



## NEWS RELEASE

### **Kiwetinohk reports annual results and announces filing of its 2021 Annual Information Form and intention to file a base shelf prospectus**

**Calgary, Alberta – March 24, 2022** – Kiwetinohk Energy Corp. (TSX:KEC) today announced its 2021 annual results that include record adjusted funds flow from operations, transformative acquisitions providing strong netbacks and recycle ratios, significant growth in reserves per share and an attractive return on average capital employed for shareholders. In addition, the Company reported year-end reserves information, filed its 2021 Annual Information Form (AIF) and announced its intention to file a base shelf prospectus to improve its access to capital as the Company continues to evaluate opportunities including potential acquisitions, acceleration of development programs or general corporate purposes.

“Kiwetinohk significantly increased its production and reserves in 2021 through counter-cyclic acquisitions and is also seeing the early results of a successful winter drilling program,” said CEO Pat Carlson. “As we position the Company within the energy transition, the Green Energy team also delivered excellent progress on its power development portfolio, hitting key project development and regulatory approval process milestones on our first solar and high-efficiency natural gas-fired power projects.

The high-quality upstream resources we have now accumulated underpin the further advancement of our energy transition strategy. Integration of natural gas with gas-fired power and carbon capture, utilization and storage (CCUS) coupled with renewable power will allow us to deliver clean, reliable and dispatchable energy that is low cost for consumers and profitable for Kiwetinohk and our shareholders. Kiwetinohk is developing future markets for natural gas production where we will be able to track and capture emissions, eliminating Scope 3 emissions in the process.”

#### **Q4 2021 and 2021 Year-End Highlights**

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- Successfully completed the Simonette Acquisition and amalgamation of Distinction Energy Corp. (Distinction) during the year resulting in significantly increased production compared to the prior year.
  - Production volumes averaged 12,422 boe/d and 9,801 boe/d during the quarter and year ended December 31, 2021, respectively.

- During the year, the Company acquired 34.4 million boe of Proved Developed Producing<sup>1</sup> (PDP) reserves based on updated independent year-end reserves estimates, representing a significant increase over 2020 year-end PDP reserves of 0.9 million boe.
  - The additional PDP reserves were acquired for \$11.72/boe delivering a strong recycle ratio<sup>2</sup> of 3.5x based on fourth quarter 2021 operating netbacks.
  - The Company also increased Proved and Proved plus Probable reserve volumes by 248% and 274% to 106.2 MMboe and 180.2 MMboe, respectively, or reserve volumes per share by 50% and 62% to 2.4 and 4.2 boe per share, respectively.
- Kiwetinohk generated record adjusted funds flow from operations<sup>3</sup> for the quarter and year ended December 31, 2021 of \$30.8 million and \$69.8 million, respectively, due to successful acquisitions and improved commodity prices.
  - Capital investment activity provided an attractive return on average capital employed for the year of 25% demonstrating the value of the transactions.
- Kiwetinohk filled 100% of its Alliance pipeline capacity of 103.0 MMcf/d (after temporary assignments) during the fourth quarter of 2021 with production and purchased gas volumes.
  - Natural gas marketing activities resulted in realized net marketing income of \$2.9 million during the fourth quarter of 2021 and \$6.8 million for the year ended December 31, 2021 before settlements of risk management contracts.
- The Company invested \$32.0 million and \$50.9 million in capital expenditures (excluding acquisitions) for the quarter and year ended December 31, 2021 as it initiated its drilling program in its Fox Creek core area.
  - The expenditures included the drilling and completion expenditures related to two Duvernay wells in the Simonette area and two Montney wells in the Placid area and a vertical test to evaluate the Middle Montney during the fourth quarter of 2021.

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<sup>1</sup> Oil and natural gas reserves are as determined by the Company's independent qualified reserve evaluator with an effective date of December 31 for the year shown in accordance with the Canadian Oil and Gas Evaluation Handbook and are shown as net working interest reserves before royalties.

<sup>2</sup> Recycle ratio is calculated as operating netback on a per boe basis divided by the costs of acquisitions over estimated PDP reserves. Recycle ratio is used by the Company as a key measure of profitability and the Company's ability to generate cash flows over the cost of produced barrels.

<sup>3</sup> 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 and twelve months ended December 31, 2021 under the section "Non-GAAP Measures" available on Kiwetinohk's SEDAR profile at [www.sedar.com](http://www.sedar.com).

