BLACKSTEEL ENERGY INC. RESPONDS TO CONCERNED SHAREHOLDERS

Calgary, Alberta – April 16, 2025 - Blacksteel Energy Inc. ("**Blacksteel**" or the "**Corporation**") announces that, further to a news release issued on March 21, 2025 (the "**Dissident Shareholder News Release**") by a group of shareholders (the "**Dissident Shareholder Group**") requisitioning a special shareholders' meeting to replace the Corporation's current board of directors, it would like to provide clarification on several misstatements and inaccuracies in the Dissident Shareholder News Release along with an update to the Corporation's situation.

<u>Key Highlights</u>

Dissident Shareholder Response
• Jeff Callaway, principal of the Dissident Shareholder Group, was part of previous management when financial reporting deadlines missed, resulting in a cease trade order against Blacksteel securities.
• Additional delays and costs incurred as a result of poor financial record keeping and oversight from previous management.

Financial Challenges:
• Working capital deficit of $1.77 million as of January 31, 2024.
• Total liabilities exceeding $3.35 million.

Environmental and Operational Issues:
• Past spills requiring cleanup costs exceeding $0.7 million.
• Current production at 45 barrels of oil per day with ongoing regulatory deficiencies

Strategic Review Process:
• Detailed review and exploration of joint ventures, capital raising and asset sales.
• Perthro's offer deemed superior to other proposals, including one from Energize Natural Resources Ltd.

Proposed Transaction with Perthro (Canada) Inc.
• Sale of Girouxville assets for $2.6 million in cash.
• Perthro assumes environmental remediation liabilities and decommissioning obligations.
• Proposed transaction not subject to any financing conditions and only standard closing conditions.
• $0.5 million bonus payment if the transaction closes by July 15, 2025.

Response to Dissident Shareholder Group

The Dissident Shareholder Group has alleged that the Blacksteel board of directors (the "**Board**") has not managed the Corporation's business and affairs in a manner that benefits all stakeholders. It has formally requisitioned the Corporation to call a special shareholders' meeting to reconstitute the Board. In response to this request, Blacksteel has filed notice to hold an annual and special shareholders' meeting on June 26, 2025 (the "**Shareholders' Meeting**").

The Dissident Shareholder News Release made several statements and inferences containing serious inaccuracies, painting a flawed picture of the Corporation's current state. In this light, the Corporation is pleased to provide the following up-to-date information to its shareholders:

Jeff Callaway, the spokesperson for the Dissident Shareholder Group, served as President and CEO of the Corporation from September 21, 2020, to November 2, 2022, and as Executive Vice-President and CFO from November 2, 2022 until his departure on November 8, 2023. As outlined below, certain filing deadlines were missed during this time leading to a Cease Trade Order (the "**CTO**") against Blacksteel.

On August 28, 2022, two months before the departure of Mr. Callaway, the Corporation announced that it had filed an application for a Management Cease Trade Order (the "**MCTO**") with the Alberta Securities Commission ("**ASC**") as a result of defaulting in its Continuous Disclosure Obligations under *National Instrument 51-102* ("**NI 51-102**") specifically its audited annual financial statements, management's discussion and analysis and related CEO and CFO certifications for the financial year ended April 30, 2023 (the "**Required Filings**").

The MCTO was granted on September 1, 2023, and later revoked by the ASC, which ordered a CTO on November 7, 2023, for all trading in Blacksteel securities. At this point, the default in its Required Filings had expanded to include the corresponding interim financial statements, management discussion and analysis, and certifications for July 31, 2023.

Mr. Callaway during his tenure as Executive Vice-President and CFO, made the following decisions that further contributed to the delays in filing the Required Filings on a timely basis:

- Mr. Callaway changed external auditors on August 17, 2023 while the April 30, 2023 audit was being conducted. When a company changes auditors, the newly appointed auditor must review previous filings and, if required, advise on recommendations for restatement of current and prior years' consolidated financial statements. The review resulted in the new auditor suggesting restatements to the previous auditor of the prior years' financial statements. This decision resulted in duplication of audit fees and extended audit timeline resulting from the regulated process and procedures audit firms must adhere to when a change of auditors occurs. Replacing a corporate external auditor during a financial year audit is unusual as it creates complexity in meeting continuous disclosure rules.

