



**UPDATE ON APPROVAL PROCESS OF POTENTIAL
UPSTREAM AND MIDSTREAM ACQUISITION IN ECUADOR**

News Release

Calgary, Alberta, November 2, 2020 – New Stratus Energy Inc. (TSX.V - NSE) (“New Stratus” or the “Corporation”) provides an update on the potential transaction for the acquisition from certain affiliates of Repsol S.A (the “Sellers”) of an indirect 35% operated working interest in service contracts for Blocks 16 and 67 in Ecuador (the “Blocks”) as well as an indirect 29.66% participation in Oleoducto de Crudos Pesados Ecuador S.A. (the “Potential Transaction”), previously announced on October 20, 2020.

On October 19, 2020, the Sellers and the Corporation applied for approval of the Potential Transaction before the Ecuadorean Ministry of Energy and Non-Renewable Resources (*Ministerio de Energia y Recursos Naturales No Renovables*) (the “Ministry”) and on October 26, 2020, the Corporation filed a notice of the Potential Transaction with the Ecuadorean Antitrust Authority (*Superintendencia de Control del Poder de Mercado*).

On October 29, 2020, the Sellers were notified by the Ministry of its denial of the requested approval for the Potential Transaction on the basis that the application did not satisfy the requirements of Decree 1363 on transfers of Hydrocarbons contracts since, from the filed documents, as it could not confirm that with the Potential Transaction there would not be “a deterioration of the financial solvency and operational capabilities of the contractor”, which is the threshold for approval of transactions such as the Potential Transaction.

Jose Francisco Arata, Chairman and Chief Executive Officer, commented: “we are disappointed at the denial of approval of the Potential Transaction by the Ministry. We believe that the Potential Transaction meets the requirements of applicable regulations for approval by the Ministry since such transaction will not alter any of the financial situation and operational capabilities of the contractor of the Blocks, which is a consortium where the Sellers only hold a 35% working interest through a local company that has been the operator of the Blocks for many years and where no mandatory investments are pending. The Corporation is still committed to invest in the energy sector in Ecuador and will continue to work with the Ecuadorean authorities and the Sellers to agree on a structure for the Potential Transaction that may be satisfactory to all parties.”

Contact Information:

Jose Francisco Arata
Chairman & Chief Executive Officer
jfarata@newstratus.energy

Mario Miranda
Chief Financial Officer
mmiranda@newstratus.energy – (416) 363-4900

Forward-Looking Information

Certain information set out in this news release constitutes forward-looking information, including information relating to a new structure of the Potential Transaction and the approval of the Ministry thereof. Forward-looking statements (often, but not always, identified by the use of words such as “expect”, “may”, “could”, “anticipate” or “will” and similar expressions) may describe expectations, opinions or guidance that are not statements of fact and which may be based upon information provided by third parties. Forward-looking statements are based upon the opinions, expectations and estimates of management of the Corporation as at the date the statements are made and are subject to a variety of known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information. Although the Corporation believes that the expectations reflected in the forward-looking statements set out in this news release, it can give no assurance that such expectations will prove to have been correct. New Stratus disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by securities legislation. The forward-looking statements of the Corporation contained in this news release are expressly qualified, in their entirety, by this cautionary statement.

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