- During the year the Company made significant development progress across its 1,800 MW power development portfolio.
  - Kiwetinohk advanced work in the AESO staging process to secure grid access with 4 of 5 projects progressing in Stage 2.
- With stakeholder consultation near completion and a favorable Alberta Environment and Parks (AEP) referral letter received on March 21, the Company is targeting an Alberta Utilities Commission (AUC) submission for the 400 MW Solar 1 project in the second quarter 2022.
- The Company is also targeting to submit AUC and AEP industrial applications for the 101 MW Firm Renewable 1 project in the second quarter 2022.
- On December 13, 2021, the Company's \$225.0 million Senior Secured Extendible Revolving Facility (Credit Facility) was increased to \$315.0 million.
  - Available borrowing capacity on the Credit Facility at December 31, 2021 was \$228.0 million.

## Financial and operating results

	Q4 2021	Q4 2020	2021	2020
<b>Production</b>				
Condensate (bbl/d)	3,092	13	2,644	35
Light oil (bbl/d)	844	374	457	429
Heavy oil (bbl/d)	13	43	29	15
NGLs (bbl/d)	1,572	41	1,180	64
Natural gas (Mcf/d)	41,410	1,045	32,942	1,367
Total (boe/d)	12,442	645	9,801	771
Oil and condensate % of production	32%	67%	32%	62%
NGL % of production	13%	6%	12%	8%
Natural gas % of production	55%	27%	56%	30%
<b>Realized prices</b>				
Condensate (\$/bbl)	99.21	55.56	84.94	55.47
Light oil (\$/bbl)	92.29	48.57	82.46	48.13
Heavy oil (\$/bbl)	81.60	35.58	59.22	34.40
NGLs (\$/bbl)	65.61	14.04	52.60	7.09
Natural gas (\$/Mcf)	6.64	2.66	5.29	2.28
Total (\$/boe)	61.48	36.83	51.06	34.60
Royalty recovery (expense) (\$/boe)	(6.80)	1.57	(5.46)	(2.14)
Operating expenses (\$/boe)	(8.28)	(9.94)	(8.18)	(9.66)
Transportation expenses (\$/boe)	(5.20)	(1.06)	(5.09)	(0.80)
Operating netback <sup>1</sup> (\$/boe)	41.20	27.40	32.33	22.00
Marketing income (\$/boe)	2.50	-	1.91	-
Realized loss on risk management contracts (\$/boe) <sup>5</sup>	(11.86)	-	(10.15)	-
Adjusted operating netback <sup>1</sup>	31.84	27.40	24.09	22.00
<b>Financial results</b> (\$000s, except per share amounts)				
Commodity sales from production	70,267	2,186	182,668	9,758
Net marketing income (loss) <sup>1</sup>	2,854	-	6,831	-
Cash flow from (used in) operating activities	25,518	(777)	35,820	(1,661)
Adjusted funds flow from (used in) operations <sup>1</sup>	30,763	(290)	69,829	(1,279)
Per share basic <sup>2,3</sup>	0.71	(0.02)	2.20	(0.09)
Per share diluted <sup>2,3</sup>	0.71	(0.02)	2.20	(0.09)
Net debt to adjusted funds flow from operations <sup>1</sup>			0.74	N/A
Free funds flow (deficiency) from operations <sup>1</sup>	(1,195)	(1,125)	18,929	(7,571)
Net income (loss)	44,306	9,732	(22,315)	(4,869)
Per share basic <sup>2,3</sup>	1.02	0.64	(0.70)	(0.36)
Per share diluted <sup>2,3</sup>	1.02	0.64	(0.70)	(0.36)
Capital expenditures prior to acquisitions	31,958	835	50,900	6,292
Acquisitions	-	-	282,414	-
Total capital expenditures	31,958	835	333,314	6,292
<b>Balance sheet</b> (\$000s, except share amounts)				
Total assets	614,337	172,993	614,337	172,993
Long-term liabilities	124,587	3,448	124,587	3,448
Net debt (surplus) <sup>1</sup>	51,512	(54,401)	51,512	(54,401)
Adjusted working capital deficit (surplus) <sup>1</sup>	18,644	(54,401)	18,644	(54,401)
Weighted average shares outstanding <sup>2,3</sup>				
Basic and diluted	43,622,942	15,202,845	31,689,093	13,540,477
Shares outstanding end of period <sup>2,3</sup>	43,674,583	18,723,718	43,674,583	18,723,718
Return on average capital employed (ROACE) <sup>1</sup>			25%	(1%)
<b>Reserves</b>				
Proved reserves (MMboe) <sup>4</sup>			106.1	30.5
Proved reserves per share (boe) <sup>4</sup>			2.4	1.6
Proved plus probable reserves (MMboe) <sup>4</sup>			180.2	48.1
Proved plus probable reserves per share (boe) <sup>4</sup>			4.2	2.6

