

TUKTU RESOURCES LTD. ANNOUNCES IT HAS ENTERED INTO A DEFINITIVE AGREEMENT TO ACQUIRE ASSETS IN THE SOUTHERN ALBERTA FOOTHILLS, ADDING A NEW LIGHT OIL PLAY TO THE COMPANY IN THE ALBERTA THRUST BELT

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CALGARY, AB, Dec. 8, 2022 /CNW/ - **Tuktu Resources Ltd.** ("Tuktu" or the "Company") (TSXV: TUK) is pleased to announce that on December 8, 2022 it signed a purchase and sale agreement (the "Purchase Agreement") with an arm's length private company (the "Vendor") to purchase (the "Acquisition") certain oil and gas assets in the southern Alberta Foothills (the "Assets").

Tuktu has agreed to purchase the Assets for an aggregate purchase price of \$1.3 million (the "Purchase Price") with an effective date that will coincide with closing. The Acquisition is expected to close early Q1 2023, pending satisfaction of customary and transaction-specific closing conditions, including the receipt of applicable shareholder and regulatory approvals.

The Assets include a contiguous block (and some proximal lands), comprising 19 gross (approximately 13.5 net) sections. These lands are in the eastern edge of the Alberta thrust belt, and contain Paleozoic and Mesozoic, clastic and carbonate reservoirs, some of which are light oil prone. The Assets include a single well which has cumulative production of since November 2007 of approximately 10,400 bbls of light oil¹, but due to operational issues and lack of artificial lift, production has been intermittent. This well is subject to a farm-out arrangement with a third party whereby Tuktu will have a 65% after-payout working interest.

The reserves attributable to the Assets were evaluated by an independent reserves evaluator, Chapman Petroleum Engineering Ltd. in a report with an effective date of June 30, 2022 (the "Chapman Report"), prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. The Chapman Report attributed to the Assets Proved Plus Probable Reserves of 1.3 million BOEs and a before-tax NPV10 of \$35 million. Tuktu intends to materially increase existing production through well optimization over the next 18 months through the drilling of several offset horizontal wells in the reservoirs that are confirmed to have oil charge.

The Purchase Price will be funded through (i) cash on hand; and (ii) the issuance of units of the Company ("Units"), which Units are comprised of one common share of the Company ("Common Share") and one common share purchase warrant ("Warrant"), as detailed further below.

Acquisition Highlights and Rationale

The Acquisition is aligned with Tuktu's long-term business strategy and establishes a position in the Alberta Foothills. With its multidecadal experience in this area, the team intends to exploit the potentially abundant natural fractures in these reservoirs to achieve highly economic initial production rates. Similar horizontal well programs elsewhere in the Foothills have yielded impressive economic

returns, such as in the central Alberta Foothills Cardium reservoirs. Tuktu recently purchased a section within the play at a Crown land sale, and in aggregate with the Assets, the total land holdings for the play could yield up to 20 horizontal well locations.

Consideration

Tuktu will acquire the Assets for an aggregate Purchase Price of \$1.3 million, consisting of \$100,000 in cash and the issuance of 10.0 million Units, with a deemed price of \$0.12 per Unit. The Warrants will be exercisable at \$0.30 per Common Share for a period of three (3) years from the closing date of the Acquisition. No finders' fee is payable by Tuktu in respect of the Acquisition.

Approvals

The Acquisition is subject to applicable regulatory approvals, applicable shareholder approval and TSX Venture Exchange review and approval. Pursuant to the Purchase Agreement, the parent entity of the Vendor (the "Vendor Parent") must seek approval of its shareholders in respect of the sale of the Assets (the "Shareholder Approval"). The Shareholder Approval is expected to be sought by written resolution in accordance with the Business Corporations Act (British Columbia) (the "Written Consent") or, by way of a shareholders' meeting. Vendor Parent intends to call a special meeting (the "Meeting") of shareholders as soon as reasonably possible to obtain the Shareholder Approval; however, if the Vendor Parent is able to obtain the Written Consent prior to the Meeting, the Meeting may be postponed or cancelled.