- The engagement of an external public accounting firm in September 2023 as a financial advisor to assist management with financial reporting, accounting and audit preparation services.

- The failure of previous management to properly account for the Drakkar Energy Ltd. ("**Drakkar**") acquisition was an additional cause for the delays, which resulted in the CTO.

Since November 2023, the current management has been addressing the Corporation's default in its Required Filings which included completing the 2023 year-end audit and related year-end disclosures, the restating its financial statements as at April 30, 2022 and April 30, 2021 and auditing such adjustments to restate the comparative information.

Blacksteel's book and records received by current management were disorganized and out of date, requiring significant reconciliation work and increased review time by the auditors, resulting in additional costs, particularly in light of Blacksteel's acquisition of Drakkar.

The CTO cannot be revoked until the Corporation is up to date with its filing obligations under NI 51-102. The Corporation is currently preparing to file its audited annual financial statements and related disclosures for the year ended April 30, 2024.

Financial Challenges

According to its third-quarter interim financial statements that ended January 31, 2024, the Corporation had a working capital deficit of $1,767,757 and $33,839 in cash.

The company's total liabilities on January 31, 2024 exceeded $3.35 million, including the environmental liability and decommissioning obligations.

The Corporation and its current management have been working to resolve the issues described above while managing production operations of its assets, in a continually increasing cashflow deficit position.

In January 2024, to maintain funding for the Corporation's primary activities to rectify its financial situation, the Corporation issued a secured debenture (the "**Debenture**") through its wholly owned subsidiary, Drakkar. The Debenture has been drawn in stages and is currently at $1.35 million. Funds from the secured Debenture have been used to rectify the issues mentioned and ensure safe operations in the field. The Debenture matures on August 1, 2025 and accrues interest at a rate of 18% per annum.

Environmental and Operational Issues

On January 23, 2020, 57 barrels of oil and 50 barrels of produced water were spilled from a mechanical joint failure. Furthermore, on September 28, 2020, another 188 barrels of produced water were spilled at the same site due to mechanical pump failure. Additionally, on August 26, 2022, an AER inspection revealed a saltwater leak from the water disposal pump. Again, at the same site, the Corporation's third-party environmental consultant has estimated site clean-up costs to be more than $0.7 million.

Funds from the secured Debenture have been used to rectify the issues mentioned and ensure safe operations in the field.

Drakkar had several outstanding non-compliance items dating back to 2020, including unfinished spill remediation at their central production facility at 09-03-76-21W5. Consequently, Drakkar had been placed on global refer by the Alberta Energy Regulator ("**AER**"), which led to heightened scrutiny (or a red light on all activity). Since its acquisition of Drakkar in March 2023, Blacksteel has continuously worked to address all outstanding non-compliance issues to satisfy the AER's remediation requirements. Blacksteel was deemed fully compliant in 2024. The Corporation was removed from the AER's global refer status and has a green light to proceed with all activity unimpeded and without restrictions.

Reserves

As previously disclosed, Blacksteel engaged GLJ Ltd. ("**GLJ**") to prepare its oil and natural gas reserves report as at April 30, 2024. (the "**2024 Reserve Report**"). The 2024 Reserve Report values the Total Proved Reserves, before tax, discounted at 10% at -$0.039 million, a significant decrease from the $21.885 million at April 30, 2023.

Although no additional or new work had been undertaken on the property, the reserve volumes estimated in the 2024 Reserve Report represent a significant reduction from those in the April 30, 2023, report. GLJ attributes the reduction, amongst other things, to the following factors:

- Lower gas prices, estimated in the 2024 report, coupled with the cost of facilities to operate, transport, and process the gas, rendering gas conservation uneconomic.
- Higher-than-anticipated lease operating costs resulted from the frequency of battery and well repairs, due to the age and condition of the assets acquired in 2023.
- The oil price differential compared to WTI pricing also decreased the economics of the existing wells and, therefore, the assigned reserves.

