## NEWS RELEASE

# Kiwetinohk reports second quarter results, achieves record production and cash flow while advancing Green Energy projects

**Calgary, Alberta – August 11, 2022** – Kiwetinohk Energy Corp. (TSX: KEC), an energy transition company, today announced its second quarter 2022 results. The Company achieved record quarterly adjusted funds flow from operations[1] of $76.2 million, reflecting both the strong commodity price environment and new record quarterly average production. Kiwetinohk, as a shipper on Alliance Pipeline, is uniquely positioned with approximately 90% of its natural gas anticipated to be sold into the currently strong Chicago market in the second half of the year. The Company is encouraged by the outlook for North American natural gas prices and believes its ability to access the Chicago market presently offers attractive opportunities for enhanced price realization. Second quarter production of 16,810 boe/d positions the Company to achieve its updated 2022 production guidance of 15,500-17,000 boe/d.

The Green Energy division progressed projects through engineering, community consultation and regulatory milestones. Financing discussions for the 400 MW Homestead Solar project have progressed well and are advancing with several potential financial partners.

“Kiwetinohk has firmly delivered production growth via the accelerated development program announced last quarter, taking clear advantage of our strong assets, attractive access to US gas markets and a very supportive overall commodity price environment. We remain focused on safely and efficiency, executing our upstream capital investment program, advancing our Green Energy power projects and selecting our financial partner for our first power projects by year end,” said CEO Pat Carlson.

## Quarterly highlights

### Upstream

- Record quarterly average production of 16,810 boe/d.
- Record quarterly adjusted funds flow from operations[1] of $76.2 million, or $1.71/share (diluted).
- Strong operating netback[1] of $70.70/boe before hedging ($53.19/boe after hedging).
- Sold 78% of natural gas production to strong Chicago market during the quarter with Chicago sales anticipated to increase to 90% for the second half of 2022.
- Capital spending totaled $52.3 million, predominately on upstream oil and gas development at Fox Creek.
- Net commodity sales from purchases[1] of natural gas in Q2 of $5.5 million before hedging.
- Four-well Simonette pad completed drilling in July, shortly after the end of the second quarter, with completion activity recently underway.

### Green Energy

- The 400 MW Homestead Solar project entered Alberta Electric System Operator (AESO) stage 3 on June 7, 2022; on track to secure grid capacity.
- For the 101 MW Opal Firm Renewable project, the Alberta Utilities Commission (AUC) power plant application progressed during the quarter and achieved approval on August 3.

[1] Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Please refer to the Corporation’s MD&A as at and for the three months ended June 30, 2022, under the section “Non-GAAP Measures” available on Kiwetinohk’s SEDAR profile at www.sedar.com

- Financing discussions for the Homestead Solar project at an advanced stage with several potential investors.
- Expanded the Company's solar development portfolio with the acquisition of an early-stage 150 MW solar development project in central Alberta on May 18.

**Financial**

- Available credit facility capacity[1] was $273.6 million as at June 30, 2022.
- Gas Cost Allowance (GCA) recovery received during the quarter was $8.2 million higher than originally accrued, significantly reducing stated royalty rates.
- Incremental operating costs of $5.5 million incurred during the quarter inflated operating costs for the quarter by $3.56/boe.
- The Company realized free funds flow from operations[1] of $23.9 million during the quarter, resulting in reduced debt quarter-over-quarter.
- Net debt to annualized adjusted funds flow from operations[1] of 0.33x at quarter end, down from 0.66x at the end of the first quarter, below the corporate target ceiling of 1.0x.

