

Lotus Creek Exploration Inc. Announces First Quarter 2026 Operating Results and Expanded Capital Budget

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Calgary, April 27, 2026 - [Lotus Creek Exploration Inc.](#) (TSXV: LTC) ("Lotus Creek" or the "Company") is pleased to provide the following first quarter operating results and operational update to shareholders. Lotus Creek's Interim Consolidated Financial Statements and related Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2026 are available for review on Lotus Creek's website at www.lotuscreek.ca and on Lotus Creek's SEDAR+ profile at www.sedarplus.ca.

QUARTERLY HIGHLIGHTS

- Adjusted funds from operations ("Adjusted FFO") for the first quarter of 2026 was \$10.6 million as compared to \$1.6 million for the first quarter of 2025 and \$7.9 million for the previous quarter. Cash flows from operating activities for the first quarter of 2026 was \$10.2 million compared to cash flows used in operating activities of \$0.4 million for the first quarter of 2025 and cash flows from operating activities of \$5.5 million for the previous quarter. See "Non-GAAP and Other Financial Measures" in this press release.
- Production for the first quarter of 2026 was 4,010 boe per day comprised of 2,274 bbl per day of crude oil, 896 bbl per day of NGLs and 5,040 mcf per day of natural gas. Production increased from the previous quarter of 3,391 boe per day due to the wells in Wilson Creek brought onstream in March 2026. During the first 30 days of production, the wells averaged over 1,340 boe per day, consisting of 725 bbl per day of crude oil, 360 bbl per day of NGLs, and 1,530 mcf per day of natural gas. The wells remain in the early stages of production, with two wells currently flowing and one well on pump, and the Company continues to monitor performance and optimize operations.
- During the first quarter of 2026, the Company drilled, completed, equipped and brought onstream 3.0 gross (2.9 net) light oil Belly River wells in Wilson Creek for an average cost of \$4.1 million per well.
- Lotus Creek invested a total of \$14.4 million of capital during the first quarter of 2026, which included the successful drilling activity in Wilson Creek, and the commissioning of a new treater in Wilson Creek which will become fully operational in the second quarter. The treater is expected to increase netback, with Wilson Creek volumes no longer needing to be trucked to a cleaning facility, but transported to a sales terminal and sold at a premium. The treater is expected to achieve payout in 2027.
- As at March 31, 2026, the Company had a net debt of \$13.7 million and a net debt to quarterly funds from operations of 0.3 times. Subsequent to period end, the Company completed its borrowing base review, extending the maturity of its credit facilities with ATB Financial (the "Credit Facilities") to May 31, 2028. The Company is expected to have ample liquidity through its Credit Facilities. See "Non-GAAP and Other Financial Measures" in this press release.
- Subsequent to March 31, 2026, the Company sold its non-core assets located in Tableland, Saskatchewan (the "Tableland Assets") to an unrelated third party (the "Purchaser") for aggregate proceeds of \$13.0 million (the "Transaction"). The Transaction was completed pursuant to an asset purchase and sale agreement between the Company and the Purchaser, which closed on April 22, 2026. The average production from the Tableland Assets in March 2026 comprised of approximately 300 boe per day (80% light crude oil), primarily from the Bakken and Torquay formation. The Company used the proceeds received from the Transaction to repay the debt outstanding under its Credit Facilities and strengthen the balance sheet of the Company.
- Lotus Creek generated a net loss of \$4.4 million for the first quarter of 2026 compared to a net loss of \$0.5 million for the first quarter of 2025 and net income of \$2.6 million for the previous quarter. The net loss in the first quarter of 2026 was inclusive of a \$9.2 million unrealized loss on outstanding risk management contracts.

2026 REVISED GUIDANCE AND EXPANDED CAPITAL BUDGET

The Board of Directors of the Company has approved an increase in the 2026 capital budget from \$42.0 million to \$50.0 million. The additional \$8.0 million reinvested in the 2026 capital program will be focused on accelerating 2.0 gross (2.0 net) light oil Belly River wells in Wilson Creek. The Company plans to replace the production from the Tableland Asset disposition with added production from the expanded drilling program. As a result, the Company has revised its annual and fourth quarter of 2026 average production guidance upward due to the approved increase in the 2026 capital budget. The full-year 2026 budget advances a strategy of disciplined, profitable per-share growth while maintaining financial resilience in a volatile oil price environment. The Company intends to direct capital to its highest-value projects at Wilson Creek, ensuring a solid foundation to drive shareholder value. This strategy also further leverages the benefit of key foundational investments in 2025, including the 3D seismic program and the new Wilson Creek oil battery constructed in 2025.

