

Blacksteel Energy Inc. Announces Signing of Definitive Agreement to Acquire Drakkar Energy, Financing Progress and Operational Update

Calgary, Alberta--(Newsfile Corp. - February 2, 2023) - Blacksteel Energy Inc. ("**Blacksteel**" or the "**Corporation**") is pleased to announce that it has signed an agreement (the "**Definitive Agreement**") for the acquisition of all of the shares of Drakkar Energy Ltd. ("**Drakkar**") and has completed an additional tranche of its private placement financing (the "**Financing**") of common and flow through shares.

Signing of Definitive Agreement with Drakkar Energy Ltd.

The Definitive Agreement involves a three-cornered amalgamation of Blacksteel, Drakkar and 2488908 Alberta Inc., a wholly owned subsidiary of Blacksteel. At the time of the amalgamation the resultant entity will be known as Blacksteel Energy Inc.

The transaction between Blacksteel and Drakkar (the "**Transaction**") allows for the consolidation of 100% of the Girouxville producing oil and gas asset under ownership and operatorship of Blacksteel. Under the terms of the Transaction, Blacksteel will issue a total of 10 million common shares to Drakkar security holders, vendors and suppliers. Drakkar has scheduled a shareholder meeting to approve the Transaction on March 1, 2023.

Private Placement

Blacksteel is pleased to announce the issuance of 5,150,000 common shares at \$0.08 per share for gross proceeds of \$412,000 and 1,700,000 flow-through shares at a price of \$0.09 per share for gross proceeds of \$153,000. Blacksteel anticipates additional closings in the Financing exceeding \$1,000,000 over the course of Q1 and Q2, 2023. Please contact the Corporation if you have any interest in participating in the Financing.

After completion of the most recent closings under the Financing, Blacksteel has 80,600,941 common shares issued and outstanding.

Operational Update

Blacksteel started field work at Girouxville in November of 2022 to assess the status of the operating facility and implement upgrades to handle higher fluid volumes. These upgrades include pipeline maintenance and upgrades, replacement of oil battery tanks, and conversion of rental to owned equipment amongst other necessary upgrades that lead to reduced operating costs. The work program will allow Blacksteel to reactivate production from three existing wells. The facility enhancements are scheduled to be completed in February 2023 and will provide the required capacity to process additional fluid volumes associated with Blacksteel's planned production growth.

Blacksteel's new business plan includes evaluating and capture of international oil and gas opportunities that provide significant near-term accretive growth on a per share basis to Blacksteel's current reserves, production and/or cash flow. Additional capital may be raised to support these initiatives. These initiatives remain ongoing but as is typical of such transactions, capture and timeline are uncertain and no guarantee of a transaction is assured.

Duncan Nightingale, Blacksteel's CEO, commented, "The signing of the Definitive Agreement with Drakkar Energy represents another significant milestone in the implementation of Blacksteel's business plan. The closing of the acquisition of Drakkar in Q1 of 2023 coincides with the reactivation of production from the Girouxville asset. Blacksteel has completed significant necessary upgrades to the Girouxville facility in order to handle higher fluid volumes and anticipates production starting around the end of February or early March.

We look forward to Drakkar security holders becoming shareholders of Blacksteel as we implement the business plan focused on low-risk oil development growth leading to increased production and growing cash flow to the benefit all shareholders. On behalf of everyone at Blacksteel, we thank our shareholders for their support and patience as Blacksteel executes its business plan."

Blacksteel Energy Inc.

Blacksteel is a junior oil and gas company involved in the exploration, development and production of petroleum and natural gas resources.

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Forward-Looking Statements:

This news release contains "forward-looking statements" that are based on expectations, estimates, projections and interpretations as at the date of this news release. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "seek", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without limitation, statements regarding: the completion of the Transaction; terms and conditions of the Financing; additional closings and amount of closings under the Financing; use of proceeds from the Financing; timing for the Drakkar shareholder meeting; operational enhancements to Blacksteel facilities; future development plans; and the business and operations of the resulting issuer after completion of the Transaction. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation: risks related to failure to obtain adequate financing on a timely basis and on acceptable terms; risks related to the outcome of legal proceedings; political and regulatory risks associated with oil and gas exploration; risks related to the listing and maintenance of stock exchange listings; risks related to environmental regulation and liability; the potential for delays in exploration or development activities or the completion of feasibility studies; the uncertainty of profitability; risks and uncertainties relating to the interpretation of drilling results; risks related to the inherent uncertainty of

production and cost estimates and the potential for unexpected costs and expenses; the possibility that future exploration and development results will not be consistent with the Corporation's expectations; risks related to commodity price fluctuations; and other risks and uncertainties related to the Corporation's prospects, properties and business detailed elsewhere in the Corporation's disclosure record. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation does not assume any obligation to update or revise them to reflect new events or circumstances except in accordance with applicable securities laws. Actual events or results could differ materially from the Corporation's expectations or projections.

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BLACKSTEEL ENERGY

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