## Financial and operating results

| | Q2 2022 | Q1 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|---|---|---|---|---|---|
| **Sales volumes** | | | | | |
| Condensate (bbl/d) | **5,673** | 3,475 | 3,096 | **4,581** | 1,595 |
| Light oil (bbl/d) | **718** | 876 | 331 | **797** | 337 |
| Heavy oil (bbl/d) | **10** | 13 | 29 | **11** | 31 |
| NGLs (bbl/d) | **1,870** | 1,561 | 1,220 | **1,716** | 659 |
| Natural gas (Mcf/d) | **51,232** | 43,970 | 36,723 | **47,621** | 19,045 |
| Total (boe/d) | **16,810** | 13,253 | 10,797 | **15,042** | 5,797 |
| Oil and condensate % of production | **38%** | 33% | 32% | **35%** | 34% |
| NGL % of production | **11%** | 12% | 11% | **11%** | 11% |
| Natural gas % of production | **51%** | 55% | 57% | **54%** | 55% |
| **Realized prices** | | | | | |
| Condensate ($/bbl) | **131.33** | 115.77 | 76.60 | **125.46** | 76.63 |
| Light oil ($/bbl)) | **133.46** | 115.85 | 75.61 | **123.83** | 70.35 |
| Heavy oil ($/bbl) | **107.25** | 85.83 | 57.85 | **95.30** | 52.80 |
| NGLs ($/bbl) | **86.71** | 66.03 | 42.04 | **77.36** | 40.82 |
| Natural gas ($/Mcf) | **9.98** | 6.35 | 4.06 | **8.32** | 4.04 |
| Total ($/boe) | **90.17** | 66.96 | 43.01 | **80.00** | 43.37 |
| Royalty expense ($/boe) | **(2.69)** | (6.74) | (2.60) | **(4.47)** | (2.64) |
| Operating expenses ($/boe) | **(12.11)** | (9.56) | (8.10) | **(10.99)** | (8.14) |
| Transportation expenses ($/boe) | **(4.67)** | (4.55) | (4.36) | **(4.62)** | (4.13) |
| Operating netback [1] ($/boe) | **70.70** | 46.11 | 27.95 | **59.92** | 28.46 |
| Net commodity sales from purchases ($/boe) [1] | **3.58** | 0.50 | (1.19) | **2.23** | (1.11) |
| Realized loss on risk management ($/boe) [4] | **(21.09)** | (11.09) | (3.42) | **(16.71)** | (6.09) |
| Adjusted operating netback [1] | **53.19** | 35.52 | 23.34 | **45.44** | 16.13 |
| **Financial results** ($000s, except per share amounts) | | | | | |
| Commodity sales from production | **137,931** | 79,866 | 42,261 | **217,797** | 45,503 |
| Net commodity sales from purchases (loss) [1] | **5,486** | 596 | (1,167) | **6,082** | (1,167) |
| Cash flow from (used in) operating activities | **38,780** | 25,332 | (15,753) | **64,112** | (19,332) |
| Adjusted funds flow from (used in) operations [1] | **76,232** | 37,002 | 17,905 | **113,234** | 15,245 |
| Per share basic [2, 3] | **1.73** | 0.84 | 0.61 | **2.58** | 0.63 |
| Per share diluted [2, 3] | **1.71** | 0.84 | 0.61 | **2.55** | 0.63 |
| Net debt to annualized adjusted funds flow from operations [1] | **0.33** | 0.66 | 2.92 | **0.33** | 2.92 |
| Free funds flow (deficiency) from operations (excluding acquisitions/dispositions) [1] | **23,884** | (17,210) | 14,035 | **6,674** | 19,433 |
| Net income (loss) | **44,854** | (24,552) | 3,915 | **20,302** | (42,352) |
| Per share basic [2, 3] | **1.02** | (0.56) | 0.47 | **0.46** | (1.34) |
| Per share diluted [2, 3] | **1.01** | (0.56) | 0.47 | **0.46** | (1.34) |
| Capital expenditures prior to acquisitions/ | **52,348** | 54,212 | 3,870 | **106,560** | 4,188 |

