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NEW STRATUS ENERGY ANNOUNCES FURTHER CONSOLIDATION OF PARTNER INTEREST IN BLOCKS 16 & 67 AND CORPORATE UPDATES

Calgary, Alberta, October 3, 2022 – New Stratus Energy Inc. (TSX.V - NSE) (“**New Stratus**” or the “**Corporation**”) is pleased to announce it has entered into a share purchase agreement (the “**Agreement**”) with one of the Corporation’s working interest partners (the “**Vendor**”) in Blocks 16 and 67 in Ecuador (the “**Blocks**”) to acquire the Vendor’s entire working interest in the Blocks, held by the Vendor’s wholly owned subsidiary (the “**Target**”). Pursuant to the Agreement, the Corporation will acquire all of the issued and outstanding common shares of the Target from the Vendor such that the Corporation will indirectly acquire an additional undivided 14% working interest (the “**Acquired Interest**”) in the service contracts (the “**Service Contracts**”) for the Blocks (the “**Transaction**”). The total consideration for the Transaction is approximately US\$10.7 million cash, subject to adjustment, which total consideration is comprised of the following amounts:

- a base purchase price of approximately US\$1.2 million;
- an estimated working capital adjustment payment of approximately US\$5.6 million; and
- an estimated carryforward recovery adjustment payment of approximately US\$3.9 million.

Completion of the Transaction is subject to prior regulatory approvals, including authorization by the Ecuadorian Ministry of Energy and Mines and antitrust authorities. The Transaction, upon statutory sanctioning, will consolidate the Corporation’s working interest in the Blocks, increasing from 66% to 80%. The Transaction will further increase New Stratus’ current production and cash flow while maintaining the Corporation’s financial flexibility.

Transaction Highlights

The Acquired Interest has the following characteristics:

- Gross production as of September 1, 2022 was approximately 2,122 barrels of oil per day (bopd).¹

- Proved developed producing reserves: 0.462 million barrels of oil.¹

(1) See “Reserves Advisory”.

Blocks 16 and 67

Upon completion of the Transaction, the Corporation will hold a 80% operated working interest in the Service Contracts for the Blocks, which are located in the Orellana Province in the prolific Oriente Basin in Ecuador. The Blocks have a long history of production, with a total of 262 wells drilled, and excellent seismic coverage. This has contributed to substantial knowledge of the area’s characteristics, properties, distribution of reservoirs, production mechanisms, and additional exploration opportunities.

The Blocks are comprised of 9 fields, with total working interest production as at September 2, 2022 of approximately 15,159 bopd at an average gravity of 15.5° API. New Stratus gross production is expected to be approximately 12,127 bopd following completion of the Transaction.

Existing infrastructure includes two oil and water processing centers with a capacity of 75,000 bopd and 900,000 barrels of water per day, with all the water production being reinjected into 30 wells. Additional area infrastructure includes electricity generation plants and a topping plant which produces diesel used to power operations.

The oil produced in the fields is moved by a 16-inch pipeline to Lago Agrio, where it is loaded into the Oleoducto de Crudos Pesados Ecuador S.A. pipeline and transported to a port on the Pacific Ocean.

Tariffs are governed by the Service Contracts and a portion of such tariffs is indexed to US CPI/PPI. While the existing Service Contracts expire in December 2022, significant production potential remains in the Blocks.

New Stratus continues to negotiate with the Government of Ecuador, specifically the Ministry of Energy and Mines on the extension of the rights to the Blocks through a production sharing contract where the Corporation has committed to a capital expenditure program in excess of C\$250 million.

The Blocks include commitments to minimize the environmental impact of operations, to maintain high standards of safety, and to undertake long-term investments for the benefit of local communities.

Transaction Terms

Pursuant to the terms of the Agreement, the total consideration consists of a cash payment of approximately US\$10.7 million (C\$14.9 million) subject to adjustment for working capital and for carryforward payments under the Service Contracts. The Transaction is subject to customary closing conditions and is expected to close on or before November 30, 2022.

Corporate Update

- The Corporation has approved the cashless exercise of 5,770,000 warrants held by certain arm's length parties, with a strike price of C\$0.30. Taking into account the Corporation's strong cash position, this cashless exercise results in the issuance of approximately 1.8 million fewer common shares as the Corporation continues to manage overall dilution to shareholders.
- The Corporation has approved the grant of 3,550,000 incentive stock options to directors, officers, employees and consultants of the Corporation pursuant to the Corporation's stock option plan. Each stock option will vest immediately and will be exercisable at a price equal to the closing price per share on the TSX Venture Exchange on October 3, 2022, for a period of five years from the grant date.

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Forward-Looking Information

Certain information set forth in this news release constitutes “forward-looking statements”, and “forward-looking information” under applicable securities legislation (collectively, “**forward-looking statements**”). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements may be identified by the use of conditional or future tenses or by the use of words such as “will”, “expects”, “intends”, “may”, “should”, “estimates”, “anticipates”, “believes”, “projects”, “plans”, and similar expressions, including variations thereof and negative forms. Forward-looking statements in this news release include the closing of the Transaction on the terms described or at all, the expected purchase price for the Transaction, the timing of the closing of the Transaction, the satisfaction of the conditions to closing the Transaction, the operational characteristics attributable to the Acquired Interest, including production and reserves volumes, the effect of the Transaction on the Corporation’s operational and financial performance, the extension of the term of the Blocks and entering into a production sharing contract with the Government of Ecuador in respect of the Blocks instead of the Service Contracts, expectations regarding capital investment in the Blocks, and the proposed option grant, and are based on the Corporation’s current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect.

Forward-looking statements are not guarantees of future performance and undue reliance should not be placed on them.

In respect of the forward-looking statements contained herein, the Corporation has provided them in reliance on certain assumptions that it believes are reasonable at this time, including, without limitation, assumptions as to the ability of the Corporation to receive, in a timely manner, the necessary regulatory approvals, the ability of the Corporation to satisfy, in a timely manner, the conditions to closing the Transaction, and the ability of the Corporation to negotiate an extension to the rights to the Blocks through a production sharing contract with the Government of Ecuador, some or all of which may prove to be incorrect. Accordingly, readers should not place undue reliance on the forward-looking statements contained herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, without limitation, risks and uncertainties relating to the closing of the Transaction as described herein; the ability to successfully integrate operations and realize the anticipated benefits of the Transaction; incorrect assessments of the value of the Transaction; changes in commodity prices; currency and interest rate fluctuations; the ability to secure adequate financing; and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. New Stratus undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. New Stratus has included the above summary of assumptions and risks related to forward-looking statements contained in this news release in order to provide readers with a more complete perspective on the Transaction and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits may be derived therefrom.

Reserves Advisory

This news release includes reserves information attributable to the Blocks effective as of March 31, 2022 prepared by Petrotech Engineering Ltd., which is an independent qualified reserves evaluator. The reserves information was prepared in accordance with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities.

Statements relating to reserves and resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated. The reserve and resource estimates described herein are estimates only. The actual reserves and resources may be greater or less than those calculated.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.