Source Rock Royalties Acquires Royalty Interest In Producing Clearwater Oil Lands With Material Drill Commitment

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CALGARY, Dec. 4, 2023 - Source Rock Royalties Ltd. ("Source Rock") (TSXV: SRR) (TSXV: SRR.WT), a pure-play oil royalty company with an established portfolio of oil royalties, announces that it has closed the acquisition of a gross ove royalty (the "GORR") in 60,800 net acres (95 sections) of largely contiguous land in the Figure Lake area of central Albe "GORR Lands") for a purchase price of $8.0 million (the "Purchase Price"). The Purchase Price is subject to financial a effective October 1, 2023 and was funded with cash on hand.

The GORR has a 1.5% royalty rate until cumulative royalty revenue received by Source Rock equals the Purchase Pric time the royalty rate reduces to 1.0%.

Rubellite Energy Inc. ("Rubellite") (TSX: RBY) is the operator of the GORR Lands. The GORR Lands comprise a portio Rubellite's lands in the Figure Lake area and certain adjacent acreage. Production from the GORR Lands is entirely fro Clearwater formation and would have generated 43 bbl/d of heavy oil royalty production in October 2023. The GORR L 80% undeveloped and there were 36 horizontal wells contributing to production in October. Rubellite has been actively GORR Lands during Q4 2023.

Material Drill Commitment

Source Rock has received a drill commitment for 59 additional horizontal wells (each a "Drill Commitment Well") to be d the GORR Lands prior to June 30, 2026 (the "Drill Commitment Deadline"). Source Rock is entitled to non-performance for each Drill Commitment Well not drilled before the Drill Commitment Deadline. The Drill Commitment Deadline is sub specific extension provisions if the NYMEX West Texas Intermediate crude oil futures contract price declines materially extended periods.

ATB Capital Markets Inc. acted as financial advisor, Dentons Canada LLP acted as counsel and Trimble Energy Group acted as technical advisor to Source Rock on the transaction

President's Message

We are very excited to partner with Rubellite to acquire our first royalty in the central Alberta Clearwater fairway. As a li focused royalty company for the 11-year history of Source Rock, this transaction represents entry into a new core area first heavy oil royalty transaction. With the Trans Mountain pipeline expansion expected to become operational near-ter we believe will reduce volatility and decrease the differential in the pricing of Western Canadian Select oil, this is an opp time to obtain exposure to heavy oil production. This acquisition strengthens our oil royalty portfolio and complements o efforts to grow our light oil royalty lands in areas such as S.E. Saskatchewan, where we have been focused for several

This acquisition not only increases Source Rock's existing royalty production, but also expands our exposure to ongoin activity through a material commitment by Rubellite on its core Figure Lake lands.

We have now deployed $16.4 million on four oil royalty acquisitions in Alberta and S.E. Saskatchewan since Novembe Following this transaction, our working capital is approximately $1.4 million ($0.03 per share).

Brad Docherty, President & CEO

About Source Rock Royalties Ltd.

Source Rock is a pure-play oil and gas royalty company with an existing portfolio of oil royalty interests concentrated in southeast Saskatchewan, central Alberta and west-central Saskatchewan. Source Rock targets a balanced growth and yield business model, using funds from operations to pursue accretive royalty acquisitions and to pay dividends. By leveraging its niche industry relationships, Source Rock identifies and acquires both existing royalty interests and newly created royalties through collaboration with industry partners. Source Rock's strategy is premised on maintaining a low-cost corporate structure and achieving a sustainable and scalable business, measured by growing funds from operations per share and maintaining a strong netback on its royalty production.

Forward-Looking Statements

This news release includes forward-looking statements and forward-looking information within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative and grammatical variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements in this news release include statements regarding Source Rock's dividend strategy and the amount and timing of future dividends (and the sustainability thereof), the potential for future drilling on Source Rock's royalty lands (and in particular the Drill Commitment Wells being drilled prior to the Drill Commitment Deadline, if at all), expectations for results from the drilling on Source Rock's royalty lands, expectations regarding commodity prices, expectations regarding the timing of completion of the Trans Mountain pipeline expansion and its effect on the volatility and differential of Western Canadian Select oil pricing, expectations regarding future operational expenses, Source Rock's growth strategy and expectations with respect to future royalty acquisition and partnership opportunities, and the ability to complete such acquisitions and establish such partnerships. Such statements and information are based on the current expectations of Source Rock's management and are based on assumptions and subject to risks and uncertainties. Although Source Rock's management believes that the assumptions underlying these statements and information are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this news release may not occur by certain dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting Source Rock. Although Source Rock has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement or information can be guaranteed. Except as required by applicable securities laws, forward-looking statements and information speak only as of the date on which they are made and Source Rock undertakes no obligation to publicly update or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise.

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.

Contact

For more information about Source Rock, visit www.sourcerockroyalties.com or contact Brad Docherty, Chairman, President & CEO at brad@sourcerockroyalties.com.

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