| | | | | | |
|---|---|---|---|---|---|
| (dispositions) | | | | | |
| Acquisitions (dispositions) | **(1,620)** | (238) | 282,414 | **(1,858)** | 282,414 |
| Total capital expenditures | **50,728** | 53,974 | 286,284 | **104,702** | 286,602 |
| **Balance sheet** ($000s, except share amounts) | | | | | |
| Total assets | **744,454** | 662,245 | 572,401 | **744,454** | 572,401 |
| Long-term liabilities | **180,619** | 145,549 | 142,838 | **180,619** | 142,838 |
| Net debt (surplus) [1] | **55,027** | 73,521 | (42,105) | **55,027** | (42,105) |
| Adjusted working capital deficit (surplus) [1] | **(19,736)** | 21,466 | (18,139) | **(19,736)** | (18,139) |
| Weighted average shares outstanding [2, 3] | | | | | |
| Basic | **44,061,471** | 43,815,340 | 29,506,300 | **43,948,511** | 24,285,200 |
| Diluted | **44,502,777** | 43,815,340 | 29,506,300 | **44,332,524** | 24,285,200 |
| Shares outstanding end of period [2] | **44,111,135** | 44,042,515 | 33,436,900 | **44,111,135** | 33,436,900 |

1 –Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Please refer to the Corporation's MD&A as at and for the three months ended June 30, 2022, under the section "Non-GAAP Measures" available on Kiwetinohk's SEDAR profile at www.sedar.com
2 – Per share amounts are based on weighted average basic and diluted shares, respectively.
3 – Realized loss on risk management contracts includes settlement of financial hedges on production and natural gas purchases.

## Guidance

Management remains confident in the previously communicated 2022 guidance. With two quarters of results, adjustments have been made to guidance to incorporate first half actuals.

Steady performance from existing assets and the addition of six new development wells year-to-date contributed to average second quarter production rates of 16,810 boe/d, at the high end of the Company's annual production guidance. Accordingly, the company is increasing the lower end of production guidance for 2022 by 500 boe/d to a new range of 15,500-17,000 boe/d.

Royalty rates are reduced to an annual range of 10-12%, from the prior range of 11%-14%. This was driven by a larger than expected Gas Cost Allowance (GCA) credit during the second quarter that is netted against royalties. In addition, while Alberta royalty rates are set on AECO pricing, the royalty rate paid will appear lower when measured against the higher Chicago price expected to be received by the Company on an estimated 90% of its natural gas sales in the second half of the year. Based on the mid-point of production guidance, and first half 2022 realized prices, every 1% reduction to royalty rates improves cash flows by ~$4.7 million.

General and administrative (G&A) cost guidance increased to a range of $18-$20 million, from a prior range of $15-$18 million. The increase comes as a result of non-cash working capital adjustments from 2021 corporate acquisitions of $0.6 million ($0.23/boe), higher than forecast one-time TSX listing and reporting related expenses and slightly higher than forecast new hires required to support the Company's increased growth profile. The Company expects to benefit from improving G&A/boe costs in inverse proportion to projected production growth targets.

The following table sets out Kiwetinohk's revised and previous adjusted funds flow from operations, net debt to adjusted funds flow from operations, capital expenditures, costs and production guidance for 2022:

| Operational & financial guidance | | Revised August 11, 2022 | Revised May 18, 2022 | Original January 12, 2022 |
|---|---|---|---|---|
| **Production (2022 average)** [1] | Mboe/d | 15.5 - 17.0 | 15.0 - 17.0 | 13.0 - 15.0 |
| Oil & liquids | Mbbl/d | 7.75 - 8.50 | 7.5 - 8.5 | 6.50 - 7.50 |
| Natural gas | MMcf/d | 46.5 – 51.0 | 45 - 51 | 39 - 45 |
| **Production by market** [2] | % | 100% | 100% | 100% |
| Chicago | % | 80% - 85% | 80% - 85% | 87% - 97% |
| AECO | % | 15% - 20% | 15% - 20% | 3% - 13% |
| **Financial** | | | | |
| Royalty rate | % | 10% - 12% | 11% - 14% | 12% - 15% |

