

Saturn Oil & Gas Inc. Reports Q3 2022 Financial and Operational Results Highlighted by Record Quarterly Cash Flow per Share

CALGARY, ALBERTA – November 8, 2022 - Saturn Oil & Gas Inc. (TSXV: SOIL) (FSE: SMKA) (OTCQX: OILSF) (“**Saturn**” or the “**Company**”) is pleased to report its financial and operating results for the three and nine months ended September 30, 2022.

“The third quarter of 2022 is the first reporting period reflecting the highly positive impact of the Viking acquisition, closed on July 6, 2022, in terms of increased netbacks and additional production, resulting in record corporate cash flow.” commented John Jeffrey, Chief Executive Officer of Saturn. “Saturn is now actively developing the newly acquired Viking asset with 21 of our recent 27 drilled Viking wells targeting light oil on the new acreage, with a 100% success rate.”

Third Quarter 2022 Highlights:

- Closed the Viking Acquisition for \$240.1 million, after interim closing adjustments, funded by equity financings of \$75.2 million and a \$200 million expansion of our Senior Term Loan facility;
- Realized record average production in the third quarter of 2022 of 10,965 boe/d, a 57% increase compared to 6,970 boe/d in the third quarter of 2021;
- Achieved record quarterly petroleum and natural gas sales of \$105.7 million, up 29% from \$82.2 million in the second quarter of 2022 and an increase of 124% from \$47.1 million in the third quarter of 2021;
- Achieved record quarterly Adjusted EBITDA⁽¹⁾ of \$50.3 million, a 179% increase over \$18.0 million in Q2 2022;
- Achieved operating netbacks⁽¹⁾ for the third quarter of 2022 of \$67.78 per boe compared to \$36.59 per boe in Q3 2021 and \$76.22 per boe in Q2 2022;
- Generated Adjusted funds flow⁽¹⁾ of \$39.8 million in the three months ended September 30, 2022 (\$0.69 per basic share), compared to \$14.5 million in Q2 2022 (\$0.45 per basic share), an increase of 174% (53% per share increase);
- Invested \$36.8 million of development capital in the third quarter, drilling 30, 100% working interest wells; 23 in the Viking area and 7 Frobisher wells in the Oxbow area (including 1 disposal well), and spudding an additional four 100% working interest Viking wells prior to the end of the quarter;

(CAD \$000s, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
FINANCIAL HIGHLIGHTS				
Petroleum and natural gas sales	105,728	47,059	256,399	60,969
Cash flow from (used) in operating activities	13,472	16,160	44,215	(14,318)
per share - Basic	0.23	0.64	1.13	(0.82)
- Diluted	0.23	0.54	1.11	(0.82)
Adjusted funds flow ⁽¹⁾	39,756 ⁽¹⁾	13,923	66,833	16,265
per share - Basic	0.69	0.55	1.71	0.93
- Diluted	0.68	0.46	1.68	0.73
Net income (loss)	167,307	(23,307)	91,544	(54,433)
per share - Basic	2.89	(0.93)	2.34	(3.12)
- Diluted	2.87	(0.93)	2.30	(3.12)
Capital expenditures ⁽¹⁾	36,991 ⁽¹⁾	4,445	53,430	4,647
Net debt ⁽¹⁾ , end of period	232,655	71,761	232,655	71,761