Table 1

	2026 Previous Fiscal Guidance	2026 Revised Fiscal Guidance	Q1 2026 YTD
Annual production (boe/d)	3,600 - 4,000	3,800 - 4,200	4,010
Q4 average production (boe/d)	3,800 - 4,200	4,800 - 5,200	NA
Capital and abandonment expenditures (\$ millions)	42.0	50.0	14.4
Crude oil and NGLs weighting (%)	77	76	79
Natural gas weighting (%)	23	24	21

The following table summarizes selected highlights for the three months ended March 31, 2026:

	Three months ended		
(Cdn\$ thousands, except per share, share and per boe amounts)	Mar 31, 2026	Mar 31, 2025 ⁽²⁾	Dec 31, 2025
FINANCIAL			
Adjusted funds from operations ⁽¹⁾	10,613	1,619	7,920
Per weighted average basic share	0.27	0.07	0.20
Cash flows from (used in) operating activities	10,159	(443)	5,526
Per weighted average basic share	0.25	(0.02)	0.14
Net (loss) income	(4,352)	(489)	2,638
Per weighted average basic share	(0.11)	(0.02)	0.07
Net (debt) surplus ⁽¹⁾	(13,657)	12,192	(9,848)
Weighted average shares, basic (thousands)	40,026	24,444	40,000
Shares outstanding, end of period (thousands)	40,105	40,000	40,000
CAPITAL			
Exploration and evaluation expenditures	169	9,292	415
Property, plant and equipment expenditures	14,238	294	10,117
Decommissioning liabilities settled	19	-	676
Total capital and abandonment expenditures	14,426	9,586	11,208
Net acquisitions ⁽³⁾	-	58,435	-
OPERATING			
Production			
Crude oil (bbl/d)	2,274	945	2,055
Natural gas liquids (bbl/d)	896	252	634
Natural gas (mcf/d)	5,040	2,609	4,213
Total (boe/d)	4,010	1,632	3,391
Average realized prices			
Crude oil (\$/bbl)	93.92	89.82	74.88
Natural gas liquids (\$/bbl)	26.21	43.21	26.74
Natural gas (\$/mcf)	1.81	2.23	2.20
Netback and selected financial results (\$/boe)			

Petroleum and natural gas sales	61.40	62.27	53.11
Royalties	(6.95)	(9.07)	(4.81)
Operating expenses	(17.44)	(23.92)	(16.12)
Transportation expenses	(0.82)	(1.87)	(0.70)
Operating netback ⁽¹⁾	36.19	27.41	31.48
Realized settled risk management (loss) gain	(2.55)	-	1.03
General and administrative	(3.47)	(9.24)	(6.23)
Interest income	-	0.78	0.02
Interest and financing charges	(0.76)	(0.91)	(0.91)
Adjusted funds from operations ⁽¹⁾	29.41	18.04	25.39
Cash flows from (used in) operating activities	28.15	(4.94)	17.71

(1) Adjusted funds from operations, net (debt) surplus and operating netback do not have any standardized meanings under Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other entities. For additional information related to these measures, including a reconciliation to the nearest GAAP measures, where applicable, see "Non-GAAP and Other Financial Measures".

(2) The commercial operations of Lotus Creek for the first quarter of 2025 are between February 5, 2025 and March 31, 2025.

(3) Net of decommissioning liabilities on date of acquisition.

ABOUT LOTUS CREEK

Lotus Creek is a Canadian exploration and production company with oil production and exploration assets in Central Alberta and Cold Lake, Alberta. On February 5, 2025, Lotus Creek, [Gear Energy Ltd.](#) and a third-party closed the previously announced transformative plan of arrangement and the Company commenced commercial operations on close of the plan of arrangement.

Our objective is to be the fastest growing, fully funded, public junior oil and gas company in Canada. We will measure shareholder value creation by profitable growth in earnings, cashflow, production and producing reserves per debt adjusted share.