| | | | | |
|---|---|---|---|---|
| Operating costs [1] | $/boe | $7.50 - $8.50 | $7.50 - $8.50 | $7.50 - $8.50 |
| Transportation | $/boe | $5.00 - $6.00 | $5.00 - $6.00 | $5.00 - $6.00 |
| Corporate G&A expense [3] | $MM | $18 - $20 | $15 - $18 | $15 - $18 |
| Cash taxes | $MM | $0 | $0 | $0 |
| **Capital guidance** | $MM | 290 - 310 | 280 - 310 | 210 - 240 |
| Upstream | $MM | 275 - 290 | 265 - 290 | 200 - 220 |
| Green Energy | $MM | 15 - 20 | 15 - 20 | 10 - 20 |
| **Drilling - Fox Creek** | wells | 16 | 16 | 11 |
| Duvernay | wells | 15 | 15 | 10 |
| Montney | wells | 1 | 1 | 1 |
| **Sensitivities** | | | | |
| **2022 Adjusted Funds Flow from Operations** [4, 5, 6] | | | | |
| US$70/bbl WTI & US$3.75/MMBtu HH | $MM | $210 - $230 | $190 - $200 | $145 - $155 |
| US$80/bbl WTI & US$4.25/MMBtu HH | $MM | $220 - $240 | $210 - $220 | $165 - $175 |
| **2022 Net debt to Adjusted Funds Flow from Operations** [4, 5, 6] | | | | |
| US$70/bbl WTI & US$3.75/MMBtu HH | X | 0.5x | 0.7x | 1.0x |
| US$80/bbl WTI & US$4.25/MMBtu HH | X | 0.4x | 0.6x | 0.7x |

1 – Operating costs include scheduled Fox Creek plant turnarounds.
2 – Chicago natural gas sales of ~90% expected for second half of 2022.
3 – Includes all G&A expenses for all divisions of the Company – Corporate, Upstream, Green Energy and Business Development.
4 - Non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. Please refer to the Corporation's MD&A as at and for the three months ended June 30, 2022, under the section "Non-GAAP Measures" available on Kiwetinohk's SEDAR profile at www.sedar.com
5 – H1/22 actual prices with US$70/Bbl WTI flat; US$3.75/MMBtu HH flat; US$0.79/CAD flat thereafter for remainder of 2022.
6 – H1/22 actual prices with US$80/Bbl WTI flat; US$4.25/MMBtu HH flat; US$0.81/CAD flat thereafter for remainder of 2022.

## Upstream operational update

Production for the quarter and the first six months averaged 16,810 boe/d and 15,042 boe/d, respectively. Incremental operating costs of $5.5 million incurred during the quarter inflated operating costs by $3.56/boe. Operating costs including periodic facility turnarounds but excluding other discretionary items was $10.25/boe. Half of the incremental costs during this quarter were related to scheduled plant turnarounds while the other half were related to a decision to accelerate new well production which required producing through higher cost temporary flowback equipment ahead of permanent tie-in operations. This decision was made to take advantage of the high commodity price environment. Periodic items incurred in the first half of 2022, combined with ongoing production growth, suggest an expectation to improve operating costs during the second half of the year.

Significant Duvernay activity is underway at Simonette, the focus area of the 2022 development program. The two wells drilled in late 2021 and an additional two wells drilled in the first quarter are all producing through permanent facilities and, on average, performing as expected. The strongest and longest producing well has been onstream since the end of February and has averaged production rates of approximately 5 MMcf/d of natural gas and NGL in addition to 800 bbls/d of condensate.

The Company recently finished drilling four additional wells on a single pad and completion operations are currently underway. The wells are scheduled to come on production in late Q3 or early Q4. The specific timing of these wells coming on production could impact Q3 results, but the wells are expected to more fully contribute to Q4. Kiwetinohk also commenced drilling at a two-well pad in the northern part of Simonette offsetting the wells drilled and completed earlier this year. These wells are expected to come on production late in the year or early 2023, having negligible impact on 2022 results but contributing to expected Q1/23 production rates of 22,000-23,000 boe/d as previously guided.