⁽¹⁾ See *Non-GAAP and Other Financial Measures*

(CAD \$000s, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
OPERATING HIGHLIGHTS				
Average production volumes				
Crude oil (bbls/d)	10,163	6,413	7,914	2,819
NGLs (bbls/d)	363	278	328	115
Natural gas (mcf/d)	2,634	1,673	2,197	700
Total boe/d	10,965	6,970	8,608	3,051
% Oil and NGLs	96%	96%	96%	96%
Average realized prices				
Crude oil (\$/bbl)	110.90	78.37	116.19	77.78
NGLs (\$/bbl)	55.59	35.46	61.46	35.12
Natural gas (\$/mcf)	5.95	3.83	5.66	3.59
Processing expenses (\$/boe)	(1.25)	(1.05)	(1.50)	(0.81)
Combined (\$/boe)	104.81	73.39	109.10	73.21
Operating netback (\$/boe)				
Petroleum and natural gas sales	104.81	73.39	109.10	73.21
Royalties	(12.57)	(10.68)	(15.58)	(10.26)
Net operating expenses ⁽¹⁾	(23.86)	(25.57)	(25.77)	(25.17)
Transportation expenses	(0.60)	(0.55)	(0.69)	(0.81)
Operating netback ⁽¹⁾	67.78	36.59	67.06	36.97
Realized loss on derivatives	(17.18)	(7.98)	(29.28)	(7.83)
Operating netback, net of derivatives ⁽¹⁾	50.60	28.61	37.78	29.14
Common shares outstanding				
Common shares outstanding	59,839	25,145	59,839	25,145
Weighted average common shares outstanding				
Basic	57,907	25,145	39,168	17,430
Diluted	58,336	30,021	39,769	22,327

⁽¹⁾ See *Non-GAAP and Other Financial Measures*

Message to Shareholders

With the close of the Viking acquisition on July 6, 2022, Saturn's operations were bolstered by the addition of the high cash flowing, light oil producing assets acquired in its core Viking operations area in West-central Saskatchewan. The Viking acquisition had the positive effects of:

- Increasing production by approximately 4,000 boe/d, or 55% above previous levels;
- Lowered overall operating costs per boe of production;
- Reduced Saturn's corporate royalty rates ; and
- Consequently, increased netbacks per boe and corporate adjusted funds flow.

The accretive nature of the Viking acquisition is evidenced by Adjusted funds flow⁽¹⁾ per basic share increasing 53% to \$0.69 per basic share for the three month period ended September 30, 2022 compared to the prior quarter of Q2 2022, despite the benchmark WTI oil price decreasing from an average of USD 108.41 in Q2 2022 to USD 91.58 in Q3 2022.

Operations Update

The third quarter of 2022 has been the most active drilling period in the Company's history. Saturn has drilled 29 horizontal wells targeting light oil in the Viking and Oxbow core operating areas with a 100% success rate and a 100% working interest. With the ongoing operation of one rig in each core area, Saturn continues to achieve strong results from the newly drilled wells and is drilling, equipping and bringing the new production onstream in a cost-effective basis. Saturn remains on target with expected production rates for new wells in the Oxbow area and has had tremendous success in its development in the Viking area:

- Saturn has now drilled 12 Viking wells in 2022 which have accumulated 30 days of production with on average initial rates 43% above Saturn’s expected type curves used for guidance, with approximately 28% increase of capital costs incurred per location above budget; and
- To date, Saturn has drilled 18 wells in the Oxbow area targeting Frobisher and Tilston light oil formations with 30 days of production data, including wells drilled at the start of the Oxbow drilling program in Q4 2021, with production results and capital costs consistent with guidance assumptions.

The following table updates the average 30 days initial production rates from the most recent drilled wells with at least 30 days of production data:

	Number of Locations	Average IP30 per Location	Guidance Type Curve	Actual vs. Guidance	Total Capital	Capital Efficiency
Oxbow New Horizontal Wells	18	69.4 bbls/d	69 bbls/d	-	\$18.5M	\$14,810 /bbl/d
Viking New Horizontal Wells	12	97.3 bbls/d	68 bbls/d	+43%	\$17.7M	\$15,160/bbl/d
Total	30	80.6 bbls/d			\$36.2M	\$14,970 /bbl/d

Investor Webcast

Saturn will host a webcast at 10:00 AM MT (12:00 PM Noon ET) on November 9, 2022, to discuss the third quarter financial report and provide investors an update. Participants can access the live webcast via: <https://saturnoil.com/invest/q3-2022-results-webcast>, or through the Company’s website www.saturnoil.com. A recorded archive of the webcast will be available afterwards on the Company’s website.