Key Attributes

- ✓ High-quality, light sweet oil production base with long life reserves
- ✓ Material upside in the Wilson Creek assets with strong economics and capital efficiencies
- ✓ Multiple stacked oil reservoir zones, with open hole, multi-lateral and multi-stage fractured horizontal locations
- ✓ Well capitalized business model positioned to substantially grow in the coming years

Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: the new treater in Wilson Creek will become fully operational in the second quarter of 2026 and is expected to improve the Company's netback; the Company's expectation of having ample liquidity through its Credit Facilities; the Company's further revised 2026 budget and guidance including with forecast average production for the full year and fourth quarter (and the expected commodity weightings) and the forecast amount of capital and abandonment expenditures; expected details and timing of capital expenditures in 2026; the intention of the Company to replace the production from the disposition of the Tableland Assets with added production from the expanded drilling program; the expectation that the full-year 2026 budget advances our strategy of disciplined, profitable per-share growth while maintaining financial resilience in a volatile oil price environment; the Company's intention to direct capital to our highest-value projects at Wilson Creek, ensuring a solid foundation to drive shareholder value; the expectation that our strategy further leverages the benefit of key foundational investments in 2025, including the 3D seismic program and the new Wilson Creek oil battery constructed in 2025; . Lotus Creek's objective to be the fastest growing, fully funded, public junior oil and gas company in Canada; that the Company will measure shareholder value creation by profitable growth in cashflow, production and producing reserves per debt adjusted share; our expectation that the Company has a high-quality, light sweet oil production base with long life reserves; the expectation that we have material upside in the Wilson Creek assets with strong economics and capital efficiencies; expectations that our assets include multiple stacked oil reservoir zones, with open hole,

multi-lateral and multi-stage fractured horizontal locations; and the Company's expectation that its well capitalized business model positions the Company to substantially grow in the coming years.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Lotus Creek including, without limitation: that Lotus Creek will continue to conduct its operations in a manner consistent with past operations; the duration and impact of tariffs (or other retaliatory trade measures) imposed by Canada or the U.S. (or other countries) on exports and/or imports into and out of such countries; that the upcoming 2026 United States - Mexico - Canada Agreement ("USMCA") review does not significantly impact the ability or costs of Canadian oil and gas companies to export their products into the United States or have other negative to the Canadian economy and/or the Company's business; the ability of the Company to receive all necessary regulatory approvals without significant adverse conditions; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; that well results will meet expectations; the accuracy of the estimates of Lotus Creek's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. Lotus Creek believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

To the extent that any forward-looking information contained herein may be considered a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeting and developing future plans and readers are cautioned that the information may not be appropriate for other purposes. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the risks and impacts of tariffs (or other retaliatory trade measures) imposed by Canada or the U.S. (or other countries) on exports and/or imports into and out of such countries; the failure to receive any regulatory approvals required for the Company's operations; the impacts of the ongoing United States, Israel and Iran war (and other Middle-East conflicts (including the recent attacks by the U.S. and Israel on Iran and Iranian retaliation), Russia-Ukraine war (and any associated sanctions) and United States interventions in Venezuela on the global economy and on the oil and gas industry in Canada and elsewhere; the impacts of the upcoming USMCA on the ability of Canadian oil and gas companies to export their products into the United States, the Canadian economy and/or the Company's business; the impacts of inflation and supply chain issues; pandemics, political events, natural disasters and terrorism; changes in commodity prices; changes in the demand for or supply of Lotus Creek's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Lotus Creek or by third party operators of Lotus Creek's properties, increased debt levels or debt service requirements; inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; any ability for Lotus Creek to repay any of its indebtedness when due; inaccurate estimation of Lotus Creek's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Lotus Creek's public documents including risk factors set out in the Company's annual information form for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Lotus Creek's prospective results of operations including, without limitation, forecast annual and fourth quarter average production and capital and abandonment expenditures, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Lotus Creek's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Lotus Creek will derive therefrom. Lotus Creek has included the FOFI in order to provide readers with a more complete perspective on Lotus Creek's future operations and such information may not be appropriate for other purposes.

The forward-looking information and statements and FOFI contained in this press release speak only as of the date of this press release, and Lotus Creek does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Non-GAAP and Other Financial Measures

This press release includes references to non-GAAP and other financial measures that Lotus Creek uses to analyze financial performance. These specified financial measures include non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures, and are not defined by International Financial Reporting Standards ("IFRS") Accounting Standards and are therefore referred to as non-GAAP and other financial measures. Management believes that the non-GAAP and other financial measures used by the Company are key performance measures for Lotus Creek and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable with the calculation of similar measures for other entities. These non-GAAP and other financial measures should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. Descriptions of the non-GAAP and other financial measures used by the Company as well as reconciliations to the most directly comparable GAAP measure for the three months ended March 31, 2026 and year ended December 31, 2025, where applicable, are provided below.

