

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Lycos Energy Inc. ("Lycos" or the "Company")
Suite 1900, 215 – 2nd Street S.W.
Calgary, Alberta T2P 1M4

2. Dates of Material Changes:

October 8, 2025 and October 15, 2025

3. News Releases:

The Company issued press releases on October 8, 2025 and October 15, 2025, which were disseminated through a recognized newswire service and subsequently filed on SEDAR+ under the Company's corporate profile at www.sedarplus.ca.

4. Summary of Material Change:

On October 8, 2025, the Company announced the execution of a definitive purchase and sale agreement dated October 7, 2025 (the "**Agreement**"), with an arm's length purchaser to divest of certain assets in the Lindbergh, Moose Lake and Fishing Lake areas of Alberta (the "**Assets**") for cash consideration of \$60.0 million, subject to customary closing adjustments as provided for in the Agreement (the "**Asset Sale**").

On October 15, 2025, the Company announced the completion of the Asset Sale.

5. Full Description of Material Change:

Key Corporate Highlights

Notwithstanding the conclusion of the Company's strategic review process announced on May 29, 2025, the board of directors of the Company (the "**Lycos Board**") and management continually examine opportunities to enhance the interests of the Company to maximize shareholder value.

The Lycos Board and management team view the Asset Sale as advantageous to the shareholders of Lycos (the "**Lycos Shareholders**") as it provides a meaningful opportunity to crystallize value and return capital to shareholders. Highlights of the Asset Sale include:

- **Debt Reduction.** \$9.0 million of the net proceeds from the Asset Sale will be used to reduce fourth quarter net debt⁽¹⁾ to below \$1.0 million, affording the Company greater financial flexibility to pursue initiatives aimed at further enhancing shareholder value, including potential accretive acquisitions, organic growth and/or share buybacks as outlined below.
- **Cash Distribution to Shareholders.** Lycos Shareholders will realize an immediate and substantial cash distribution of \$0.90 (the "**Sale Dividend**") per Common Share, as further described below.

- **Pro Forma Assets.** Following the completion of the Asset Sale, Lycos will have approximately 1,700 boe/d of oil-weighted production (97% crude oil) in Central Alberta, including Swimming, Wildmere and Viking Kinsella.
- **Strong Balance Sheet.** Lycos will have less than \$1.0 million of net debt and a \$50.0 million credit facility, which will allow the Company to continue to develop and acquire new multi-lateral development prospects to drive further returns to Lycos Shareholders.

National Bank Financial Inc. ("**NBF**") acted as exclusive financial advisor to Lycos in connection with the Asset Sale. NBF has provided the Lycos Board with a fairness opinion that, as at the date of the Agreement, the consideration to be received by Lycos pursuant to the Asset Sale is fair, from a financial point of view to Lycos. Based on the fairness opinion received from NBF and discussions with its financial and legal advisors, among other considerations, the Lycos Board has unanimously determined that the Asset Sale and the entering into of the Agreement are in the best interests of Lycos Shareholders.

The Asset Sale

Pursuant to the Agreement, Lycos sold the Assets for cash consideration of \$60.0 million, before closing adjustments. The Asset Sale was completed on October 15, 2025, with an effective date of September 1, 2025. The Asset Sale represented a "Reviewable Transaction" under the policies of the TSX-V. A copy of the Agreement is filed on the Company's SEDAR+ profile and is available for viewing at www.sedarplus.ca.

Lycos believes the Asset Sale is a compelling acceleration of value to the Lycos Shareholder for the Assets. The Assets were, prior to the Asset Sale, producing approximately 940 bbl/d and had Proved Developed Producing reserves of 395 Mbbl as at December 31, 2024, as evaluated by the Company's independent reserves evaluator, Sproule Associates Ltd. ("**Sproule**"). The Assets also include 21.0 (21.0 net) booked drilling locations.

