Tuktu Resources

TUKTU RESOURCES LTD. ANNOUNCES AGREEMENT TO ACQUIRE LOW DECLINE PRODUCTION AND STRATEGIC INFRASTRUCTURE ASSETS IN THE SOUTHERN ALBERTA FOOTHILLS

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CALGARY, ALBERTA March 21, 2023 - **Tuktu Resources Ltd.** ("Tuktu" or the "Company") (TSXV: TUK) is pleased to announce that on March 20, 2023, the Company entered into a purchase and sale agreement (the "Acquisition") with an arm's length publicly traded company (the "Vendor") to purchase certain natural gas assets in the southern Alberta Foothills (the "Assets").

Tuktu has agreed to purchase the Assets for an aggregate purchase price of $2.25 million (the "Purchase Price"), subject to customary adjustments, with an effective date of January 1, 2023. The Purchase Price will be funded through cash on hand. No finders' fee is payable by Tuktu in respect of the Acquisition. The Acquisition is expected to close in early Q2 2023, pending satisfaction of customary closing conditions, including the receipt of TSX Venture Exchange ("TSXV") and other customary regulatory approvals.

The Assets are mostly late-life, Foothills Cretaceous age natural gas assets with current production of approximately 2.44 MMcf/d[1] (or 406 BOE/d) and an estimated annual decline rate of 7%. Tuktu management estimates annualized net operating income from the Assets to be approximately $2.4 million in 2022 and $1.0 million for the 12 months post closing of the Acquisition, based on recent natural gas forward strip prices[2]. The Assets also include approximately 8,331 gross (8,261 net) hectares. These lands are in the eastern edge of the Alberta thrust belt, and within the shallow gas producing areas of southeastern Alberta. Also, included is a sweet gas plant with a name-plate capacity of 140 e3m3/d (approximately 5 MMcf/d).

The reserves attributable to the Assets were evaluated by an independent reserves evaluator, GLJ Ltd., in a report with an effective date of January 1, 2023 (the "GLJ Report"), prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and National Instrument 51-101 - S*tandards of Disclosure for Oil and Gas Activities* ("NI 51-101"). The GLJ Report attributed proved plus probable reserves of 1.45 million BOEs to the Assets and a before-tax NPV10 of $6.2 million.

Acquisition Highlights and Rationale

The Acquisition is aligned with Tuktu's long-term business strategy and establishes an additional position in the Alberta Foothills. With its multidecadal experience in this area, the Tuktu management team intends to exploit the potentially abundant natural fractured oil and gas reservoirs in the area and leverage acquired infrastructure to significantly reduce unit operating costs and expand production.

Purchase Metric	
Trailing decline	**7%**
Operating Expenses[3] (12 mo trailing with trans) $/Boe	**$8.97**

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[1] January 2023 estimated production

[2] Based on oil and gas commodity strip pricing at January 25, 2023.

[3] Based on Vendor's books and records.

Net Operating Income ("NOI")[4] (est. adjustments)[5]	**$122,218**
Purchase Price	**$2,250,000**
Est. Purchase Price with adjustments	**$2,127,782**
Forward NOI on Current Strip[6]	**$1,015,807**
Adjusted Purchase Price/Forward NOI[7]	**2.1 X**
Purchase Price/PDP NPV10%	**0.62 X**
Purchase Price ($/BOE-PDP)	**$3.09**
Purchase Price ($/BOE-TP)	**$2.32**
Purchase Price ($/BOE-TPP)	**$1.55**

Approvals

The Acquisition is subject to applicable regulatory approvals and applicable TSXV approval.

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 before-tax proved developed producing NPV10% and before-tax total proved plus probable NPV10% value of approximately $3.7 million and $6.2 million, respectively, as outlined in the tables below[8,9]. Below is a summary of the reserves attributable to the Assets and the future net revenue of such reserves, based on the GLJ Report.

SUMMARY OF OIL AND NATURAL GAS RESERVES

As of January 1, 2023

FORECAST PRICES AND COSTS

	Conventional Natural Gas		Oil Equivalent	
	Gross Working Interest (MMcf)	Net (MMcf)	Gross Working Interest (Mboe)	Net (Mboe)
RESERVES CATEGORY				
PROVED				
Developed Producing	**4,362.9**	**3,581.4**	**727.1**	**596.9**
Developed Non-Producing	**1,457.2**	**1,320.1**	**242.9**	**220.0**
Undeveloped	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL PROVED	**5,820.1**	**4,901.5**	**970.0**	**816.9**
PROBABLE	**2,873.8**	**2,397.1**	**479.0**	**399.5**
TOTAL PROVED PLUS PROBABLE	**8,693.9**	**7,298.6**	**1,449.0**	**1,216.4**

4 Non-GAAP Financial Measure. See "*Non-GAAP and Other Measures*".

5 Assumes a closing date of April 15, 2023.

6 Based on oil and gas commodity strip pricing at January 25, 2023.

7 Non-GAAP Ratio. See "*Non-GAAP and Other Measures*".

8 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.