Strategic Review Process

With a skeleton staff and through the uncompensated time of the Board, since January of 2024, the Corporation has worked on a thorough process to examine strategic alternatives for the Corporation (the "**Strategic Review**"). This has included, but not been limited to:

- approaching joint venture partners to develop the Corporation's Assets;
- attempting to raise additional capital to develop the Assets further internally;
- reviewing transactions involving the acquisition of assets not only domestically within Canada, but also internationally in jurisdictions such as Africa and Eastern Europe;
- and a sale of the Assets or the Corporation itself.

The Board did not dismiss any potential alternatives without first examining the possibility of a successful transaction.

During the Strategic Review, it was highlighted that the Corporation is in a CTO position and a non-listed public company with approximately 600 shareholders, so the Corporation is severely limited in how a potential transaction can be structured. Therefore, many traditional solutions that are usually available to a financially distressed company are not readily available in this instance. For example, an asset or corporate sale that would attract shares as compensation, or partial compensation, is not available unless the shares are easily and transparently valued.

In July of 2024, the management of Blacksteel commenced discussions with representatives of Perthro (Canada) Inc. ("**Perthro**") about a potential transaction. Over several months, Perthro undertook due diligence on the Assets and had extensive negotiations with the Board, culminating in a signed agreement for the sale of the Girouxville assets (the "**Assets**") (the "**Proposed Transaction**") earlier this year. As part of its Strategic Review, the Board carefully considered all transactions, including an offer from Energize Natural Resources Ltd. ("**Energize**"), a private company of which Mr. Callaway is Chairman, Chief Executive Officer and majority shareholder. The Board believes that the Proposed Transaction is superior, in every way, to any other offer that has been presented to it, including the offer from Energize and believes that it is in the Corporation's best interests to proceed with the Proposed Transaction. Further details on the Proposed Transaction and Perthro are set out below under "Proposed Transaction and Perthro (Canada) Inc."

Proposed Transaction and Perthro (Canada) Inc.

Perthro (Canada) Inc, is a wholly owned subsidiary of Perthro AB, a private Swedish oil & gas company. As the regulatory issues mentioned above constrain Blacksteel, a cash offer for the Assets was negotiated. The Proposed Transaction involves; (a) Perthro paying Blacksteel $2.6 million in cash at closing, (b) assuming the saltwater spill and environmental remediation liability at the production site in Girouxville, (c) the decommissioning obligations of the Assets ($0.77 million), and (d) providing a $0.5 million cash bonus provided the transaction closes prior to July 15, 2025.

Further, Perthro has paid Blacksteel a $0.25 million cash deposit and has forwarded $0.225 million through the secured Debenture to Drakkar. The Proposed Transaction provides a break fee of $0.5 million in the event Blacksteel decides to terminate the Proposed Transaction.

The cash received from the Proposed Transaction will allow Blacksteel to honor its liability commitments, avoid potential costly environmental clean-ups and leave sufficient cash to revitalize the Corporation.

Arthur Madden stated "Given the circumstances and today's market conditions, we believe that selling the assets to Perthro for cash is the only viable path forward for Blacksteel to come back and fight another day. We are working diligently to close this Proposed Transaction as fast as possible."

Blacksteel Energy Inc.

Blacksteel is a junior oil and gas company that explores, develops and produces petroleum and natural gas resources.

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Forward-Looking Information Cautionary Statement: This document contains forward-looking statements regarding the business and operations of Blacksteel. All statements other than statements of historical fact contained herein are forward-looking statements under applicable securities laws. In particular, statements as to the Corporation's anticipated transactions are forward-looking statements. These forward-looking statements are based upon various assumptions. 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 Corporation's audited financial statements and associated management discussion and analysis for the year ended April 30, 2024 and completion of the Proposed Transaction. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the plans, intentions or expectations anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. 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. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Corporation 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 may be required by applicable securities laws.

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