# Lycos Energy Inc. Announces 2025 Results

Calgary, Alberta--(Newsfile Corp. - April 8, 2026) - Lycos Energy Inc. (TSXV: LCX) ("**Lycos**" or the "**Company**") is pleased to announce its operating and financial results for the three months and year ended December 31, 2025. Selected financial and operating information is outlined below and should be read with Lycos' audited annual consolidated financial statements, related management's discussion and analysis ("**MD&A**") for the three months and year ended December 31, 2025, and annual information form ("**AIF**") for the year ended December 31, 2025, copies of which are available on the Company's SEDAR + profile at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.lycosenergy.com](http://www.lycosenergy.com).

## Financial and Operating Highlights

| *($ in thousands, except per share)* | Three months ended December 31, **2025** | 2024 | % change | Year ended December 31, **2025** | 2024 | % change |
|---|---|---|---|---|---|---|
| **Total petroleum and natural gas sales, net of blending**(1) | **10,250** | 30,196 | (66)% | **79,616** | 123,722 | (36)% |
| **Adjusted funds flow from operations**(1) | **4,101** | 14,421 | (72)% | **35,799** | 59,044 | (39)% |
| Per share - basic | **$ 0.08** | $ 0.27 | (70)% | **$ 0.67** | $ 1.11 | (40)% |
| Per share - diluted | **$ 0.08** | $ 0.27 | (70)% | **$ 0.67** | $ 1.11 | (40)% |
| **Net income (loss)**(3) | **169** | $ (13,442) | (101)% | **(49,605)** | $ (905) | 5381% |
| Per share - basic | **$ -** | $ (0.25) | (100)% | **$ (0.93)** | $ (0.02) | 4550% |
| Per share - diluted | **$ -** | $ (0.25) | (100)% | **$ (0.93)** | $ (0.02) | 4550% |
| **Capital expenditures**(1) **- exploration & development** | **2,007** | 9,824 | (80)% | **31,672** | 67,813 | (53)% |
| **Capital expenditures**(1) **- net acquisitions & dispositions** | **(56,084)** | (1,235) | 4441% | **(31,443)** | 56,754 | (155)% |
| **Adjusted working capital (net debt)**(1) | **9** | (17,661) | (100)% | **9** | (17,661) | (100)% |
| **Weighted average shares outstanding (thousands)** | | | | | | |
| Basic | **53,238** | 53,238 | 0% | **53,238** | 53,160 | 0% |
| Diluted | **53,238** | 53,238 | 0% | **53,238** | 53,160 | 0% |
| **Average daily production:** | | | | | | |
| Crude oil (bbls/d) | **1,663** | 4,421 | (62)% | **3,071** | 4,393 | (30)% |
| Natural gas (mcf/d) | **394** | 893 | (56)% | **577** | 494 | 17% |
| Total (boe/d) | **1,729** | 4,570 | (62)% | **3,167** | 4,475 | (29)% |
| **Realized prices:** | | | | | | |
| Crude oil ($/bbl)(2) | **66.77** | 73.91 | (10)% | **70.80** | 76.76 | (8)% |
| Natural gas ($/mcf) | **1.00** | 0.92 | 9% | **1.12** | 0.81 | 38% |
| Total ($/boe) | **64.46** | 71.68 | (10)% | **68.86** | 75.44 | (9)% |
| **Operating netback ($/boe)**(1) | | | | | | |
| **Petroleum and natural gas revenues**(2) | **64.46** | 71.68 | (10)% | **68.86** | 75.44 | (9)% |
| **Realized gain (loss) on financial derivatives** | **1.14** | (0.20) | (670)% | **(0.22)** | (0.20) | 10% |
| **Royalties** | **(9.38)** | (9.93) | (6)% | **(10.62)** | (10.81) | (2)% |
| **Net operating expenses**(1) | **(21.29)** | (21.88) | (3)% | **(19.74)** | (22.90) | (14)% |
| **Transportation expenses** | **(3.51)** | (1.47) | 139% | **(2.53)** | (1.49) | 70% |
| **Operating netback, including financial derivatives ($/boe)**(1) | **31.42** | 38.20 | (18)% | **35.75** | 40.04 | (11)% |
| **Adjusted funds flow from operations ($/boe)**(1) | **25.79** | 34.30 | (25)% | **30.96** | 36.05 | (14)% |

(1) See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures.