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 and twelve months ended December 31, 2021 under the section "Non-GAAP Measures" available on Kiewitnohk's SEDAR profile at [www.sedar.com](http://www.sedar.com)

2 – As part of the Arrangement, Kiewitnohk consolidated the outstanding Kiewitnohk common shares, stock options and performance warrants on a 10 to 1 basis. All information related to common shares, stock options, performance warrants and per share amounts, have been restated to reflect the share consolidation for all periods presented.

3 – Per share amounts are based on weighted average basic and diluted shares, respectively.

4 – Oil and natural gas reserves are as determined by the Company's independent qualified reserve evaluator with an effective date of December 31 for the years shown in accordance with the Canadian Oil and Gas Evaluation Handbook and are shown as net working interest reserves before royalties.

5 – Realized loss on risk management contracts includes settlement of hedges of physical production and on marketing activity.

6 – See "Oil and Gas Disclosure" for NI 51-101 product type information.

## Upstream operational update

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The Company initiated its drilling program in the Fox Creek area during the fourth quarter with the spudding of 4 wells. Kiwetinohk plans to drill a further 11 wells during 2022. The well designs planned for the program are targeting longer lateral lengths, as well as increased completion volumes and pump rates. The design strategy seeks to reduce capital costs per lateral metre and per barrel of recoverable resources as the wells are expected to access and more effectively stimulate increased reservoir volumes. As Kiwetinohk has recently initiated its first drilling program following the completion of major acquisitions, management expects to incur incremental capital costs as new well designs are tested and new learnings are incorporated over the course of the drilling program. Improved capital efficiencies are anticipated over the course of the program and into subsequent years as cost efficiencies are realized and well performance from enhanced well designs is optimized.

During the fourth quarter of 2021, the Company rig released two Duvernay horizontal wells from the existing 9-07 pad in the Simonette area. One well came on stream at the end of February and is currently producing 3.0-3.5 MMcf/d of natural gas and liquids and 800-900 boe/d of condensate. The early-stage practice is to bring these wells on stream slowly by keeping the well choked back. The Company is very encouraged by the early performance of this well. A second well completed at the same time encountered some difficulties while milling out the plugs from the fracture stimulation operation. The operation is currently attempting to recover tubing and the milling bit from the well prior to bringing this well online, and the Company is targeting to start production from this well early in the second quarter of 2022. Drilling costs for the two wells averaged just over \$6.5 million per well. Completion costs for the first well that is currently on production is expected to come in between \$9-10 million. The second well, where the problems have occurred, is expected to see significant cost overruns due to the complications encountered. It is expected that these costs will be lower on subsequent wells, which has already been seen on more recent activity.

The Company also drilled two Placid-area wells in the Montney formation. Completion operations finished in mid-March 2022 and the flow back operation recently commenced through test facilities, with initial well results expected in April 2022. Drilling costs for the two wells averaged just over \$4 million per well. Completion costs for these two wells is expected to average \$5.5 million per well.

In early 2022, the Company drilled two Duvernay horizontal wells on pad 12-28 in the northern part of the Simonette area that are currently waiting to be completed and brought on-line. Drilling costs for these two wells averaged just under \$5 million per well. In addition, the Company is drilling four Duvernay horizontal wells on pad 4-34 also in the Simonette area, which will be completed and brought on-line in the second half of 2022.

Equip and tie-in costs across the development program are expected to average approximately \$1 million per well.

## Health & Safety

As part of integration of the Simonette assets and Distinction Energy and the approach of construction of power projects, Kiwetinohk is implementing a new health and safety program that applies best practices across all operations. The Company continues to exercise caution with respect to COVID-19 risks by following local government and public health direction and other safeguards.

## Reserves

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McDaniel & Associates Consultants Ltd. conducted an independent reserves evaluation, effective December 31, 2021, which was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (COGE Handbook) and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (NI 51-101). Additional reserve information as required under NI 51-101 is included in our AIF.

