

Lycos Energy Inc. Announces 2025 Reserves

Calgary, Alberta--(Newsfile Corp. - February 26, 2026) - Lycos Energy Inc. (TSXV: LCX) ("**Lycos**" or the "**Company**") is pleased to provide the results of its independent reserves evaluation as at December 31, 2025, prepared by McDaniel & Associates Consultants Ltd. ("**McDaniel**").

2025 Overview – Portfolio Rationalization Year

During 2025, Lycos executed a strategic monetization of certain heavy oil assets, while retaining its legacy heavy oil properties. The Company completed multiple asset dispositions during the year, materially reducing operating complexity and decommissioning obligations, while repositioning the Company around its remaining asset base.

As part of its capital allocation strategy, the Company returned capital to shareholders through a \$0.90 per common share return of capital during the year, reflecting the value realized from asset sales and underscoring the Company's commitment to disciplined capital stewardship.

Despite minimal capital deployment in 2025 and a deliberate focus on divestitures, the Company achieved positive net reserve growth across Proved Developed Producing ("PDP") of 204 Mboe, Total Proved ("TP") of 353 Mboe and Total Proved and Probable ("TPP") of 327 Mboe reserves, inclusive of production and dispositions. PDP reserve additions were primarily driven by performance revisions and optimization initiatives within the retained asset base. Undeveloped reserve additions within the retained asset base were driven by extensions as the Company focused its resources.

2025 Year End Reserves

The Company's 2025 year end reserves were evaluated by independent reserves evaluator McDaniel as at December 31, 2025, (the "**Reserve Report**") in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**") and in accordance with the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "**COGEH**"). The Reserve Report was based on the published average forecast pricing of three independent reserves evaluation firms at January 1, 2026 (McDaniel, GLJ Ltd. and Sproule ERCE (formerly Sproule Associates Limited ("**Sproule**")). See "*Reader Advisories – Reserves and Future Net Revenue Disclosure*" for more information. The numbers in the tables below may not add due to rounding.

For comparative purposes, the Company's reserves as at December 31, 2024 were evaluated by Sproule. The change in evaluator reflects the Company's periodic review of external advisors and its intention to align its reserves evaluation with industry peers and internal technical practices. There were no changes to the Company's reserves reporting framework or methodology resulting from the transition.

Reserves Summary as at December 31, 2025

Total Company Reserves ⁽¹⁾						
Reserves Category	Heavy Oil (Mbbl)	Light and Medium Oil (Mbbl)	Condensate (Mbbl)	NGL (Mbbl)	Conventional Natural Gas (MMcf)	Total Oil Equivalent (Mboe)
Proved Developed Producing	2,481	-	-	-	461	2,557
Proved Developed Non-Producing	98	-	-	-	-	98
Proved Undeveloped	2,794	-	-	-	-	2,794
Total Proved	5,373	-	-	-	461	5,449
Probable	2,804	-	-	-	115	2,823
Total Proved Plus Probable	8,176	-	-	-	576	8,272

⁽¹⁾ Reserves have been presented on a gross basis, which are the Company's total working interest share before the deduction of any royalties and without including any royalty interests of the Company.

Net Present Value of Future Net Revenue

Total Company	Net Present Value of Future Net Revenue ⁽¹⁾ Before Income Taxes, Discounted at (% / year)				
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)
Reserves Category					
Proved Developed Producing	47,704	47,423	44,048	40,476	37,262
Proved Developed Non-Producing	1,909	1,752	1,584	1,425	1,282
Proved Undeveloped	68,367	54,235	43,318	34,853	28,229
Total Proved	117,980	103,410	88,950	76,754	66,773
Probable	87,197	65,039	49,673	38,827	30,989
Total Proved Plus Probable	205,177	168,450	138,623	115,581	97,763

(1) All future net revenues are stated prior to the provision for general and administrative expenses, other income and interest expenses and after the deduction of royalties, net operating expenses, estimated well and facility abandonment and reclamation costs and estimated future capital expenditures.

Reconciliation of Company Gross Reserves on Forecast Prices and Costs

	Total PDP (Mboe)	Total Proved (Mboe)	Total Probable (Mboe)	Total Proved + Probable (Mboe)
December 31, 2024	4,098	10,597	6,240	16,837
Discoveries	-	-	-	-
Extensions	10	721	1,289	2,009
Infill Drilling	-	-	-	-
Technical Revisions	304	(228)	(1,289)	(1,517)
Dispositions	(572)	(4,322)	(3,381)	(7,702)
Economic Factors	(109)	(139)	(27)	(166)
Production	(1,173)	(1,180)	(9)	(1,189)
December 31, 2025	2,557	5,449	2,823	8,272

Future Development Costs ("FDC")

The following is a summary of the estimated FDC required to bring Proved Undeveloped reserves and Proved plus Probable Undeveloped reserves on production. FDC associated with the Company's total proved reserves at year end 2025 is \$51.7 million and FDC on total proved plus probable reserves is \$76.3 million.

