



# LYCOS ENERGY INC.

## BOUGHT PUBLIC OFFERING OF COMMON SHARES

*A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces of Canada, other than the province of Quebec. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.*

*There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.*

*This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.*

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| <b>ISSUER:</b>                | Lycos Energy Inc. (" <b>Lycos</b> " or the " <b>Company</b> ").  |
| <b>OFFERING:</b>              | 8,574,000 Common Shares (" <b>Common Shares</b> ") of the Company to be issued from treasury (the " <b>Offering</b> ").  |
| <b>OFFERING PRICE:</b>        | \$3.55 per Common Share (the " <b>Issue Price</b> ").  |
| <b>GROSS PROCEEDS:</b>        | \$30,437,700.  |
| <b>OVER-ALLOTMENT OPTION:</b> | The Company has granted the Underwriters an over-allotment option (the " <b>Over-Allotment Option</b> "), to purchase at the Issue Price up to 15% of the Offering (1,286,100 Common Shares) for additional gross proceeds to the Company of up to \$4,565,655, exercisable in whole or in part up to 30 days after the Closing Date of the Offering, to cover the Underwriters' over- allocation position.  |
| <b>USE OF PROCEEDS:</b>       | The Company has entered into an agreement (the " <b>Durham Creek Agreement</b> ") to acquire Durham Creek Exploration Ltd. (" <b>Durham Creek</b> ") for total consideration of \$22.5 million (\$12.5 million in cash and \$10 million in Common Shares at the Issue Price), prior to closing adjustments (the " <b>Acquisition</b> "). The Acquisition is expected to close immediately following the closing of the Offering on October 16, 2023. The closing of the Offering is conditional on all conditions to be satisfied, completed or otherwise met prior to the completion of the Acquisition (in accordance with the Durham Creek Agreement and without waiver or material amendment of the terms and conditions thereof (which shall include any extension of the outside date therein beyond October 16, 2023), in whole or in part, by any of the parties thereto (unless the consent of the Lead Underwriter, on behalf of the Underwriters, has been given for such waiver or amendment, such consent not to be unreasonably withheld or delayed) having been satisfied, completed or otherwise met, but for the payment of the cash consideration payable by Lycos under the Durham Creek Agreement. The Company intends to use the net proceeds of the Offering to partially fund the cash portion of the purchase price in respect of the Acquisition, and expects to use the balance of the net proceeds of the Offering to fund its drilling and capital spending program, for future acquisitions and for general working capital purposes. |
| <b>ISSUE TYPE:</b>            | The Offering is a bought treasury offering of Common Shares to be completed by way of short form prospectus, qualifying the Common Shares for distribution in all provinces of Canada except Québec.<br><br>The Common Shares may also be placed privately in the United States to Qualified Institutional Buyers as defined under Rule 144A under the United States Securities Act of 1933, as amended (the " <b>U.S. Securities Act</b> ") pursuant to an exemption under Rule 144A, and may be distributed outside Canada and the United States on a basis which does not require the qualification or registration of any of the Company's securities under domestic or foreign securities laws.   |
| <b>LISTING:</b>               | The Company will apply to list the Common Shares on the TSX Venture Exchange (the " <b>Exchange</b> "). Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange. The Common Shares currently trade on the Exchange under the symbol "LCX".   |
| <b>BOOKRUNNER:</b>            | National Bank Financial Inc.   |
| <b>ELIGIBILITY:</b>           | Eligible for RRSPs, RRIFFs, RDSPs, RESPs, TFSAs, HFSAs and DPSPs.  |

**COMMISSION:** 5.0% of the gross proceeds from the sale of the Common Shares payable on the Closing Date.

**CLOSING DATE:** The Offering will close on or before October 16, 2023 or such other date as agreed to by the Underwriters and the Company.