Overall, Kiwetinohk's strong base production coupled with new wells coming on-line delivered solid production during the first half of the year in a strong commodity price environment further supported by superior gas pricing in Chicago. Steady operations and continuous learning contributed to ongoing efficiency improvements, offsetting some of the inflationary pressure experienced by the upstream oil and gas sector of the energy industry.

## Green Energy development update

Kiwetinohk continues to make significant progress in the development and permitting of its 1,950 MW solar and gas-fired power project portfolio.

The Company advanced regulatory and permitting activities for its power plant portfolio during Q2. For the 400 MW Homestead Solar project (Solar 1), Kiwetinohk progressed the AUC power plant and substation application by working with community stakeholders to resolve questions on project impacts and successfully addressed all known concerns regarding the project. Management estimates AUC regulatory approval by mid October. On June 7, 2022, the Homestead Solar project entered into the AESO Stage 3, which is the final stage prior to conditionally securing 400 MW of grid capacity for the project. Kiwetinohk also advanced the Alberta Environment and Parks (AEP) industrial application and AUC power plant and substation applications (submitted on March 31, 2022, and April 5, 2022, respectively) for the 101 MW Opal Firm Renewable project. Subsequent to Q2, Kiwetinohk received AUC power plant approval for the Opal project on August 3, 2022 and expects AEP industrial approval by year end. The 300 MW Granum solar project (Solar 2) entered AESO Stage 2 on August 5, 2022.

The Company will evaluate engineering, procurement and construction (EPC) bids as part of its due diligence process prior to reaching a final investment decision (FID) for Homestead and Opal. Kiwetinohk launched an EPC request for proposal (RFP) for Homestead on July 10, 2022, with tier one EPC companies, and bids are due in September 2022.

The Company completed the acquisition of an early-stage 150 MW (with expansion potential to 300 MW) solar development project (project Phoenix, or Solar 3) in central Alberta on May 18, 2022. Located near Red Deer, this solar project diversifies and complements Kiwetinohk's previously existing solar development portfolio located in southern Alberta. The 150 MW first phase of the Phoenix project may reach FID as early as the fourth quarter of 2023, subject to regulatory review timelines.

Kiwetinohk continues to progress development of its Natural Gas Combined Cycle (NGCC) 1 and NGCC 2 projects with pre-FEED analysis, carbon capture, use and storage (CCUS) evaluation and preliminary environmental scoping underway.

In conjunction with advancing the regulatory process, environmental permitting, engineering and capital cost updates of Kiwetinohk's power portfolio, the Company has engaged with several potential financial partners to seek external capital for the funding of its power portfolio, with the Homestead Solar project expected to be the first project financed. The Company is in discussions with several parties and estimates completion of negotiations and selection of a financial partner for Homestead, and possibly other projects, by year-end.

Prior to reaching FID for a power project development, Kiwetinohk seeks to have the following key milestones completed: stakeholder consultations, AUC power plant and transmission line approvals, AEP industrial approval, grid access, gas supply, selection of EPC and securing of financing partners. Notwithstanding significant progress made across its power project portfolio on both the regulatory and financing fronts during the first half of 2022, Kiwetinohk is updating FID and COD timing estimates for each of its projects to reflect experiences gained during the Homestead and Opal processes, specifically relating to providing additional time for public consultation and regulatory consideration. Consistent with disclosure in Kiwetinohk's Annual Information Form, updated estimates for FID and COD dates have been set out as the earliest dates such milestones are expected to be achieved, reflecting the uncertainty of pre-construction development timelines for large-scale industrial projects. Specific to Opal and the Company's NGCC projects, Kiwetinohk is seeking additional clarity regarding the federal government's evolving view on gas-fired power projects.