	Proved Reserves \$M	Proved Plus Probable Reserves \$M
2026	14,892	18,372
2027	22,595	26,101
2028	12,144	16,165
2029	2,029	15,711
Total Undiscounted	51,660	76,349

Net Asset Value

The following table sets out a calculation of NAV based on the before-tax estimated net present value of future net revenue discounted at 10% ("**NPV10 BT**") associated with the TP and TPP reserves, as evaluated in the Reserve Report, including deductions for FDC and abandonment and reclamation obligations:

	TP	TPP
Reserve Value NPV10 (BT) (\$M)	88,949	138,623
Add: Adjusted working capital (\$M) ⁽¹⁾	9	9
Add: Warrant Proceeds (\$M)	7,437	7,437
Total Net Asset Value (M\$)	96,395	146,069
Common Shares Outstanding (M)	53,238	53,238
Warrants Outstanding (M)	5,550	5,550
Estimate NAV per Diluted Share (\$/diluted share)⁽²⁾	1.64	2.48

(1) See Unaudited Financial Information

(2) For purposes of calculating the NAV per Diluted Share, the dilution impact from 3,090,425 stock options have been excluded as the weighted average exercise price of \$4.07 at December 31, 2025 is out-of-the-money.

About Lycos

Lycos is an oil-focused, exploration, development and production company based in Calgary, Alberta, operating high-quality, heavy-oil, development assets in the Lloydminster and Greater Lloydminster area.

Additional Information

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Reader Advisories

Forward-Looking and Cautionary Statements

Certain statements contained within this press release 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", "budget", "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 press release contains forward-looking statements pertaining to Lycos' business strategy, objectives, strength and focus. Statements relating to production, reserves, recovery, replacement, costs and valuation are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. The forward-looking statements and information are based on certain key expectations and assumptions made by Lycos, including expectations and assumptions concerning 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. Please refer to the annual information form for the year ended December 31, 2024 ("**AIF**") and the Company's latest management discussion and analysis ("**MD&A**") for 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. Any financial outlook or future-oriented financial information contained in this press release has been approved by management as of the date hereof, is provided for the purpose of conveying the anticipated effects of the Company's planned activities and strategies and may not be appropriate for other purposes.

Unaudited Financial Information

Certain financial and operating results included in this news release, including adjusted working capital, are based on unaudited estimated results. These estimated results are subject to change upon completion of the Company's audited annual financial statements as at and for the years ended December 31, 2025 and 2024, and changes could be material.

Disclosure of Oil and Gas Information

Annual Information Form

Lycos's Statement of Reserves Data and Other Oil and Gas Information on Form 51-101F1 dated effective as at December 31, 2025, which will include further disclosure of Lycos's oil and gas reserves and other oil and gas information in accordance with NI 51-101 and COGEH forming the basis of this news release, will be included in the AIF which will be available on SEDAR+ at www.sedarplus.ca.

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 press release, "crude oil" or "oil" refers to heavy crude oil product types as defined by NI 51-101.

Reserves and Future Net Revenue Disclosure. All reserves values, future net revenue and ancillary information contained in this press release are derived from the Reserves Report unless otherwise noted. All reserve references in this press release 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 McDaniel in evaluating Lycos' reserves will be attained and variances could be material.

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 in the tables below represent the fair market value of the reserves. The recovery and reserve estimates of Lycos' crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids 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 press release but not defined are defined in NI 51-101, CSA Staff Notice 51-324 - Revised Glossary to NI 51-101 ("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.

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management. These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare our operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this presentation, should not be relied upon for investment or other purposes.

"**FDC**" (future development capital) are the future capital cost estimated for each respective category in year-end reserves attributed with realizing those reserves and associated future net revenue.

"**Net Asset Value**" is calculated as reserve value, before tax, discounted at 10%, plus the Company's adjusted working capital at December 31, 2025 of \$9 thousand, plus \$7.4 million of proceeds from the exercise of warrants divided by the sum of common shares outstanding of 53.2 million and 5.6 million of warrants outstanding.

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

This press release 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, derivative financial instruments, and lease liabilities. Adjusted working capital (Net Debt) is a capital management measure which management uses to assess the Company's liquidity. A reconciliation of adjusted working capital (net debt) to the most directly comparable measure calculated and presented in accordance with IFRS is as follows:

<i>(in thousands)</i>	December 31, 2025
Working capital	(1,216)
Current portion of lease obligations	325
Current portion of decommissioning liabilities	900
Adjusted working capital (net debt)	9

Please refer to the Company's Q3 2025 MD&A on pages 16 to 18 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
bbbl/d	barrels of oil per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
CDN\$	Canadian dollars
Mbbl	thousand barrels of oil
Mboe	thousand barrels of oil equivalent
Mcf	thousand cubic feet
MMbbl	million barrels of oil
MMboe	million barrels of oil equivalent
MMcf	million cubic feet
US	United States
US\$	US dollars
WCS	Western Canadian Select
WTI	West Texas Intermediate

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

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 release.



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