Reserves

The Assets are being purchased by Tuktu for their strategic value and for the potential to exploit the fault-repeated Mesozoic aged reservoirs in the land base and have a PDP NPV10% BT and 2P NPV10% BT value of approximately \$590 thousand and \$35 million, respectively, as outlined in the tables below^{2,3}. Below is a summary of the reserves attributable to the Assets and the future net revenue of such reserves, based on the Chapman Report.

SUMMARY OF OIL AND NATURAL GAS RESERVES ⁽¹⁾
AS OF June 30, 2022
FORECAST PRICES AND COSTS

| RESERVES CATEGORY | Light and Medium Oil | | Conventional Natural Gas | | Natural gas | Liquids |
|----------------------------|----------------------|-----------------|--------------------------|----------------|-------------------|-----------------|
| | Gross (Mbbbls) | Net (Mbbbls) | Gross (MMcft) | Net (MMcft) | Gross (Mbbbls) | Net (Mbbbls) |
| PROVED | | | | | | |
| Developed Producing | 27 | 19 | 0 | 0 | 0 | 0 |
| Developed Non-Producing | - | - | 0 | 0 | 0 | 0 |
| Undeveloped | - | - | 0 | 0 | 0 | 0 |
| TOTAL PROVED | 27 | 19 | 0 | 0 | 0 | 0 |
| PROBABLE | 1,031 | 756 | 1,013 | 951 | 101 | 67 |
| TOTAL PROVED PLUS PROBABLE | 1,059 | 776 | 1,013 | 951 | 101 | 67 |

NET PRESENT VALUE OF FUTURE NET REVENUE

BEFORE INCOME TAXES DISCOUNTED (%/year) ⁽¹⁾
FORECAST PRICES AND COSTS

| RESERVES CATEGORY | 0 % | 5 % | 10 % | 15 % | 20 % |
|----------------------------|----------|----------|----------|----------|----------|
| | (\$000s) | (\$000s) | (\$000s) | (\$000s) | (\$000s) |
| Developed Producing | 868 | 709 | 590 | 501 | 432 |
| Developed Non-Producing | 0 | 0 | 0 | 0 | 0 |
| Undeveloped | 0 | 0 | 0 | 0 | 0 |
| TOTAL PROVED | 868 | 709 | 590 | 501 | 432 |
| PROBABLE | 62,087 | 45,125 | 34,497 | 27,357 | 22,296 |
| TOTAL PROVED PLUS PROBABLE | 62,955 | 45,834 | 35,087 | 27,858 | 22,728 |

(1) Future net revenue estimates were calculated using the pricing assumptions set forth below.

Pricing Assumptions

| Date | WTI | Brent Spot | Alberta Synthetic Crude | Western Canada Select | Exchange | AECO Spot | Propane | Butane | C5+ Pentane |
|-----------------|--------|------------|-------------------------|-----------------------|----------|-----------|---------|--------|-------------|
| | \$/bbl | \$/bbl | \$/bbl | \$/bbl | Rate | \$/Gj | \$/bbl | \$/bbl | \$/bbl |
| 2022 (6 months) | 104.71 | 104.71 | 132.1 | 109.61 | 0.79 | 5.47 | 53.61 | 67.08 | 130.74 |
| 2023 | 92.05 | 92.26 | 116.0 | 96.31 | 0.79 | 4.36 | 48.98 | 63.39 | 114.88 |
| 2024 | 82.90 | 82.03 | 104.5 | 86.69 | 0.79 | 4.10 | 44.90 | 58.66 | 103.41 |