(2) Realized prices are based on revenue, net of blending expense.

(3) The year ended December 31, 2025 includes a non-cash loss on dispositions of $40.8 million (2024 - $22.2 million) and a non-cash impairment expense of $23.2 million (2024 - $nil).

## Q4 2025 Financial and Operating Highlights

Highlights for the three months ended December 31, 2025:

- Average production of 1,729 boe/d (96% crude oil) generated adjusted funds flow from operations[1] of $4.1 million in Q4 2025, compared to $14.4 million on average production of 4,570 boe/d (97% crude oil) in Q4 2024, representing a 72% decrease, primarily as a result of the previously announced asset dispositions.

- Adjusted funds flow from operations[1] per boe declined 25% to $25.79 from $34.30, reflecting lower volumes, partially offset by improved operating costs.
- Net operating expenses[1] per boe improved to $21.29/boe in Q4 2025 from $21.88/boe in Q4 2024, despite significantly lower production volumes, reflecting the disposition of higher-cost assets and a structurally improved cost profile.
- On October 15, 2025, the Company closed the disposition of certain assets in the Lindbergh, Moose Lake and Fishing Lake areas of Alberta (the "North Disposition") for $60.0 million, before closing adjustments. The assets produced approximately 940 bbl/d. The Company utilized approximately $9.0 million of the net proceeds towards debt repayment and distributed $47.9 million of the net proceeds as a return of capital to shareholders in the amount of $0.90 per Common Share (the "Return of Capital"). The Return of Capital was paid on November 28, 2025.
- On October 1, 2025, the Company closed the disposition of certain properties in Elnora, Alberta for $0.3 million, before closing adjustments. The assets produced approximately 30 boe/d and had higher net operating expenses, averaging approximately $60.80/boe.
- Reduced net debt[1] and exited the year with positive adjusted working capital[1], following the North Disposition and completion of the Return of Capital.

(1) See Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures.

## Subsequent Event

As previously announced, on March 30, 2026, the Company closed the business combination with Mahikan Oil Corporation ("Mahikan"). Pursuant to the transaction, Lycos acquired all of the issued and outstanding common shares of Mahikan in exchange for 29,781,301 common shares of Lycos, representing an exchange ratio of 0.60 Lycos common shares for each Mahikan share held, and the assumption of Mahikan's outstanding indebtedness. Concurrent with closing, the Company completed a non-brokered private placement of common shares at $1.20 per share for gross proceeds of $30.0 million (the "Offering").

## Operations Update

In Q1 2026, Mahikan drilled one gross (1.0 net) single-leg circulating string well in the Moonshine area of East Central, Alberta. The well was brought on production at the end of March. Evaluation of the well is ongoing, and results will inform future development planning in the area.

Lycos completed a maintenance capital program during the quarter, including expanded waterflood injection in East Central, Alberta. Current production is estimated at 1,700 boe/d (99% oil).

A comprehensive post-merger capital budget for the second quarter of 2026 and beyond is currently being developed and is expected to be released before the end of April. Following completion of the Mahikan business combination and the Offering, Lycos is in a strong financial position as it advances its development plans.

## About Lycos

Lycos is an oil-focused, exploration, development and production company based in Calgary, Alberta, operating high-quality, heavy-oil, development assets in the East Central, Alberta area.

