Forza Petroleum 2021
Financial and Operational Results

Forza Petroleum posts 129% increase in annual revenue driven by increased production and improved oil prices

Calgary, Alberta, March 16, 2022

Forza Petroleum Limited ("Forza Petroleum" or the "Corporation") today announces its financial and operational results for the year ended December 31, 2021. All dollar amounts in this news release are in United States dollars.

2021 Financial Highlights:

- Revenue of $187.8 million, consisting of an average realized sales price of $54.52/barrel of oil ("bbl") on working interest oil sales of 2,885,300 bbl and $30.5 million in recovery of carried costs
  - The Corporation has received full payment in accordance with production sharing contract entitlements for all oil sales into the Kurdistan Oil Export Pipeline through November 2021
- Field operating costs, representing the Corporation's working interest share of operating expenses, of $19.5 million ($6.78/bbl) versus $17.4 million ($6.93/bbl) in 2020
  - Field operating costs per bbl decreased 2% versus the comparable period as a 12% increase in costs was more than offset by a 15% increase in sales volumes
- Profit of $10.3 million ($0.02 per common share) versus loss of $108.7 million in 2020 ($0.19 per common share)
  - Results include a non-cash impairment charge of $32.4 million compared to a net non-cash impairment charge of $117.3 million in 2020, in each case related to the Hawler license area
- Net cash generated from operating activities was $51.2 million versus $22.1 million in 2020
- Net cash used in investing activities was $34.7 million, including payments related to drilling and facilities work in the Hawler license area and related license costs
- $24.7 million of cash and cash equivalents as at December 31, 2021

2021 Operations Highlights:

- Average gross (100%) oil production of 12,200 bbl/d (working interest 7,900 bbl/d) versus 10,600 bbl/d (working interest 6,900 bbl/d) for the year ended December 31, 2020
- Eight wells targeting Cretaceous or Tertiary reservoirs were drilled or spudded during 2021, including, four in the Zey Gawra field, three in the Demir Dagh field and one in the east fault block of the Banan field
- Hawler facilities were further developed with construction of the river crossing for the gathering system to serve the western flank of the Hawler license area, civil works for drilling pads and a new location for Banan field facilities, along with additional flowlines throughout the area
- Gross (working interest) year-end proved oil reserves of 13.1 million bbl, up from 10.3 million bbl at year-end 2020, as estimated by Netherland, Sewell & Associates, Inc.

2022 Operations Update:

- Average gross (100%) oil production of 13,700 bbl/d (working interest 8,900 bbl/d) and 14,600 bbl/d (working interest 9,500 bbl/d) for January and February 2022, respectively
  - New production from recently drilled wells has more than offset declines from existing wells
- With two drilling rigs under contract, the Corporation has drilled a sidetrack of the previously drilled Demir Dagh-10 well and the Zey Gawra-9 well, in each case targeting Cretaceous reservoirs
- On February 12, 2022, Forza Petroleum spudded a sidetrack of the previously drilled Demir Dagh-3 well targeting the Cretaceous reservoir
- For the balance of 2022, the Corporation plans to drill seven additional wells (including sidetracks of two previously drilled wells and a well in a previously undrilled structure west of the currently developed Zey Gawra field), to complete the Ain al Safra-2 well and, if needed, to complete two water disposal wells
- Planning and installation of processing facilities and pipelines connecting each of the Banan field and the Zey Gawra field to the Hawler production facilities at the Demir Dagh field is progressing
- The worldwide outbreak of the COVID-19 virus, including within Iraq, has not significantly impacted operations. The Corporation has taken precautions to protect its employees and contractors but does not at this time expect that the virus outbreak will restrict operations

Liquidity Outlook:

- The Corporation expects cash on hand as of December 31, 2021 and cash receipts from net revenues from sales, exclusively made to the Kurdistan Regional Government at the tie-in to the Kurdistan Oil Export Pipeline, will allow it to fund its forecasted capital expenditures and operating and administrative costs through the end of March 2023. The Corporation has the ability to tailor its capital program to have the liquidity needed to settle the non-current purchase consideration following the end of the forbearance period on March 31, 2023.

CEO's Comment

Commenting today, Forza Petroleum's Chief Executive Officer, Vance Querio, stated:

"One of our most active years resulted in eight wells drilled during 2021 and an improved understanding of our producing reservoirs. The new contribution from successful wells has more than offset natural production declines and supported the year-end promotion of certain probable oil reserves to the proved oil reserves category, resulting in a proved reserves replacement ratio of 198% for the year.