| | | | | | | | | | |
|------|-------|-------|-------|--------|------|------|-------|-------|--------|
| 2025 | 78.58 | 77.92 | 99.0 | 82.16 | 0.79 | 3.88 | 42.27 | 55.70 | 98.00 |
| 2026 | 80.15 | 79.48 | 101.0 | 83.81 | 0.79 | 3.96 | 43.13 | 56.82 | 99.97 |
| 2027 | 81.76 | 81.07 | 103.1 | 85.50 | 0.79 | 4.04 | 43.99 | 57.97 | 101.98 |
| 2028 | 83.39 | 82.69 | 105.1 | 87.22 | 0.79 | 4.12 | 44.87 | 59.13 | 104.03 |
| 2029 | 85.06 | 84.35 | 107.2 | 88.97 | 0.79 | 4.20 | 45.78 | 60.32 | 106.12 |
| 2030 | 86.76 | 86.03 | 109.3 | 90.75 | 0.79 | 4.29 | 46.70 | 61.53 | 108.25 |
| 2031 | 88.50 | 87.76 | 111.5 | 92.58 | 0.79 | 4.37 | 47.63 | 62.77 | 110.42 |
| 2032 | 90.27 | 89.51 | 113.8 | 94.44 | 0.79 | 4.46 | 48.59 | 64.03 | 112.64 |
| 2033 | 92.07 | 91.30 | 116.0 | 96.33 | 0.79 | 4.55 | 49.57 | 65.31 | 114.90 |
| 2034 | 93.91 | 93.13 | 118.4 | 98.27 | 0.79 | 4.64 | 50.56 | 66.62 | 117.21 |
| 2035 | 95.79 | 94.99 | 120.7 | 100.24 | 0.79 | 4.73 | 51.58 | 67.96 | 119.57 |
| 2036 | 97.71 | 96.89 | 123.1 | 102.25 | 0.79 | 4.83 | 52.61 | 69.33 | 121.97 |
| 2037 | 99.66 | 98.83 | 125.6 | 104.31 | 0.79 | 4.92 | 53.67 | 70.71 | 124.41 |

escalating 2% after 2037

About Tuktu Resources Ltd.

The Acquisition establishes Tuktu as a player in the Foothills area of southern Alberta. With its multidecadal experience in this area, Tuktu intends to expand its holdings within this area, while it continues to evaluate Deep Basin and Foothills assets for potential acquisitions. For additional information about Tuktu please contact:

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This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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

All amounts in this press release are stated in Canadian dollars unless otherwise specified.

FORWARD LOOKING INFORMATION ADVISORIES

Certain information contained in the press release may constitute forward-looking statements and information (collectively, "forward-looking statements") within the meaning of applicable securities legislation that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements may be identified by words like "anticipates", "estimates", "expects", "indicates", "intends", "may", "could", "should", "would", "plans", "target", "scheduled", "projects", "outlook", "proposed", "potential", "will", "seek" and similar expressions. Forward-looking statements in this press release include statements regarding: the Company's expectations regarding the Acquisition, including the Purchase Price and the expected timing of closing; the Company's intention to fund the Purchase Price through cash on hand and the issuance of Units; the anticipated terms of the Warrants; the Company's expectations with respect to the approvals required in connection with the Acquisition, including the anticipated method and timing of the Shareholder Approval; the Company's expectations regarding the land comprising the Assets, including with respect to the farm-out arrangement with a third party whereby it is expected that the Vendor will have a 65% working interest once payout is achieved, the anticipated timing of such payout, and the Company's plans to increase existing production through well optimization, as well as executing several offset horizontal wells in the reservoirs confirmed to have oil charge in connection with such; the Company's expectations that it will be able to test the production capability and commerciality of a new play within the southern Alberta Foothills; the Company's expectation that the Acquisition is aligned with its long-term business strategy and that the Acquisition will establish the Company's position in the southern Alberta Foothills; the number of potential drilling locations available to the Company following the Acquisition; the Company's expectations with respect to the southern Alberta Foothills,

including that the Company anticipates using its multidecadal experience in such area to exploit the potentially abundant natural fractures in these reservoirs to gain economic, initial production rates and ultimate reserves; the potential abundance of the natural fractures in these areas; the Company's expectations with respect to a recently purchased section within the play, including the anticipated future yields of such play; the Company's ability to exploit the fault-repeated Mesozoic aged reservoirs in the land base and the Company's expectations with respect to the potential value of such; the Company's business strategy, plans, objectives, priorities and desired investment profile characteristics; financial and operating forecasts with respect to the Assets; anticipated production growth; expectations with respect to net operating income and growth as a result of robust drilling economics; estimated acquisition metrics including estimated net operating income and production; projections with respect to operating expenditures and capital expenditures; and other similar statements. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause results to differ materially from those expressed in the forward-looking statements.