Certain key sales metrics pertaining to the Assets are as follows:

- 3.4 times annualized net operating income⁽¹⁾
- \$63,830 per flowing boe⁽²⁾
- \$25.80 per boe of Proved reserves of 2,326 Mbbl
- \$19.54 per boe of Proved and Probable reserves of 3,070 Mbbl

Proceeds of the Asset Sale

The Company intends to direct approximately \$9.0 million of the net proceeds of the Asset Sale towards debt repayment to strengthen the Company's balance sheet. The Company's lender has confirmed that its current \$50.0 million credit facility will remain in place on the same terms following closing of the Asset Sale. In addition, the Company intends to return a total of approximately \$47.9 million of the net proceeds of the Asset Sale to Lycos Shareholders as a return of capital. Lycos Shareholders will receive the Sale Dividend in the amount of \$0.90 per Common Share. Any remaining proceeds from the Asset Sale will be used towards general corporate purposes, including funding ongoing operations and/or working capital requirements.

At the upcoming special meeting of Lycos Shareholders to be held on November 13, 2025 (the "**Meeting**"), Lycos Shareholders will be asked to consider a special resolution authorizing the Company to reduce the stated capital account maintained in respect of the Company's Common Shares by \$47.9 million. The Sale Dividend, for Canadian income tax purposes, will be treated as a

return of capital by way of a reduction in the stated capital of the Common Shares if the special resolution is approved at the Meeting. If such approval is not obtained, the Sale Dividend will be paid as a special dividend, which, for Canadian income tax purposes, may be designated as an eligible dividend. For more details in respect of the Meeting, please refer to the Company's management information circular dated October 8, 2025, a copy of which is available on the Company's SEDAR+ profile at www.sedarplus.ca.

Advisors

NBF acted as exclusive financial advisor to Lycos in connection with the Asset Sale.

Stikeman Elliott LLP is acting as legal counsel to Lycos in connection with the Asset Sale.

5.2 Disclosure of Restructuring Transactions:

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, please contact:

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9. Date of Report:

October 17, 2025.

Notes to Reader

- (1) See "*Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Measures*".
- (2) In respect of the Assets, flowing boe is calculated using the total cash consideration divided by the current production estimate.

Reader Advisories

Forward-Looking and Cautionary Statements

Certain statements contained within this material change report constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "outlook", "plan", "endeavor", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions (including negatives and variations thereof). Lycos believes that the expectations reflected in such forward-looking statements are reasonable as of the date hereof, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this material change report contains

forward-looking statements pertaining to: Lycos' business strategy, objectives, strength and focus; the anticipated benefits of the Asset Sale; the Company's intended use of proceeds of the Asset Sale; the anticipated timing of the Meeting; the Company's drilling plans, including intentions to drill wells in the West Lindbergh and Moose Lake areas; expectations regarding commodity prices and heavy oil differentials; the performance characteristics of the Company's oil and natural gas properties; the ability of the Company to achieve drilling success consistent with management's expectations; expectations in respect of the Company's wells, including anticipated benefits and results; and the source of funding for the Company's activities. The forward-looking statements and information are based on certain key expectations and assumptions made by Lycos, including, but not limited to: expectations and assumptions concerning the business plan of Lycos; the timing of and success of future drilling, development and completion activities; the geological characteristics of Lycos' properties; prevailing and future commodity prices, price volatility, price differentials and the actual prices received for the Company's products; the availability and performance of drilling rigs, facilities, pipelines and other oilfield services; the timing of past operations and activities in the planned areas of focus; the drilling, completion and tie-in of wells being completed as planned; the performance of new and existing wells; the application of existing drilling and fracturing techniques; prevailing weather and break-up conditions; general economic conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; the continued availability of capital and skilled personnel; the ability to maintain or grow its credit facility; the accuracy of Lycos' geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Lycos' ability to execute its plans and strategies.