Adjusted Funds from Operations

Adjusted funds from (used in) operations is a non-GAAP financial measure defined as cash flows from (used in) operating activities before changes in non-cash operating working capital and decommissioning liabilities settled and adding back transaction costs, if any. Transaction costs, which primarily include legal fees and other related acquisition costs, are excluded to provide a measure representing cash flows generated by the Company's routine business operations. Lotus Creek evaluates its financial performance primarily on adjusted funds from operations and considers it a key measure for management and investors as it demonstrates the Company's ability to generate the adjusted funds from operations necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Reconciliation of cash flows from (used in) operating activities to adjusted funds from operations:

(\$ thousands)	Three months ended		
	Mar 31, 2026	Mar 31, 2025	Dec 31, 2025
Cash flows from (used in) operating activities	10,159	(443)	5,526
Decommissioning liabilities settled	19	-	676
Change in non-cash operating working capital	428	1,415	1,677
Add back: transaction costs	7	647	41
Adjusted funds from operations	10,613	1,619	7,920

Adjusted Funds from Operations per BOE

Adjusted funds from operations per boe is a non-GAAP ratio calculated as adjusted funds from operations, as defined and reconciled to cash flows from (used in) operating activities above, divided by sales production for the period. Lotus Creek considers this a useful non-GAAP ratio for management and investors as it evaluates financial performance on a per boe level, which enables better comparison to other oil and gas companies in demonstrating its ability to generate the adjusted funds from operations necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Adjusted Funds from Operations per Weighted Average Basic Share

Adjusted funds from operations per weighted average basic share is a non-GAAP ratio calculated as adjusted funds from operations, as defined and reconciled to cash flows from (used in) operating activities above, divided by the weighted average basic share amount. Lotus Creek considers this non-GAAP ratio a useful measure for management and investors as it demonstrates its ability to generate the adjusted funds from operations, on a per weighted average basic share basis, necessary to fund its capital program, settle decommissioning liabilities and repay debt.

Net (Debt) Surplus

Net (debt) surplus is a capital management measure defined as debt less current working capital items (excluding debt, risk management contracts, and decommissioning liabilities). Lotus Creek believes net (debt) surplus provides management and investors with a measure that is a key indicator of its leverage and strength of its balance sheet. Changes in net (debt) surplus are primarily a result of adjusted funds from operations, capital and abandonment expenditures and equity issuances.

Reconciliation of debt to net (debt) surplus:

Capital structure and liquidity (\$ thousands)	Mar 31, 2026	Dec 31, 2025
Debt	(9,050)	(6,921)
Working capital deficit ⁽¹⁾	(4,607)	(2,927)
Net debt	(13,657)	(9,848)

(1) Current assets less current liabilities, excluding risk management contracts and decommissioning liabilities.

Net Debt to Quarterly Annualized Adjusted Funds from Operations

Net debt to quarterly annualized adjusted funds from operations is a non-GAAP ratio and is defined as net debt, as defined and reconciled to debt above, divided by the annualized adjusted funds from operations, as defined and reconciled to cash flows from operating activities above, for the most recently completed quarter. Lotus Creek uses net debt to quarterly annualized adjusted funds from operations to analyze financial and operating performance. Lotus Creek considers this a key measure for management and investors as it demonstrates the Company's ability to pay off its debt and take on new debt, if necessary, using the most recent quarter's results. When the Company is in a net surplus position, the Company's net debt to annualized adjusted funds from operations is not applicable.

Operating Netback

Operating netbacks are non-GAAP ratios calculated based on the amount of revenues received on a per unit of production basis after royalties and operating costs. Management considers operating netback to be a key measure of operating performance and profitability on a per unit basis of production. Management believes that operating netback provides investors with information that is commonly used by other oil and gas companies. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis.

Per BOE Figures

This press release represents various results on a per boe basis, including adjusted funds from operations, cash flows (used in) from operating activities, petroleum and natural gas sales, royalties, operating costs, transportation costs, general and administrative, interest income and interest and financing charges. These supplementary financial measures are determined by dividing the applicable financial figure as prescribed under IFRS by the Company's total sales volumes for the respective period.

Barrels of Oil Equivalent

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one 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.

Initial Production Rates

References in this press release to initial production ("IP") rates, other short-term production rates or initial performance measures relating to new wells are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Accordingly, the Company cautions that such short-term rates should be considered to be preliminary.

Oil & Gas Matters

References to heavy oil, light and medium oil, natural gas liquids and natural gas in this press release refer to the heavy crude oil, light crude oil and medium crude oil, natural gas liquids and conventional natural gas, respectively, product types as defined in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

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