

Prospera Energy Inc. Secures \$3.5 Million in Development Financing and Announces Strategic Appointments to Strengthen Leadership Team

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CALGARY, Dec. 05, 2023 - [Prospera Energy Inc.](#) ("Prospera" or the "Company") (TSX.V: PEI, OTC: GXRFF, FRA: OF6B, OF6B.SG, OF6B.F, OF6B.BE).

[Prospera Energy Inc.](#) (TSX.V: PEI, OTC: GXRFF, FRA: OF6B) is a publicly traded energy company based in Western Canada, specializing in the exploration, development, and production of crude oil and natural gas. Prospera is continuing to execute the horizontal transformation and is attaining the expected results. Seven horizontals have been drilled with three more expected prior to year-end. Prospera also drilled the light oil slanted well, encountering structure and pay as anticipated. Accordingly, PEI anticipates achieving 2023 year-end exit rate of 1,800 boepd

GORR Financing

[Prospera Energy Inc.](#) is pleased to announce the successful completion of a \$3,000,000 GORR financing. The GORR portion bears a 1% royalty on Prospera's revenue from its Cuthbert properties and is re-purchasable in 12 months for \$3,480,000. The funds from the transaction will be used to conduct the horizontal well development program on the Company's Cuthbert properties.

The Company signed an arms-length Purchase and Sale, Overriding Royalty Agreement and Agreement to Purchase Royalty, all dated November 17, 2023 (together, the "Agreements"), for the sale of 1% royalty on Prospera's revenue from its Cuthbert properties. Funds will be advanced as follows:

- \$1,000,000 upon closing;
- \$1,000,000 to be paid within 10 days;
- \$1,000,000 to be paid within 10 days from the first date of production of wells #8 and #9 in PEI's drilling program located in Cuthbert, Saskatchewan.

The Company has the right of first refusal to repurchase the royalty back for \$3,480,000, subject to price adjustments, no later than November 30, 2025. In the event that the Company elects to purchase the GORR prior to October 1, 2024, the purchase price shall be \$3,480,000. If closing occurs after November 30, 2024, and if royalty payments for any quarter does not exceed \$250,000 per quarter prior to the closing date, the purchase price will increase by \$139,200 for each of those quarters where the royalty payments were less than \$250,000 per quarter.

The initial royalty rate of 1% up to and including November 30, 2024, jumps to 16% after November 30, 2024, up to and including May 31, 2025, and then to 22% after May 31, 2025, if the royalty interest has not been repurchased. Failure to remit royalty payments will result in the Company paying, in addition to those funds, interest at 18% per annum, compounded monthly.

As a part of White Tundra's business development initiatives supporting Prospera, Shubham Garg assisted in coordinating the placement with the investor group. Neither White Tundra nor Shubham Garg was paid any finder's fee or warrants in this transaction.

Debt Financing

Additionally, Prospera Energy announces a clarification to the closing of its private placement, as a total of \$583,000 was raised (previously \$580,000 was announced). Prospera intends to use the net proceeds of the debt financing with an equity bonus and the GORR financing for development capital (including covering default partner portion) - drilling, completion, and tie-in, well abandonment & reclamation costs, and ongoing ESG initiatives.

The debt financing with an equity bonus was previously announced in press releases dated September 27, 2023, November 1, 2023, and November 9, 2023, with the below terms:

Debt Term Sheet

Issue:	Low-dilutive offering (the "Offering") of debt financing with equity bonus.
Equity Bonus:	Principal amount loaned will be granted an equity bonus. 1 share for every \$1 of debt provided.
Interest:	14% interest, calculated and paid quarterly in cash starting after the 3rd quarter (interest in the 4th quarter compounded).
Term:	2 years.
Repayment:	Principle repaid at the end of the term.
Underlying Equity Bonus:	Common shares of the Company listed on the TSX Venture Exchange under the symbol PEI (the "Shares").
Use of Proceeds:	Prospera intends to use the net proceeds of the Offering for development capital (covering default partner portion) - drilling, completion & tie-in, well abandonment & reclamation costs, and ongoing ESG initiatives.
Finders Fees:	The Corporation may pay qualified finders a fee of 7% cash and 7% warrants.