Reserve highlights through the year include:

- Significant growth in reserves as a result of the Distinction and Simonette acquisitions which added 156 million boe of Proved plus Probable Reserves.
- Proved reserves increased 248% from 30.5 million boe in 2020 to 106.2 million boe in 2021 and Proved plus Probable reserves increased 274% from 48.1 million boe in 2020 to 180.2 million boe in 2021.
- Proved plus Probable net present value (NPV) at 15% increased to \$1.5 billion representing a 26% increase over the 2021 mid-year reserve report and 638% over the 2020 year-end reserve report.
- The Company re-prioritized its development plans following acquisitions during the year to higher-return undeveloped land locations resulting in a \$46 million impairment in Q1 2021.
- Based on a fourth quarter average production rate of 12,422 boe/d, the reserve life index is 23.4 years based on Proved reserves and 39.7 years based on Proved plus Probable reserves.

### Acquisition cost:

With the benefit of having investment capital available from its 2018 initial financing, the Company was able to acquire oil and gas reserves in 2020 and 2021 during low periods in the commodity price cycle. The following table summarizes reserves acquired and acquisition costs.

Reserve category	Acquisition reserves <sup>1</sup> (MMboe)	Acquisition cost <sup>2</sup> (\$MM)	Acquisition cost <sup>2</sup> (\$ / boe)	Recycle Ratio <sup>3</sup> (x)
Proved developed producing	34.4	403.2	11.72	3.5x
Total proved	100.8	403.2	4.00	10.3x
Total proved plus probable	156.1	403.2	2.58	15.9x

**Notes:**

- (1) Acquisition reserves include reserves acquired as part of the Simonette Acquisition and Distinction business combination.
- (2) Acquisition cost is \$296.4 million from the Simonette Acquisition and \$187.6 million from the Distinction business combination less \$95.8 million of cash acquired, plus contingent consideration of \$5 million paid in January 2022 and includes an estimated \$10 million second contingent payment.
- (3) Recycle ratio is calculated as the Q4 2021 operating netback of \$41.20 / boe divided by the acquisition cost per reserve category boe volume.

**Reserve summary:**

Gross reserves <sup>1, 3</sup> at December 31, 2021	Heavy oil Mbbl	Tight oil Mbbl	Shale gas MMcf	NGLs <sup>2</sup> Mbbl	Total Mboe
Proved developed producing	15.1	1,370.1	100,288.3	13,733.4	31,833.3
Proved developed non-producing	-	-	8,653.9	1,105.7	2,548.0
Proved undeveloped	113.1	-	205,830.5	37,367.4	71,785.5
Total proved	128.2	1370.1	314,772.8	52,206.5	106,166.9
Probable	204.1	269.0	244,603.9	32,799.0	74,039.4
Total proved plus probable	332.3	1,639.1	559,376.7	85,005.5	180,206.3
Percent	0.2%	0.9%	51.7%	47.2%	100%

**Notes:**

- (1) Gross reserves are working interest reserves before royalty deductions.
- (2) Figures include natural gas liquids (NGL) for both conventional and unconventional reservoirs, including condensate, pentane plus, propane, butane and ethane. Condensate is expected to be extracted in the field and sold separately from other NGL or sold with other NGL delivered to fractionation facilities. Other NGL (propane, butane and ethane) are expected to be extracted in the field by Kiwetinohk.
- (3) These figures are derived from volumes that are arithmetic sums of multiple estimates of reserves categories or sub-categories, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should review the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each class as explained under the heading "Glossary, Selected Abbreviations and Selected Conversions" in Appendix "A" of the Company's AIF.

**Net present values of future net revenue:**

(\$ million before tax) <sup>1, 2, 3</sup>	NPV 0%	NPV 10%	NPV 15%	NPV 20%
Proved developed producing	644.9	469.0	405.1	358.1
Proved developed non-producing	85.9	67.2	61.8	57.6
Proved undeveloped	1,567.0	736.5	541.7	409.5
<b>Total proved</b>	<b>2,297.8</b>	<b>1,272.8</b>	<b>1,008.6</b>	<b>825.2</b>
<b>Total probable</b>	<b>1,781.7</b>	<b>672.1</b>	<b>475.9</b>	<b>356.8</b>
<b>Total proved plus probable</b>	<b>4,079.5</b>	<b>1,944.8</b>	<b>1,484.1</b>	<b>1,182.0</b>

**Notes:**

- (1) Estimates of future net revenue do not represent fair market value.
- (2) These figures are derived from volumes that are arithmetic sums of multiple estimates of reserves categories or sub-categories, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should review the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each class as explained under the heading "Glossary, Selected Abbreviations and Selected Conversions" in Appendix "A" of the Company's AIF.
- (3) The unit values are based on net reserve volumes from the Company's NI 51-101 reserve report using forecast pricing and foreign exchange rates at January 1, 2022.