We intend this year to be even busier than last and have already drilled three wells since the start of the year. An additional seven wells planned for 2022, including a well in a previously undrilled structure west of the currently developed Zey Gawra field, are expected to provide a further significant boost to production.

Based on forecast oil prices, we expect that our investments in 2022 will be funded entirely from cash generated from operating activities. Cash generation in excess of new investment is expected to put Forza Petroleum in a position to progress settlement of a significant liability that relates to our original acquisition of the Hawler license area in 2011. We expect the next twelve months to be a transformational period in the story of Forza Petroleum."

Selected Financial Results

Financial results are prepared in accordance with International Financial Reporting Standards ("IFRS") and the reporting currency is US dollars. The following table summarizes selected financial highlights for Forza Petroleum for the three- and twelve-month periods ended December 31, 2021 and December 31, 2020.

($ in millions unless otherwise indicated)	Three Months Ended December 31 2021	2020	Twelve Months Ended December 31 2021	2020
Revenue	57.7	23.9	187.8	82.0
Working Interest (WI) Production (bbl)	763,200	728,600	2,886,600	2,511,500
Average WI Production per day (bbl/d)	8,300	7,900	7,900	6,900
Working Interest Oil Sales (bbl)	762,300	728,900	2,885,300	2,512,100
Average Realized Sales Price ($/bbl)	63.37	27.44	54.52	28.23
Operating Expense	9.3	6.5	30.1	24.8
Operating Expense ($/bbl)	12.25	8.97	10.42	9.87
Field Operating Costs ($/bbl)(1)	7.96	5.83	6.78	6.93
Profit (Loss)	(22.8)	114.6	10.3	(108.7)
Basic and Diluted Earnings / (Loss) per Share ($/sh)	(0.04)	0.20	0.02	(0.19)
Net Cash generated from Operating Activities	21.4	8.6	51.2	22.1
Net Cash used in Investing Activities	(16.2)	(6.4)	(34.7)	(18.8)
Capital Additions(2)	20.5	10.9	45.8	18.1
Cash and Cash Equivalents	24.7	13.2	24.7	13.2
Total Assets	587.7	605.4	587.7	605.4
Total Liabilities	120.9	149.0	120.9	149.0
Total Equity	466.8	456.4	466.8	456.4

(1) Field operating costs represent Forza Petroleum's working interest share of gross operating costs and exclude the partner share of operating costs carried by Forza Petroleum.
(2) Excludes non-cash additions / (credits) relating to the change in estimates used to calculate the decommissioning obligation.

- Revenue increased to $187.8 million in 2021 versus $82.0 million in 2020 due primarily to a 93% increase in realized average oil sales prices and a 15% increase in oil sales volumes. Gross (working interest) sales of oil in 2021 were 2,885,300 barrels versus 2,512,100 barrels for 2020. Sales volumes for the earlier period were impacted by a temporary shut-in of Banan field production during the second quarter of 2020. Sales volumes in 2021 benefited from the completion of new wells. The average oil sales price realized in 2021 was $54.52 per barrel versus $28.23 for 2020. In addition to oil sales, revenue for 2021 includes the recovery of $30.5 million of carried costs.
- Operating expense, which includes the Corporation's carry of partner costs, increased to $30.1 million in 2021 versus $24.8 million in 2020. The increase is attributable to increased activity and increased rates for security services, partially offset by savings accrued from the Banan-4 pump replacement executed in the fourth quarter of 2020 and re-contracting Zey Gawra rental facilities. In addition, the operating expense amount for 2020 benefited from a temporary shut-in of Banan field production during the second quarter of 2020. Operating expenses on a per barrel basis increased in 2021 versus 2020. A 21% increase in operating expense was offset by a 15% increase in oil sales volumes.
- General and administration expense decreased to $5.7 million in 2021 versus $9.5 million in 2020 due primarily to lower personnel costs resulting from corporate restructuring activity during 2020. Of this general and administration expense, 63% is cost recoverable from the Corporation's oil and gas operations.
- Profit for the year ended December 31, 2021 was $10.3 million compared to a $108.7 million loss for 2020. The improvement in profit is primarily attributable to a $63.6 million increase in net

revenue, a reduction in net impairment expense of $84.9 million compared with 2020, a $15.7 million gain recorded on the deconsolidation of OP Congo SA in 2021, an $8.1 million reduction in financing costs and a $3.8 million decrease in general and administration expense, partially offset by a $11.3 million increase in the recorded value of the purchase consideration non-current liability in respect of the Hawler license area, a $15.3 million increase in depletion and a $5.3 million increase in operating expenses. In addition, the results for 2020 included a one-time gain of $26.9 million recorded upon the non-cash settlement of a loan facility.