As at August 10, 2022 early-stage development and design factors and the status of each project are summarized in the following table:

| Early-stage Green Energy development, design factors & status | Homestead (Solar 1) | Opal (Firm Renewable 1) | Granum (Solar 2) | Phoenix (Solar 3) | NGCC 2 | NGCC 1 |
|---|---|---|---|---|---|---|
| Capacity (nameplate, AC) | 400 MW | 101 MW | 300 MW | 150 MW | 500 MW | 500 MW |
| Capacity (net to grid, AC) | 400 MW | 97 MW | 300 MW | 150 MW | 460 MW | 460 MW |
| AESO stage | 3 | 2 | 2 | 2 | 2 | 2 |
| Site control | Secured | Near completion | Secured | Secured | In progress | Secured |
| Consultation (plant/transmission) | Completed/ Underway | Completed/ Planning Underway | Planning underway | Planning underway | Planning underway | Planning underway |
| Regulatory / Environmental [6] | AUC plant application submitted; AEP low risk rating | AUC plant application approved; AEP application under review | AUC applications to be filed; AEP low risk rating | Work underway | Work underway | Work underway |
| Engineering | FEED completed; EPC request for proposals | FEED completed; detailed engineering launched | Feasibility complete | Feasibility complete | Pre-FEED underway | Pre-FEED underway |
| Estimated regulatory approval date (plant & transmission) | Q1 2023 | Q2 2023 | Q4 2023 | Q4 2023 | 1H 2024 | 2H 2024 |
| Earliest FID date | Q1 2023 | Q2 2023 | Q4 2023 | Q4 2023 | 2H 2024 | 1H 2025 |
| Earliest COD date[4] | Q3 2025 | Q2 2025 | Q4 2025 | Q2 2025 | 2H 2027 | 1H 2028 |
| Total installed capital cost ($ million) [1, 2, 3, 5] | $750 (Class 2) | $156 (Class 3) | $492 (Class 3) | $257 (Class 4) | $875 (Class 4) | $875 (Class 4) |

1 – Total installed cost estimates are classified in a manner consistent with American Association of Cost Engineering (AACE) standards.
2 – Total installed cost numbers exclude carbon capture and sequestration for gas-fired projects. CCUS costs are estimated to be an incremental 60 to 80% of the total installed cost based on an engineering study by Gas Liquids Engineering (GLE).
3 – None of the Company's planned power generation projects have a final design, performance projection or cost estimate, or full regulatory approval or internal or external funding. There is no assurance that the power generation projects will proceed as described or at all.
4 – If an FID decision is reached, the Company will advance the project towards an estimated Commercial Operations Date (COD).
5 – Capital costs may increase due to the state of the current economic environment and related inflation and supply chain challenges; specific capital cost adjustments will be applied as projects progress through engineering review stages. Homestead Solar capital cost estimate updated with completion of Class 2 estimated on June 8, 2022.
6 – Regulatory and environmental applications are filed with the Alberta Environment and Parks (AEP) and Alberta Utilities Commission (AUC).

## Sustainability update

Kiwetinohk continues to advance its energy transition business strategy through focus on responsible upstream production growth and advancing its Green Energy power projects through regulatory processes. As the Company grows, management remains focused on embedding its culture of safety, Indigenous and stakeholder engagement and energy transition strategy.

Kiwetinohk believes that Canada holds the resources, clean technology and experience to thrive in the energy transition. In Q2, Kiwetinohk submitted several Full Project Proposals to the Government of Alberta for carbon capture, use and storage (CCUS) hub projects. The Company remains very supportive of the Alberta government's prioritization of CCUS as a pillar of Alberta's energy strategy and it encourages the federal and provincial governments to enhance collaboration to address the urgency of climate change and energy security through aggressive pursuit of low carbon energy opportunities, including renewable power and gas-fired power with CCUS as well as production of both blue (natural gas-sourced) and green (renewable-sourced) hydrogen.

Kiwetinohk continues to engage with the provincial and federal governments on climate and energy policies and regulations, including the emerging Government of Canada Clean Electricity Regulations.

The Company's first ESG report outlining its specific ESG priorities and initiatives, including areas such as Inclusion, Equity and Diversity, will be published during the third quarter.

## Conference call

Management of Kiwetinohk will host a conference call on August 11 at 8 AM MT (10 AM ET) to discuss results and to field questions.