## Additional Information

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## Reader Advisories

### Forward-Looking and Cautionary Statements

Certain statements contained within this press release constitute forward-looking statements within the meaning of applicable Canadian securities legislation. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "budget", "plan", "endeavor", "continue", "estimate", "evaluate", "expect", "forecast", "monitor", "may", "will", "can", "able", "potential", "target", "intend", "consider", "focus", "identify", "use", "utilize", "manage", "maintain", "remain", "result", "cultivate", "could", "should", "believe" and similar expressions (including negatives and variations thereof). Lycos believes that the expectations reflected in such forward-looking statements are reasonable as of the date hereof, but no assurance can be given that such expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Without limitation, this press release contains forward-looking statements pertaining to: the business strategy, objectives, strength and focus of Lycos following the completion of the business combination with Mahikan; use of proceeds from the Offering; expectations regarding a comprehensive post-merger capital budget for the second quarter of 2026 and beyond; expectations regarding commodity prices; the performance characteristics of Lycos' oil and natural gas properties; the ability of Lycos to achieve drilling success consistent with management's expectations, including through the use of proprietary fishbone well designs; and the source of funding for Lycos' activities including development costs. Statements relating to production, reserves, recovery, replacement, costs and valuation are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the oil exists in the quantities predicted or estimated and that the oil can be profitably produced in the future.

The forward-looking statements and information are based on certain key expectations and assumptions made by Lycos, including expectations and assumptions concerning the business plan of Lycos; the timing of and success of future drilling, development and completion activities; the geological characteristics of Lycos' properties; prevailing commodity prices, price volatility, price differentials and the actual prices received for Lycos' products; the availability and performance of drilling rigs, facilities, pipelines and other oilfield services; the timing of past operations and activities in the planned areas of focus; the drilling, completion and tie-in of wells being completed as planned; the performance of new and existing wells; the application of existing drilling and fracturing techniques; prevailing weather and break-up conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; the continued availability of capital and skilled personnel; the ability to maintain or grow its credit facility; the accuracy of Lycos' geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Lycos' ability to execute its plans and strategies.

Although Lycos believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Lycos can give no assurance that they will prove to be correct. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, unforeseen difficulties in integrating the assets acquired pursuant to the business combination into Lycos' operations; incorrect assessments of the value of benefits to be obtained from business combinations and exploration and development programs (including the business combination with Mahikan);

fluctuations in commodity prices, changes in industry regulations and political landscape both domestically and abroad, wars (including in the Middle East and Ukraine), hostilities, civil insurrections, foreign exchange or interest rates, increased operating and capital costs due to inflationary pressures (actual and anticipated), volatility in the stock market and financial system, impacts of pandemics, the retention of key management and employees, risks with respect to unplanned third-party pipeline outages and risks relating to the Alberta wildfires, including in respect of safety, asset integrity and shutting in production. Ongoing military actions the Middle East and Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the actions between these nations remains uncertain. Please refer to the annual information form for the year ended December 31, 2025, and management's discussion and analysis for the year ended December 31, 2025 (the "MD&A") for additional risk factors relating to Lycos, which can be accessed either on Lycos' website at www.lycosenergy.com or under Lycos' SEDAR+ profile at www.sedarplus.ca. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. Lycos undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Any financial outlook or future-oriented financial information contained in this presentation has been approved by management as of the date hereof, is provided for the purpose of conveying the anticipated effects of the Company's planned activities and strategies and may not be appropriate for other purposes.

## Disclosure of Oil and Gas Information

**Unit Cost Calculation**. The term barrels of oil equivalent ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

**Product Types**. Throughout this press release, "crude oil" or "oil" refers to heavy crude oil product types as defined by NI 51-101.

## Non-IFRS Measures, Non-IFRS Financial Ratios and Capital Management Measures

This press release includes various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**") and, therefore, may not be comparable with the calculation of similar measures by other companies.

"**Adjusted working capital (net debt)** (capital management measure)" is calculated as current assets less current liabilities, excluding derivative financial instruments, decommissioning obligations, and lease liabilities. Adjusted working capital (Net Debt) is a capital management measure which management uses to assess the Company's liquidity. See the MD&A for a detailed calculation and reconciliation of adjusted working capital (net debt) to the most directly comparable measure presented in accordance with IFRS.