## Green energy development update

The Company's longer-term goal is to profitably provide consumers with clean, reliable, dispatchable, low-cost energy. In that pursuit Kiwetinohk is advancing five solar and gas-fired power projects. These five projects are in the initial development phase in which the Company is advancing site control, grid access, consultation, regulatory approvals and front-end engineering and design (FEED). The Company has made significant development progress across its 1,800 MW (nameplate capacity) solar and gas-fired power portfolio. Kiwetinohk advanced work in the AESO staging process to secure grid access with 4 of 5 projects progressing in Stage 2. With stakeholder consultation near completion and an AEP referral letter concluding the project is low risk to wildlife and wildlife habitat, the Company is targeting to submit an AUC application for the 400 MW Solar 1 project in the second quarter. The Company is also targeting to submit AUC and AEP industrial applications for the 101 MW Firm Renewable 1 project in the second quarter.

The Company continues to evaluate CCUS technologies and potential investments as part of its plan to deliver clean energy from its gas-fired power plants. Kiwetinohk has also progressed its evaluation of a blue hydrogen production project in partnership with a midstream infrastructure company and an industrial partner.

Kiwetinohk estimates the 400 MW Solar 1 and 101 MW Firm Renewable 1 projects can attain FID by year-end 2022, subject to regulatory review timelines. The Company has revised its target FID for the Firm Renewable 1 project from Q3 to Q4 2022 to account for potential regulatory delays, and increased its installed capital cost estimate by \$11 million to \$156 million based on potential increases in material and equipment costs and supply chain challenges in a post pandemic environment. Kiwetinohk has also revised its indicative FID and COD for NGCC 2 to Q4 2023 and Q4 2026, respectively, to account for potential delays in regulatory reviews, CCUS policies and programs and supply chain.

As at March 23, 2022 early-stage development and design factors and the status of each project are summarized in the following tables:

	Solar 1	Solar 2	Firm Renewable 1	NGCC 1	NGCC 2
<b>Nameplate/Net to Grid Capacity</b>	400 MW	300 MW	101 MW 97 MW	500 MW 460 MW	500MW 460 MW
<b>AESO Stage</b>	2	1	2	2	2
<b>Site Control</b>	Options secured	Options secured	Land acquisition in progress	Options secured	Land acquisition in progress
<b>Public Consultation</b>	Underway	Planning underway	Completed	Planning underway	Planning underway
<b>Regulatory / Environmental</b>	AEP referral letter received; AUC Q2 2022	AEP application submitted	AUC and AEP Q2 2022	Planning underway	Planning underway

Engineering	Pre-FEED complete; FEED near completion	BD complete	FEED complete	BD complete; Pre-FEED underway	BD complete; Pre-FEED underway
Targeted FID	Q3 2022	Q2 2023	Q4 2022	Q3 2024	Q4 2023
Targeted COD <sup>4</sup>	Q4 2024	Q2 2025	Q4 2024	Q3 2027	Q4 2026
Total installed capital cost (\$ million) <sup>1, 2, 3</sup>	\$655 (Class 3)	\$492 (Class 3)	\$156 (Class 3)	\$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. 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 a FID decision is reached the Company will advance the project towards an estimated Commercial Operations Date (COD).

## Environment, Social and Governance (ESG)

Kiwetinohk is completing a thorough review of its environmental, social and governance (ESG) risks and management strategies and plans to publish its first ESG report in mid-2022 in alignment with the Sustainability Accounting Standards Board (SASB) data standards for Oil & Gas – Exploration and Production and with the Task Force on Climate-related Financial Disclosure (TCFD) framework.

## Guidance

Kiwetinohk's priority is to deliver attractive returns on capital employed during the year through profitable investment in high quality assets to position the Company to deliver strong free cash flow generation and growth in future years. The Company's annual capital expenditures and production guidance for 2022 remains unchanged and is provided below.

