



## NEWS RELEASE

### Kiwetinohk closes Montney consolidation

**Calgary, Alberta – September 15, 2022** – Kiwetinohk Energy Corp. (TSX: KEC) today announced the closing of its Placid Montney asset consolidation (the Montney Acquisition) for an adjusted closing price of \$58.3 million. Kiwetinohk announced the deal on August 24, 2022 and posted a news release and updated corporate presentation on September 14, 2022, providing detailed consolidated pro-forma highlights.

As stated in the news release on September 14, the Montney Acquisition increases the Company's working interest in the Placid area, adding 1,200 Boe/d of current production, 30 MMcf/d of natural gas and 1,750 bbl/d of condensate plant processing capacity, 35.2 net sections of land (approximately 60% undeveloped) and 42.2 net Montney locations. At a consolidated asset level, the Company expects Placid area production to plateau between 11,500 to 13,000 boe/d, at which time asset level cash flow is expected to be approximately \$145 million to \$180 million, based on August 19 strip pricing. An estimated \$160 million of capital is required to reach plateau production from current pro-forma production of 8,200 boe/d, then requiring approximately \$70 million to \$85 million of capital per year to sustain plateau production rates and to deliver asset level free cash flow of \$75 million to \$95 million (and not the \$100 million to \$125 million disclosed in our September 14 news release which was provided in error), based on August 19 strip pricing. Of the \$58.3 million closing transaction price, the Company estimates acquired facility and undeveloped land value of approximately \$30 million to \$45 million based on facility replacement value and recent comparable land transactions.

### About Kiwetinohk

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We, at Kiwetinohk, are passionate about addressing climate change and the future of energy. Kiwetinohk's mission is to build a profitable energy transition business providing clean, reliable, dispatchable, affordable 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).

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### Oil and Gas Disclosure

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#### Barrel of Oil Equivalency

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.

#### Drilling Locations

This press release discloses drilling locations or inventory. The table below shows the total locations broken down into proved locations, probable locations and unbooked locations. Proved locations and probable locations are derived from McDaniel's reserves evaluation as of December 31, 2021, and account for drilling

locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources.

	<b>Acquired Placid Montney</b>
Proved Locations, Net	6.3
Probable Locations, Net	3.8
Unbooked Locations, Net	32.1
Total Locations, Net	42.2

Unbooked locations consist of drilling locations that have been identified by management as an estimation of the Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, and reserves information. There is no certainty that we will drill all of these drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources, or production. The drilling locations on which we drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

### **Production and Production Type Information**

References to petroleum, crude oil, natural gas liquids (NGLs), natural gas and average daily production in this press release refer to the light and medium crude oil, tight crude oil, conventional natural gas, shale gas and NGLs product types, as applicable, as defined in NI 51-101.

NI 51-101 includes condensate within the NGLs product type. The Company has disclosed condensate as combined with crude oil and separately from other NGLs since the price of condensate as compared to other NGLs is currently significantly higher, and the Company believes that this crude oil and condensate presentation provides a more accurate description of its operations and results therefrom. Crude oil therefore refers to light oil, medium oil, tight oil, and condensate. NGLs refers to ethane, propane, butane, and pentane combined. Natural gas refers to conventional natural gas and shale gas combined.

### **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:

- estimated approximate production in total [and by product type] from the Montney Acquisition;
- the characteristics of the acquired assets including estimated production rates;
- that there is ample room for Montney production growth based on the significant spare capacity of existing owned and third-party infrastructure;
- that increased ownership of the gas processing facility provides the Company with increased processing capacity and optionality for plant optimization;
- anticipated commodity prices;
- the Company's drilling and development plan for the Montney Acquisition assets and Kiwetinohk's Placid Montney;
- the plans and expectations to grow the acquired production to certain plateau levels and the capital costs and the timing thereof as well as the expected annual cash flows and free cash flows therefrom;
- estimated drilling locations and the drilling locations expected to be added from the Montney Acquisition; and
- the Company's business strategies, goals and plans;

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

- that the Company will continue to conduct operations in a manner consistent with past operations, except as specifically noted herein;
- 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 prices;
- currency, exchange and interest rates;
- the regulatory framework regarding royalties, taxes, 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;
- the impact of rising inflation rates and interest rates on the North American and world economies and the corresponding impact on the Company's costs, profitability, and on crude oil, NGLs and natural gas prices;
- future production rates and estimates of operating costs and development capital, including as specifically set forth herein;
- performance of existing and future wells;
- anticipated timing and results of capital expenditures / development capital, including as specifically set forth herein;
- the success obtained in drilling new wells;
- the sufficiency of budgeted capital expenditures in carrying out planned activities; 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 risk that we do not realize some or all of the anticipated benefits of the Montney Acquisition;
- the risk that any of the Company's material assumptions prove to be materially inaccurate;
- 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;
- 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;
- the Company's ability to enter into or renew leases;
- potential delays or changes in plans with respect to capital expenditures;
- risks associated with rising capital costs and timing of project completion;
- fluctuations in commodity 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;
- 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

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This news release contains the following measure that does not have a standardized meaning under generally accepted accounting principles (**GAAP**) and therefore may not be comparable to similar measures presented by other entities: free cash flow. These measures 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](http://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 estimates for cash flow and free cash flow. 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](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

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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)
Mcf/d	thousand cubic standard feet per day
MMcf/d	million cubic feet per day

## FOR MORE INFORMATION ON KIWETINOHK, PLEASE CONTACT:

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