Although Lycos believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Lycos can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to: the risk that the Company will utilize the net proceeds from the Asset Sale other than in the manner described in this material change report; the risk that Lycos Shareholders do not authorize a reduction in the Company's stated capital to facilitate the Sale Dividend by way of return of capital; incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs; fluctuations in commodity prices (including pursuant to determinations by the Organization of Petroleum Exporting Countries and other countries (collectively referred to as OPEC+) regarding production levels) and the risk of an extended period of low oil and natural gas prices; changes in industry regulations and political landscape both domestically and abroad; the impact of tariffs and other restrictive trade measures imposed or threatened by the U.S. administration, the Canadian administration and foreign governments, including retaliatory or countermeasures, on global economic markets, market volatility and the demand and/or market price for the Company's products; wars (including Russia's military actions in Ukraine and the Israel-Hamas conflict in Gaza); hostilities; civil insurrections; foreign exchange or interest rates; increased operating and capital costs due to inflationary pressures (actual and anticipated); volatility in the stock market and financial system; impacts of pandemics; the retention of key management and employees; and risks with respect to unplanned third-party pipeline outages, including in respect of safety, asset integrity and shutting in production. Ongoing military actions between Russia and Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the actions between these nations remains uncertain. Please refer to the Company's annual information form for the year ended December 31, 2024, and the Company's latest management discussion and analysis ("**MD&A**") for additional risk factors relating to Lycos, which can be accessed either on the Company's website at www.lycosenergy.com or under the Company's SEDAR+ profile at www.sedarplus.ca. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. Lycos undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Disclosure of Oil and Gas Information

Unit Cost Calculation. The term barrels of oil equivalent ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Product Types. Throughout this material change report, "crude oil" or "oil" refers to heavy crude oil product types as defined by National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

Reserves Information. The reserves information and data contained in this material change report is derived from the independent engineering reserves evaluation of the Company's assets prepared by Sproule Associates Ltd. dated March 4, 2025, and effective December 31, 2024 (the "**Reserves Report**"), and has been prepared and presented in accordance with the Canadian Oil and Gas Evaluation Handbook and NI 51-101. All reserves references in this material change report are "Company gross reserves". Company gross reserves are the Company's total working interest reserves before the deduction of any royalties payable by the Company. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of

reserves and future net revenue for all properties, due to the effect of aggregation. There is no assurance that the forecast price and cost assumptions applied by Sproule in evaluating the Company's reserves will be attained and variances could be material. All reserves assigned in the Reserves Report are located in the Province of Alberta and presented on a consolidated basis. All evaluations and summaries of future net revenue are stated prior to the provision for interest, debt service charges or general and administrative expenses and after deduction of royalties, operating costs, estimated well abandonment and reclamation costs and estimated future capital expenditures. It should not be assumed that the estimates of future net revenues presented represent the fair market value of the reserves. The recovery and reserve estimates of the Company's oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Proved developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned. Certain terms used in this material change report but not defined are defined in NI 51-101, CSA Staff Notice 51-324 - Revised Glossary to NI 51-101, Revised Glossary to NI 51-101, Standards of Disclosure for Oil and Gas Activities ("**CSA Staff Notice 51-324**") and/or the COGEH and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGEH, as the case may be.

Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

This material change report includes various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**") and, therefore, may not be comparable with the calculation of similar measures by other companies.

"**Adjusted working capital (net debt)** (capital management measure)" is calculated as current assets less current liabilities, excluding the current portion of decommissioning liabilities and financial derivative receivable and liabilities. Adjusted working capital (Net Debt) is a capital management measure which management uses to assess the Company's liquidity. See the MD&A for a detailed calculation and reconciliation of adjusted working capital (net debt) to the most directly comparable measure presented in accordance with IFRS.

"**Net operating income** (capital management measure)" is calculated as total petroleum and natural gas revenues, net of blending, less royalties, less net operating expenses and transportation expenses, excluding the effects of financial derivatives. This metric is also referred to as operating netback and is an important measure to evaluate operational performance as it demonstrates asset level profitability. See the MD&A for a detailed calculation and reconciliation of operating netback to the most directly comparable measure presented in accordance with IFRS.

Please refer to the MD&A on pages 15 to 17 for additional information relating to specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. The MD&A can be accessed either on the Company's website or under the Company's SEDAR+ profile on www.sedarplus.ca.

Abbreviations

bbbl	barrels of oil	Mboe	thousand barrels of oil equivalent
bbbl/d	barrels of oil per day	Mcf	thousand cubic feet
boe	barrels of oil equivalent	Mbbbl	thousand barrels of oil
boe/d	barrels of oil equivalent per day	MMbbbl	million barrels of oil
Mbbbl	thousand barrels of oil	MMboe	million barrels of oil equivalent
		MMcf	million cubic feet

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