About Saturn Oil & Gas Inc.

Saturn Oil & Gas Inc. is a growing Canadian energy company focused on generating positive shareholder returns through the continued responsible development of high-quality, light oil weighted assets, supported by an acquisition strategy that targets highly accretive, complementary opportunities. Saturn has assembled an attractive portfolio of free-cash flowing, low-decline operated assets in Southeastern Saskatchewan and West Central Saskatchewan that provide a deep inventory of long-term economic drilling opportunities across multiple zones. With an unwavering commitment to building an ESG-focused culture, Saturn’s goal is to increase reserves, production and cash flows at an attractive return on invested capital. Saturn’s shares are listed for trading on the TSX.V under ticker ‘SOIL’, on the Frankfurt Stock Exchange under symbol ‘SMKA’ and trade on the OTCQX under symbol ‘OILSF’.

The Company’s unaudited condensed consolidated interim financial statements and corresponding Management’s Discussion and Analysis (“MD&A”) for the nine month period ended September 30, 2022 are available on SEDAR at www.sedar.com and on Saturn’s website at www.saturnoil.com. Copies of the materials can also be obtained upon request without charge by contacting the Company directly. Please note, currency figures presented herein are reflected in Canadian dollars, unless otherwise noted.

Further information and a corporate presentation is available on Saturn’s website at www.saturnoil.com.

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Reader Advisory

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, we employ certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and cash flow from operating activities as indicators of our performance. The Company's unaudited condensed consolidated interim financial statements and MD&A as at and for the three and nine months ended September 30, 2022 are available on the Company's website at www.saturnoil.com and under our SEDAR profile at www.sedar.com. The disclosure under the section "Non-GAAP and Other Financial Measures" including non-GAAP financial measures and ratios, capital management measures and supplementary financial measures in the MD&A is incorporated by reference into this news release.

The following are non-GAAP financial measures: capital expenditures, capital expenditures net A&D, free funds flow, net operating expenses, operating netback and operating netback net of derivatives. Where applicable, these non-GAAP financial measures are presented on a multiple, per boe or a per share basis resulting in non-GAAP financial ratios. These non-GAAP financial measures and ratios are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. See the disclosure under the section "Non-GAAP Financial Measures and Ratios" in our MD&A for the three and nine months ended September 30, 2022, for an explanation of the composition of these measures and ratios, how these measures and ratios provide useful information to an investor, and the additional purposes, if any, for which management uses these measures and ratios.

The following are capital management measures used by the Company: adjusted working capital, net debt, adjusted EBITDA and adjusted funds flow. See the disclosure under the "Capital Management" note in our unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022, for an explanation of the composition of these measures, how these measures provide useful information to an investor, and the additional purposes, if any, for which management uses these measures.

Where applicable, the supplementary financial measures used in this press release are either a per unit disclosure of a corresponding GAAP measure, or a component of a corresponding GAAP measure, presented in the unaudited condensed consolidated interim financial statements. Supplementary financial measures that are disclosed on a per unit basis are calculated by dividing the aggregate GAAP measure (or component thereof) by the applicable unit for the period. Supplementary financial measures that are disclosed on a component basis of a corresponding GAAP measure are a granular representation of a financial statement line item and are determined in accordance with GAAP.

BOE PRESENTATION

Boe means barrel of oil equivalent. All boe conversions in this MD&A are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl : 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

ADVISORIES AND FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "scheduled", "will" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, the

drilling of development wells, workover program and the maintenance of bas production and the business plan, cost model and strategy of the Company.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Saturn, including expectations and assumptions concerning: the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Saturn's properties, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.

Although Saturn believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Saturn can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, the current COVID-19 pandemic, actions of OPEC and OPEC+ members, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Saturn's Annual Information Form for the year ended December 31, 2021.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Saturn believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Saturn can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, the timely receipt of any required regulatory approvals and the satisfaction of all conditions to the completion of the share consolidation. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

The forward-looking information contained in this press release is made as of the date hereof and Saturn undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

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

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.