Insider Samuel David has participated in this private placement for a principal amount of \$503,000, which results in this being a Related Party Transaction pursuant to TSXV Policy 5.9 and MI 61-101. The Corporation is relying upon numerous exemptions under these policies with respect to minority approval and valuation requirements, including those found in section 5.5 (a), (b), and (c) and 5.7 (a) and (b).

The Corporation paid finders fees to qualified finders totaling \$23,310 in cash and issued 211,909 in brokers warrants. Each warrant will entitle the holder to acquire one common share of the Corporation at a price of \$0.13 per share for a period of two (2) years from the date of closing. The Corporation reserves the right to accelerate the expiry date of the warrants to fifteen (15) days, in the event the share trades at \$0.30 for ten (10) consecutive business days following the expiry of the four (4) months hold period.

Strengthen Leadership Team

Prospera Energy is delighted to announce the appointment of Chris Ludtke, CPA, CMA, as Chief Financial Officer (CFO) effective immediately. Mr. Ludtke, formerly the VP of Finance & Accounting at PEI, brings over 20 years of experience in the oil and gas, clean energy, and renewables industries. His extensive expertise in finance, budgets, planning, accounting, economic evaluation, and decision-making positions him as an invaluable asset for Prospera Energy. Prospera extends sincere gratitude to Matthew Kenna for his exceptional service as CFO over the past two years contributing his wealth of experience to Prospera Energy. Therefore, Prospera is pleased to announce the appointment of Mr. Matthew Keena to Prospera's board of directors.

Additionally, Prospera Energy is pleased to announce the appointment of John McMahon as VP of Operations. With over 35 years of engineering and operations experience in Western Canada, John brings a wealth of knowledge to Prospera's leadership team. John's extensive expertise aligns well with our organizational goals, and PEI anticipates that his leadership will contribute to innovation and efficiency for PEI to become a low-cost producer.

About Prospera

[Prospera Energy Inc.](#) (TSX.V: PEI, OTC: GXRFF, FRA: OF6B) is a publicly traded energy company based in Western Canada, specializing in the exploration, development, and production of crude oil and natural gas.

Prospera is primarily focused on optimizing hydrocarbon recovery from legacy fields through environmentally safe and efficient reservoir development methods and production practices. Prospera was restructured in the first quarter of 2021 to become profitable and in compliance to regulation, environment, landowners, and service providers.

The company is in the midst of a three-stage restructuring process aimed at prioritizing cost effective operations while appreciating production capacity and reducing liabilities. Prospera has completed the first phase by optimizing low hanging opportunities, attaining free cash flow, while bringing operation to safe operating condition, all while remaining compliant. Currently, Prospera is executing phase II of the restructuring process, the horizontal transformation intended to accelerate growth and capture the significant remaining reserves (400 million bbls). These horizontal laterals allow PEI to reduce its environmental and surface footprint by eliminating the numerous vertical well leases along the lateral path. Phase III of Prospera's corporate redevelopment strategy is to optimize recovery through EOR applications. Further, Prospera will pursue its acquisition strategy to diversify its product mix. Its goal is to attain 50% light oil, 40% heavy oil and 10% gas.

PEI continues to apply efforts to minimize its environmental footprint. Also, efforts to reduce and eventually eliminate emissions, alongside pursuing innovative ESG methods to enhance API quality, thereby achieving higher margins and eliminating the need for diluents.

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FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will," "may," "should," "anticipate," "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding future plans and objectives of the Corporation, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Although Prospera believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Prospera can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Prospera. As a result, Prospera cannot guarantee that any forward-looking statement will materialize, and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release, and Prospera does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by Canadian securities law.

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 release.

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