Operational & financial guidance		2022 Guidance	
		Low	High
<b>Production (2022 average) <sup>1</sup></b>	<b>(Mboe/d)</b>	<b>13.0</b>	<b>15.0</b>
Oil & liquids	(Mbbbl/d)	6.5	7.5
Natural gas	(MMcf/d)	39.0	45.0
<b>Production by market</b>	<b>(%)</b>	<b>100</b>	<b>100</b>
Chicago	(%)	87	97
AECO	(%)	3	13
Royalty rate (Crown)	(%)	12	15
Operating costs <sup>1</sup>	<b>(\$/boe)</b>	7.50	8.50
Transportation (excluding marketing activities)	<b>(\$/boe)</b>	5.00	6.00
G&A expense before share-based compensation <sup>2</sup>	<b>(\$MM)</b>	15.0	18.0
Cash taxes	<b>(\$MM)</b>	-	-
<b>Capital guidance</b>		<b>Low</b>	<b>High</b>
<b>Capital</b>	<b>(\$MM)</b>	<b>210</b>	<b>240</b>
Green Energy	<b>(\$MM)</b>	10	20
Upstream	<b>(\$MM)</b>	200	220
<b>New Fox Creek wells (gross)</b>	<b>(wells)</b>		<b>11</b>
Duvernay	<b>(wells)</b>		10
Montney	<b>(wells)</b>		1

Sensitivities		Low	High
<b>Adjusted funds flow from operations</b> <sup>3, 5</sup>			
US\$60/bbl WTI & US\$3.25/MMBtu HH	(\$MM)	\$120	\$130
US\$70/bbl WTI & US\$3.75/MMBtu HH	(\$MM)	\$145	\$155
US\$80/bbl WTI & US\$4.25/MMBtu HH	(\$MM)	\$165	\$175
<b>Net debt to adjusted funds flow from operations</b> <sup>4, 5</sup>			
US\$60/bbl WTI & US\$3.25/MMBtu HH	(x)		1.3x
US\$70/bbl WTI & US\$3.75/MMBtu HH	(x)		1.0x
US\$80/bbl WTI & US\$4.25/MMBtu HH	(x)		0.7x

1 – Production and cash operating costs include a provision for scheduled plant turnarounds at Fox Creek.

2 – Includes all cash G&A expenses for all divisions of the Company – Corporate, Upstream, Green Energy (power & hydrogen) and Business Development.

3 – Adjusted funds flow from (used in) operations is cash flow from (used in) operating activities before changes in net change in non-cash working capital from operating activities, asset retirement obligations, restructuring costs, acquisition costs and settlement agreement costs.

4 – Net Debt to adjusted funds flow from (used in) operations is net debt (surplus) divided by adjusted funds flow from (used in) operations. Net debt is comprised of loans and borrowings plus adjusted working capital deficit (surplus) and represents the Company's net financing obligations.

5 – This Non-GAAP measure 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 and twelve months ended December 31, 2021 under the section "Non-GAAP Measures" available on Kiwetinohk's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Company continues to make significant progress in advancing its Alberta-based diversified solar and gas-fired development power portfolio and currently expects to spend between \$10 and \$20 million in 2022 on project planning, approvals, engineering and design and securing of financing required to advance projects to a final investment decision (FID). This capital budget is expected to enable the Company to maintain its current schedule of development activities for its existing portfolio of power development projects and also evaluate other early-stage development projects for potential acquisition. The Company expects its first solar and Firm Renewable projects to reach FID by the end of the year and it has provided an updated timeline for its green energy project portfolio as further described in the Corporation's MD&A as at and for the three and twelve months ended December 31, 2021 under the section *Green Energy Development Update*.

The 2022 upstream capital budget is currently established in a range between \$200 to \$220 million and is focused the Fox Creek area where the Company plans to drill 11 gross wells. Kiwetinohk expects to bring four wells drilled in late 2021 onto production in the first half of 2022. Six of 11 new wells planned for 2022 are expected to come onto production in the second half of the year, with the remaining five expected to come onto production in the first half of 2023. The capital program is expected to be fully funded from cash flow from operating activities and available debt capacity and is anticipated to deliver strong baseline cash flow in 2022 and thereafter. The wells drilled and completed in 2022 are expected to more than arrest declines, growing production to further fill the Company's facilities at Fox Creek, which are currently operating at less than half of available capacity. The Company has updated its previously communicated first quarter production estimates of 11,000 to 12,000 boe/d to be in line with fourth quarter levels of 12,000 to 13,000 boe/d. The Company still expects production to increase from first quarter of 2022 projected levels to 20,000 to 21,000 boe/d during the first quarter of 2023.