Statements relating to "reserves" are 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. There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For these reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Tuktu's and the Assets' actual production, revenues, taxes and development and operating expenditures with respect to their respective reserves will vary from estimates thereof and such variations could be material.

With respect to forward-looking statements contained in this press release, the Company has made assumptions regarding, among other things: that the Company will be able to successfully complete the Acquisition on substantially the terms contemplated and that such transactions will be consummated on terms currently contemplated; future pricing; commodity prices; the COVID-19 pandemic and the duration and impact thereof; future exchange and interest rates; supply of and demand for commodities; inflation; the availability of capital on satisfactory terms; the availability and price of labour and materials; the impact of increasing competition; conditions in general economic and financial markets; access to capital; the receipt and timing of regulatory, TSX Venture Exchange and other required approvals; the ability of the Company to implement its business strategies and complete future acquisitions; and effects of regulation by governmental agencies.

Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of the Company's businesses include, among other things: risks and assumptions associated with operations, such as the Company's ability to successfully implement its strategic initiatives and achieve expected benefits; assumptions regarding the Assets and the value of the Acquisition; assumptions concerning operational reliability; risks inherent in the Company's future operations; the Company's ability to generate sufficient cash flow from operations to meet its future obligations; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of future acquisitions, if any; the availability and price of labour, equipment and materials; competitive factors, including competition from third parties in the areas in which the Company intends to operate, pricing pressures and supply and demand in the oil and gas industry; fluctuations in currency and interest rates; inflation; risks of war, hostilities, civil

insurrection, pandemics (including COVID-19), instability and political and economic conditions in or affecting countries in which the Company intends to operate (including the ongoing Russian-Ukrainian conflict); severe weather conditions and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to the management team's future business; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and the maintenance of such approvals; general economic and business conditions and markets; and such other similar risks and uncertainties. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and the Company's future course of action depends on the assessment of all information available at the relevant time.

The forward-looking statements contained in this press release are made as of the date hereof and the parties do not undertake any obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

FORWARD LOOKING FINANCIAL INFORMATION

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective operational and financial results, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about the Company's future business operations, the Company disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable securities laws. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

OIL AND GAS ADVISORIES

Reserves estimates in this press release in respect of the Acquisition are based on the evaluations prepared by Chapman Petroleum Engineering Ltd. as set out in the Chapman Report effective as at June 30, 2022, which was prepared in accordance with NI 51-101 and the COGE Handbook. The Chapman Report was based on the average forecast pricing of Chapman Petroleum Engineering Ltd. and inflation rates and foreign exchange rates as at July 1, 2022, which is set forth under the heading "Pricing Assumptions" above. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of the 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.

This press release discloses unbooked drilling locations. 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. Unbooked locations have specifically been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, and engineering, production and reserves data on prospective acreage and geologic formations. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results and other factors. 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.

Certain information in this press release may constitute "analogous information" as defined in NI 51-101, with respect to the Assets including, but not limited to, information relating to well locations that are in geographical proximity to or believed to be on-trend with other drilling locations to be acquired by the Company pursuant to the Acquisition. There is no certainty that the results of the analogous information or inferred thereby will be achieved by the Company and such information should not be construed as an estimate of future production levels or the actual characteristics and quality of the Assets.

¹ Source: GeoScout. Associated gas initially comprised between 30 to 50% of production on a per BOE basis; however, in the last 6 months of production ended October 2022, associated gas represented 5% or less than the total production.

² Before tax net present value based on a 10 percent discount rate and the price deck set forth under "Pricing Assumptions" below. Estimated values of future net revenues do not represent the fair market value of the reserves.

³ All reserves information contained in this press release is based on the Chapman Report.

SOURCE Tuktu Resources Ltd.

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