"**Adjusted funds flow from operations** (capital management measure)" is calculated by taking cash flow from operating activities and adding back changes in non-cash working capital. Adjusted funds flow is further calculated by adding back decommissioning costs incurred and transaction costs. Management considers adjusted funds flow from operations to be a key measure to assess the performance of the Company's oil and gas properties and the Company's ability to fund future capital investment. Adjusted funds flow from operations is an indicator of operating performance as it varies in response to production levels and management of costs. Changes in non-cash working capital, decommissioning costs incurred and transaction costs vary from period to period and management believes that excluding the impact of these provides a useful measure of Lycos' ability to generate the funds necessary to manage the capital needs of the Company. See the MD&A for a detailed calculation and reconciliation of adjusted funds flow from operations to the most directly comparable measure presented in accordance with IFRS. Adjusted funds flow netback is calculated by dividing adjusted funds flow from operations by production for the period.

"**Capital expenditures** (non-IFRS financial measure)" includes exploration and development capital, facilities, land and seismic and acquisitions and dispositions. Management considers capital expenditures to be a key measure to assess the Company's capital investment in exploration and production activity, as well as property acquisitions and dispositions. The directly comparable IFRS measure to capital expenditures is net cash used in investing activities.

"**Net operating expenses** (non-IFRS financial measure)" is operating expenses, less processing income primarily generated by third party volumes at processing facilities where the Company has an ownership interest. The Company's principal business is not that of a midstream entity whose activities are dedicated to earning processing and other infrastructure payments. Where the Company has excess capacity at its facilities, it will look to process third party volumes as a means to reduce the cost of operating/owning the facility.

"**Operating netback** (non-IFRS financial measure)" is petroleum and natural gas revenues, less royalties, less net operating costs and transportation expenses, excluding the effects of financial derivatives. These metrics can also be calculated on a per boe basis, which results in them being considered a non-IFRS financial ratio. Management considers operating netback an important measure to evaluate Lycos' operational performance, as it demonstrates field level profitability relative to current commodity prices. See the MD&A for a detailed calculation and reconciliation of operating netback per boe to the most directly comparable measure presented in accordance with IFRS. "**Operating netback, including financial derivatives**" is calculated as petroleum and natural gas revenues, less royalties, less net operating costs and transportation expenses.

"**Total petroleum and natural gas sales, net of blending** (non-IFRS financial measure)" is total petroleum and natural gas sales, net of blending expense to compare realized pricing to benchmark pricing. This is calculated by deducting the Company's blending expense from petroleum and natural gas sales. Blending expense is recorded within blending and transportation expense in the condensed interim consolidated financial statements. See the MD&A for a detailed calculation and reconciliation of total petroleum and natural gas sales, net of blending, to the most directly comparable measure presented in accordance with IFRS.

Please refer to the MD&A on pages 17 to 19 for additional information relating to specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. The MD&A can be accessed either on the Company's website or under the Company's SEDAR+ profile on www.sedarplus.ca.

## Abbreviations

| | |
|---|---|
| bbl | barrels of oil |
| bbl/d | barrels of oil per day |
| boe | barrels of oil equivalent |
| boe/d | barrels of oil equivalent per day |
| Mbbl | thousand barrels of oil |
| Mboe | thousand barrels of oil equivalent |
| Mcf | thousand cubic feet |
| MMbbl | million barrels of oil |
| MMboe | million barrels of oil equivalent |
| MMcf | million cubic feet |
| Q1 | first financial quarter (January 1 – March 31) |

| | |
|---|---|
| Q2 | second financial quarter (April 1 – June 30) |
| Q3 | third financial quarter (July 1 – September 30) |
| Q4 | fourth financial quarter (October 1 – December 31) |

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

***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.***