Operating costs are anticipated to be higher in the first half of 2022 impacted by inflationary cost pressure in the field, production declines, cold weather impacts and scheduled plant turnarounds in Fox Creek. With additional production coming onstream through 2022 the Company expects operating costs per boe to improve as increased production volumes fill more of the Company's facilities at Fox Creek and fixed operating costs are spread over a larger production volume.

### **Base shelf prospectus**

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The Company intends to file a preliminary short-form base shelf prospectus (Prospectus) to provide financing flexibility and additional options for quicker access to equity and/or debt markets as it continues to pursue potential acquisition opportunities. The Prospectus is expected to provide Kiwetinohk, the right but not the obligation to issue securities of up to \$500 million over a period of 25 months. There are no immediate plans to raise equity, debt or other forms of financing and net proceeds from the sale of any securities issued under the Prospectus could have a wide range of uses including to complete asset or corporate acquisitions, to finance potential future growth opportunities, to repay indebtedness, to finance the Company's ongoing capital program, or for other general corporate purposes.

### **Subsequent events**

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Mr. Timothy Schneider has given notice of his retirement from the Board of Directors effective March 23, 2022 and will not stand for election at the Company's 2022 Annual General Meeting. Mr. Schneider was President and Chief Executive Officer of Distinction Energy Corp. (formerly Delphi Energy Corp.) from October 2020 to April 2021 and served in such positions during Distinction's court supervised CCAA proceedings that resulted in the restructuring of Distinction on October 16, 2020 pursuant to a CCAA plan of compromise and arrangement. During his time with Kiwetinohk, Mr. Schneider was a member of the Audit Committee and Governance and Nominating Committee.

Kevin Brown, Chairman, said "On behalf of Kiwetinohk's Board of Directors, I want to thank Tim for his contributions and insights as a director and for helping Kiwetinohk to close on a number of significant and strategic acquisitions in 2021. We wish Mr. Schneider success and all the best in his future pursuits."

### **Conference call**

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Management of Kiwetinohk will host a conference call at 9 AM MT (11 AM ET) to discuss results and 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 March 31, 2022 by dialing 1-888-203-1112 and using the replay code 6873969.

## About Kiwetinohk

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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](http://www.kiwetinohk.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

## Advisories

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This press release is for informational purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities in any jurisdiction, nor shall there be any sale or issuance of securities in any jurisdiction in contravention of applicable law or regulation. In particular, this press release is not an offer of securities for sale in Canada or the United States.

## Oil and Gas Disclosure

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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.

Readers should review the estimates of individual classes of reserves and appreciate the differing probabilities of recovery associated with each class as explained under the heading "Glossary, Selected Abbreviations and Selected Conversions" in Appendix "A" of the Company's AIF.

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

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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 timing for bringing the Company's second Duvernay horizontal well from the existing 9-07 pad online;
- the timing for having initial test results from recently released Placid wells;
- the timing for bringing the Company's four Duvernay horizontal wells on pad 4-34 online;
- the timing for publishing the Company's upstream emissions intensity and GH reduction strategy;
- the Company's 2022 capital expenditures budget and allocations thereof, related drilling and project development plans and the effects thereof;
- 2022 and 2023 production guidance;
- the Company's 2022 operational and financial guidance;
- the timing for the Company's first solar and Firm Renewable projects reaching FID; and
- the estimates of reserves and future net revenue related thereto.

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;
- the impact of increasing competition;
- the general stability of the economic and political environment in which the Company operates;
- 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; 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:

- the ability of management to execute its business plan;
- general economic and business conditions;
- the risk of instability affecting the jurisdictions in which the Company operates;
- 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;
- 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;
- 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;
- risks associated with existing and potential future lawsuits and regulatory actions against the Company;
- uncertainties as to the availability and cost of financing; and
- financial risks affecting the value of the Company's investments.

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

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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 three and twelve months ended December 31, 2021 under the section "Non-GAAP Measures" available on Kiwetinohk's SEDAR profile at [www.sedar.com](http://www.sedar.com)

## Future-Oriented Financial Information

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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, return on capital employed, 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 above and "Risk Factors" in the Company's AIF published on the Company's profile on SEDAR at [www.sedar.com](http://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
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)
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
WTI	West Texas Intermediate

## FOR MORE INFORMATION ON KIWETINOHK, PLEASE CONTACT:

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