                   | (2,375) | <b>8,999</b>                 | 2,688 |
| Funds flow from operations          | <b>17,815</b>                  | 6,647   | <b>27,128</b>                | 8,286 |
| Decommissioning expenditures        | <b>79</b>                      | 357     | <b>357</b>                   | 464   |
| Transaction costs                   | <b>133</b>                     | -       | <b>133</b>                   | 876   |
| Adjusted funds flow from operations | <b>18,027</b>                  | 7,004   | <b>27,618</b>                | 9,626 |

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## ***Drilling Locations***

This Presentation discloses multi-lateral/fishbone drilling locations in two categories: (i) booked locations and (ii) unbooked locations. Booked locations identified in this Presentation were derived from the reserves estimates presented in the reserves report (the "**Reserves Report**") prepared by Sproule Associates Limited, the Corporation's independent qualified reserves evaluator, as of December 31, 2023, and mechanically updated to April 8, 2024, for Q1 2024 figures, and August 7, 2024, for Q2 2024 figures, respectively, by the Corporation's internal qualified reserves evaluator, all in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the most recent publication of the Canadian Oil and Gas Evaluations Handbook (the "**COGE Handbook**"), to reflect drilling that occurred during such periods and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Corporation's assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. For the disclosed Q1 2024 inventory, of the approximately 220 (200 net) drilling locations identified herein, 37 (35.7 net) are proved locations, 22 (20.8 net) are probable locations and 161 (143.5 net) are unbooked locations. For the disclosed Q2 2024 inventory, of the approximately 225 (221.9 net) drilling locations identified herein, 31 (29.7 net) are proved locations, 21 (20.2 net) are probable locations and 173 (172 net) are unbooked locations. Unbooked locations have been identified by management as an estimation of the Corporation's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by the drilling of existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

## ***Future Drilling Locations***

Unless otherwise expressly stated, the information in this Presentation pertaining to future drilling locations or drilling inventories is based solely on internal estimates made by management and such locations have not been reflected in any independent reserve or resource evaluations prepared pursuant to NI 51-101. Similarly, unless otherwise expressly stated, the information in this Presentation pertaining to targeted reserve volumes from future drilling is intended to indicate that in making its internal drilling decisions, the Corporation seeks to target drilling locations that, based on previous drilling results and its own internal assessments, it believes will on average ultimately generate the indicated volumes.

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## ***Type Well Production, Initial Production Rates and Economics***

This Presentation contains references to type well production and economics, which are derived, at least in part, from available information respecting the well economics of other companies and, as such, there is no guarantee that Lycos will achieve the stated or similar results, capital costs and return costs per well. Any references in this Presentation to initial production rates, IP 30, production type curves, economics or test results are useful in confirming and assessing the potential for the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or long-term economics of the relevant well or fields or of ultimate recovery of hydrocarbons. In particular, test result data should be considered to be preliminary until a pressure transient analysis and/or well-test interpretation has been carried out. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production or performance for Lycos.

## ***Analogous Information & Type Curves***

In this Presentation, Lycos has provided information relating to properties in close proximity to the Corporation's properties, which is "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources which the Corporation believes are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with COGE Handbook. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Lycos believes that the provision of this analogous information is relevant to Lycos' activities, given its acreage position and operations (either ongoing or planned) in the area in question, however, readers are cautioned that there is no certainty that any of the development on Lycos' properties will be successful to the extent in which operations on the lands in which the analogous historical production information is derived from were successful, or at all.

Certain type curves disclosure presented herein represents volumes expected to be recovered from wells. The type curves represent what management thinks an average well will achieve, based on methodology that is analogous to wells with similar geological features. Individual wells may be higher or lower but over a larger number of wells, management expects the average to come out to the type curve. Over time, type curves can and will change based on achieving more production history on older wells or more recent completion information on newer wells.

## ***BOE Conversions***

Lycos has adopted the standard of 6 mcf : 1 bbl when converting natural gas to oil equivalent. The term barrels of oil equivalent ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf : 1 bbl is roughly based on an energy equivalency conversion method applicable at the burner tip and does not represent a value equivalency at the product sales point. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 mcf : 1 bbl, utilizing a conversion ratio at 6 mcf : 1 bbl may be misleading as an indication of value.

## ***Short Term Results***

References in this press release to peak rates, initial production rates, IP30, IP90 and other short term production rates are useful in forming 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.

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## **Third Party Information**

Certain information contained herein has been obtained from published sources prepared by independent industry analysts and third-party sources (including industry publications, surveys and forecasts). While such information is believed to be reliable for the purpose used herein, none of the directors, officers, owners, managers, partners, consultants, shareholders, employees, affiliates or representatives assumes any responsibility for the accuracy of such information. Some of the sources cited in this Presentation have not consented to the inclusion of any data from their reports, nor has Lycos sought their consent.

## **US Disclaimers**

This Presentation does not constitute an offer to sell or the solicitation of an offer to buy any of securities for sale in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an exemption from registration. This Presentation shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Unless expressly stated otherwise, all estimates of proved developed producing, proved, probable and possible reserves and related future net revenue disclosed in this Presentation have been prepared in accordance with NI 51-101. Estimates of reserves and future net revenue made in accordance with NI 51-101 will differ from corresponding estimates prepared in accordance with applicable U.S. Securities and Exchange Commission rules and disclosure requirements of the U.S. Financial Accounting Standards Board, and those differences may be material.

## **Currency**

All figures in this Presentation are presented in Canadian dollars, unless otherwise denoted

## **Acronyms**

*bbl* – barrels  
*bbl/d* – barrels per day  
*boe* – barrels of oil equivalent  
*boe/d* – barrels of oil equivalent per day  
*BT* or *BTAX* – before tax  
*CAPEX* – capital expenditures  
*DCET* – drill case equipment tie-in  
*EUR* – estimated ultimate recovery  
*IRR* – internal rate of return  
*m* – metres

*mdbl* – thousand barrels  
*mdbl/d* – thousand barrels per day  
*H1* – first half of the year  
*mcf* – thousand cubic feet  
*MM* – million  
*MRF* – Modernized Royalty Framework  
*Mstb* – thousand stock tank barrels  
*NPV 10* – net present value with a discount of 10%  
*OPEX* – operating expenditures

*PV 10* – present value with a discount of 10%  
*WCS* – Western Canadian Select  
*wm* – per well month  
*WTI* – West Texas Intermediate  
*TSXV* – TSX Venture Exchange  
*USD* – US Dollars