9 All reserves information contained in this press release is based on the GLJ Report.

	NET PRESENT VALUE OF FUTURE CASH FLOW BEFORE INCOME TAXES DISCOUNTED (%/year) [(1)] FORECAST PRICES AND COSTS					
	0% ($MM)	**5% ($MM)**	**10% ($MM)**	**12% ($MM)**	**15% ($MM)**	**20% ($MM)**
RESERVES CATEGORY						
PROVED						
Developed Producing	**5.2**	**4.4**	**3.7**	**3.4**	**3.1**	**2.6**
Developed Non-Producing	**2.5**	**1.4**	**0.8**	**0.6**	**0.4**	**0.3**
Undeveloped	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL PROVED	**7.8**	**5.8**	**4.4**	**4.0**	**3.5**	**2.8**
PROBABLE	**6.9**	**3.3**	**1.8**	**1.4**	**1.1**	**0.8**
TOTAL PROVED PLUS PROBABLE	**14.6**	**9.0**	**6.2**	**5.5**	**4.6**	**3.6**

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

Date	**AECO Spot $C/MMBtu**
2023	4.23
2024	4.40
2025	4.21
2026	4.27
2027	4.34
2028	4.43
2029	4.51
2030	4.60
2031	4.69
2032	4.79
2033	4.89
2034	4.98
2035	5.08
2036	5.18
2037	5.29
escalating at	2%

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 further 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; the Company's expectations with respect to the approvals required in connection with the Acquisition; the Company's expectations regarding the land comprising the Assets; the Company's expectation that the Acquisition is aligned with its long-term business strategy and that the Acquisition will establish the Company's additional 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 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; 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, TSXV and other required approvals; the ability of the Company to implement its business strategies and complete future acquisitions; the ability of the Company to significantly reduce unit operating costs and increase production; 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; risks regarding the Company's ability to significantly reduce operating costs and increase production; 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 prospective operational and financial results of the Assets, 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this press release, Tuktu discloses certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures are not standardized financial measures under IFRS and might not be comparable to similar measures presented by other companies where similar terminology is used. Investors are cautioned that these measures should not be construed as alternatives to or more meaningful than the most directly comparable IFRS measures as indicators of the Company's performance.

Non-GAAP Financial Measures

Net Operating Income- Management feels net operating income is a key industry benchmark and measure of operating performance of the Company that assists management and investors in assessing the Company's profitability and is commonly used by other petroleum and natural gas producers. Net operating income is calculated as petroleum and natural gas revenue less royalties, transportation and operating expenses.

Non-GAAP Ratios

Ratio of Purchase Price to Forecasted Net Operating Income is calculated as the purchase price of the Assets divided by annual net operating income.

OIL AND GAS ADVISORIES

Reserves estimates in this press release in respect of the Acquisition are based on the evaluations prepared by GLJ Ltd. as set out in the GLJ Report effective as at January 1, 2023, which was prepared in accordance with NI 51-101 and the COGE Handbook. The GLJ Report was based on the average forecast pricing of GLJ, McDaniel & Associates Consultants Ltd. and Sproule Associates Ltd. as at January 1, 2023 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.

The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

This press release contains estimates of the net present value of the Company's future net revenue from reserves associated with the Assets. Such amounts do not represent the fair market value of such reserves. The recovery and reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. The net present value (or NPV) of the Assets' base production is a snapshot in time, and is based on the reserves evaluated using Pricing Assumptions set forth above. The Assets' NPV is calculated using a discount rate of 10%, on a before tax basis and is the sum of the present value of proved plus probable developed producing reserves based on the Pricing Assumptions. It should not be assumed that the undiscounted or discounted NPV of future net revenue attributable to the Assets represents the fair market value of those Assets. The estimates for reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation. The recovery and reserve estimates of crude oil, NGL and natural gas reserves are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates relied upon for NPV calculations, herein.