Participants will be able to listen to the conference call by dialing **1-888-220-8451 (North America toll free)** or **1-647-484-0475 (Toronto and area).** A recording will be available for replay until August 18, 2022, by dialing 1-888-203-1112 and using the replay code 3976375.

## About Kiwetinohk

We, at Kiwetinohk, are passionate about climate change and the future of energy. Kiwetinohk's mission is to build a profitable energy transition business providing clean, reliable, dispatchable, low-cost energy. Kiwetinohk develops and produces natural gas and related products and is in the process of developing renewable power, natural gas-fired power, carbon capture and hydrogen clean energy projects. We view climate change with a sense of urgency, and we want to make a difference.

Kiwetinohk's common shares trade on the Toronto Stock Exchange under the symbol KEC.

Additional details are available within the year-end documents available on Kiwetinohk's website at www.kiwetinohk.com and SEDAR at www.sedar.com.

## Oil and Gas Disclosure

The term "boe" may be misleading, particularly if used in isolation. A boe conversion rate of six thousand cubic feet of natural gas per barrel of oil (6 mcf:1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and do not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from an energy equivalency of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

In this press release, "light oil" refers to light and medium crude oil, "heavy oil" refers to heavy crude oil and "natural gas" refers to conventional natural gas, in each case as defined in NI 51-101.

## Forward looking information

Certain information set forth in this news release contains forward-looking information and statements including, without limitation, management's business strategy, management's assessment of future plans and operations. 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. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "project", "potential" or similar words suggesting future outcomes or statements regarding future performance and outlook. Readers are cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company.

In particular, this news release contains forward-looking statements pertaining to the following:

- the amount of the Company's natural gas to be sold on the Chicago market and the timing thereof;
- anticipated North American natural gas prices;
- the particulars for a potential financing, including the timing, occurrence and potential financial partners;
- the timing for the Company's Homestead Solar, Opal Firm Renewable and Solar 3 projects reaching FID;
- the anticipated AUC power plant approvals for Opal and Homestead and the timing of such approvals;
- the anticipated grid capacity for project Homestead;
- the Company's 2022 financial and operational guidance;
- the Company's first quarter 2023 average production guidance;
- the anticipated staffing levels required to achieve the Company's current plans;
- the Company's operational and financial guidance;
- completion activities on certain pads;
- the anticipated production of certain wells and the timing thereof;
- the anticipated development and permitting of the Company's solar and gas-fired power portfolio;
- the anticipated AEP industrial approval for the Opal project and the timing thereof; and
- the timing for publishing the Company's first ESG report;

In addition to other factors and assumptions that may be identified in this news release, assumptions have been made regarding, among other things:

- the timing and costs of the Company's capital projects, including drilling and completion of certain wells;
- the impact of increasing competition;
- the general stability of the economic and political environment in which the Company operates;
- general business, economic and market conditions;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner;
- future commodity and power prices;
- currency, exchange and interest rates;
- the regulatory framework regarding royalties, taxes, power, renewable and environmental matters in the jurisdictions in which the Company operates;
- the ability of the Company to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations;
- the ability of the Company to secure adequate product processing, transportation, fractionation and storage capacity on acceptable terms and the capacity and reliability of facilities;

- the impact of war, hostilities, civil insurrection, pandemics (including Covid-19), instability and political and economic conditions (including the ongoing Russian-Ukrainian conflict) on the Company; and
- the ability of the Company to successfully market its products.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that have been used. 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 as the Company can give no assurance that such expectations will prove to be correct.

Forward-looking statements or information involve a number of risks and uncertainties that 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 include, among other things:

- those risks set out in the Annual Information Form (AIF) under “Risk Factors”;
- the ability of management to execute its business plan;
- general economic and business conditions;
- risks of war, hostilities, civil insurrection, pandemics (including Covid-19), instability and political and economic conditions in or affecting jurisdictions in which the Company operates;
- the risks of the power and renewable industries;
- operational and construction risks associated with certain projects;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- risks relating to regulatory approvals and financing;
- uncertainty involving the forces that power certain renewable projects;
- the Company's ability to enter into or renew leases;
- potential delays or changes in plans with respect to power and solar projects or capital expenditures;
- risks associated with rising capital costs and timing of project completion;
- fluctuations in commodity and power prices, foreign currency exchange rates and interest rates;
- risks inherent in the Company's marketing operations, including credit risk;
- health, safety, environmental and construction risks;
- the Covid-19 pandemic and the duration and impact thereof;
- risks associated with existing and potential future lawsuits and regulatory actions against the Company;
- uncertainties as to the availability and cost of financing;
- the ability to secure adequate processing, transportation, fractionation and storage capacity on acceptable terms;
- processing, pipeline and fractionation infrastructure outages, disruptions and constraints;
- financial risks affecting the value of the Company's investments; and
- other risks and uncertainties described elsewhere in this document and in Kiwetinohk’s other filings with Canadian securities authorities.

Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

The forward-looking statements and information contained in this news release speak only as of the date of this news release and the Company undertakes no obligation to publicly update or revise any forward-looking statements or information, except as expressly required by applicable securities laws.

## Non-GAAP Measures

This news release contains measures that do not have a standardized meaning under generally accepted accounting principles (**GAAP**) and therefore may not be comparable to similar measures presented by other entities. These performance measures presented in this document should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP and should be read in conjunction with the consolidated financial statements of the Company. Readers are cautioned that these non-GAAP measures do not have any standardized meanings and should not be used to make comparisons between Kiwetinohk and other companies without also taking into account any differences in the method by which the calculations are prepared.

Please refer to the Corporation's MD&A as at and for the six months ended June 30, 2022, under the section "Non-GAAP Measures" for a description of these measures, the reason for their use and a reconciliation to their closest GAAP measure where applicable. The Corporation's MD&A is available on Kiwetinohk's SEDAR profile at www.sedar.com

## Future-Oriented Financial Information

Financial outlook and future-oriented financial information contained in this press release about prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. In particular, this press release contains expected adjusted funds flow, capital costs of the Company's proposed power generation capital projects, forecast economics of the Company's oil and gas assets and 2022 financial outlook information for the Company, including expected royalty rates, operating costs, transportation expenses, corporate G&A expenses, cash taxes, adjusted funds flow from (used in) operations, and net debt per adjusted funds flow from (used in) operations. These projections contain forward-looking statements and are based on a number of material assumptions and factors set out above and are provided to give the reader a better understanding of the potential future performance of the Company in certain areas. Actual results may differ significantly from the projections presented herein. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections, and such variations may be material. See "Risk Factors" in the Company's AIF published on the Company's profile on SEDAR at www.sedar.com for a further discussion of the risks that could cause actual results to vary. The future oriented financial information and financial outlooks contained in this press release have been approved by management as of the date of this press release. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein.

## Abbreviations

| | |
|---|---|
| $/bbl | dollars per barrel |
| $/boe | dollars per barrel equivalent |
| $MM | millions of dollars |
| AESO | Alberta Electric System Operator |
| AEP | Alberta Environment and Parks |
| AIF | Annual Information Form |
| AUC | Alberta Utilities Commission |
| bbl/d | barrels per day |
| boe | barrel of oil equivalent, including crude oil, condensate, natural gas liquids, and natural gas (converted on the basis of one boe per six mcf of natural gas) |
| CCUS | Carbon Capture Use and Storage |
| COD | Commercial Operations Date |
| FEED | Front End Engineers and Design |
| FID | Final Investment Decision |
| HH | Henry Hub |
| Mbbl/d | millions of barrels per day |
| Mboe/d | millions of barrels of oil equivalent per day |
| Mcf/d | thousand cubic standard feet per day |

| | |
|---|---|
| MMboe | million barrels of oil equivalent |
| MMBtu | million British thermal units |
| MMcf/d | million cubic feet per day |
| MW | Megawatt |
| NGCC | Natural Gas Combined Cycle |
| WTI | West Texas Intermediate |

## FOR MORE INFORMATION ON KIWETINOHK, PLEASE CONTACT:


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