- Sales volumes in Q4 2021 were 5% higher versus Q4 2020 and 6% higher versus Q3 2021 due primarily to production from new wells, offset by declines at the Zey Gawra field. Sales volumes in Q3 2021 were impacted by shut-ins at the Zey Gawra field to replace rental facilities.
- Cash generated from operating activities was $51.2 million in 2021 compared to $22.1 million in 2020. The increase mainly relates to higher crude oil sales revenue received during the period, partially offset by an increase in cash payments relating to operating expenses.
- Cash used in investing activities was $34.7 million in 2021 compared to $18.8 million in 2020 when activity was restricted because of global and industry uncertainty.
- Capital expenditures in 2021, which excludes non-cash adjustments to decommissioning obligations, totalled $45.8 million compared to $18.1 million in 2020. In 2021, $39.9 million was invested in drilling activities in the Hawler license area at the Banan, Demir Dagh and Zey Gawra fields. Expenditures also included $2.9 million of facilities expenditures and $2.9 million invested in studies and directly attributable support costs.
- Cash and cash equivalents increased to $24.7 million at December 31, 2021 from $13.2 million at December 31, 2020 reflecting $51.2 million generated from operating activities partially offset by $34.7 million used in investing activities and $5.0 million paid to settle an outstanding credit facility.
- The Corporation has determined that a contingent consideration obligation in favour of the vendor of the Hawler license area has crystallized. Accordingly, the Corporation is obligated to pay a purchase consideration payment of $66.0 million plus accrued interest.
  - As at December 31, 2021, the total balance of principal and accrued interest was $76.2 million. The estimated fair value of this purchase consideration obligation as at December 31, 2021 was $67.6 million.
  - Pursuant to the terms of a forbearance agreement dated July 9, 2021 with the vendor of the Hawler license area, the amount does not accrue further interest and is not due before March 31, 2023. The forbearance agreement contemplates that the parties will undertake reasonable best efforts to negotiate a settlement of the outstanding obligation.
- As at March 16, 2022, there are outstanding: (i) 584,976,202 common shares, (ii) unvested Long Term Incentive Plan awards which are expected to result in the issuance of up to an additional 20,742,033 common shares upon vesting, and (iii) 33,149,000 warrants that were issued in prior years in connection with amendments to a previous loan agreement that was fully settled in 2020.

Regulatory Filings

This announcement coincides with the filing with the Canadian securities regulatory authorities of Forza Petroleum's audited condensed consolidated financial statements for the three and twelve months ended December 31, 2021 and the related management's discussion and analysis thereon. Copies of these documents filed by Forza Petroleum may be obtained via www.sedar.com and the Corporation's website, www.forzapetroleum.com.

ABOUT FORZA PETROLEUM LIMITED

Forza Petroleum Limited is an international oil exploration, development and production company. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "FORZ". Forza Petroleum has a 65% working interest in and operates the Hawler license area in the Kurdistan

Region of Iraq, which has yielded oil discoveries in four areas, three of which are contributing to production while appraisal and development activity continues. Further information about Forza Petroleum is available at www.forzapetroleum.com or under Forza Petroleum's profile at www.sedar.com.

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Reader Advisory Regarding Forward-Looking Information

Certain statements in this news release constitute "forward-looking information", including statements related to forecast and budgeted work program and capital expenditure, drilling and well workover plans, development plans and schedules and chance of success, future drilling of wells and the reservoirs to be targeted, future facilities work, ultimate recoverability of current and long-term assets, possible commerciality of our projects, future expenditures and sources of financing for such expenditures, expectations that cash on hand as of December 31, 2021 and cash receipts from net revenues from sales, exclusively made to the Kurdistan Regional Government at the tie-in to the Kurdistan Oil Export Pipeline, will allow it to fund its forecasted capital expenditures and operating and administrative costs through the end of March 2023, expectations regarding future revenue and production, the issuance of shares as a result of the vesting of Long Term Incentive Plan awards and the exercise of warrants, future requirements for additional funding, expectations that the COVID-19 virus outbreak will not restrict operations, estimates for the fair value of the purchase consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, the expected timing for settlement of liabilities including the purchase consideration arising from the acquisition of OP Hawler Kurdistan Limited in 2011, and statements that contain words such as "may", "will", "could", "should", "anticipate", "believe", "intend", "expect", "plan", "estimate", "potentially", "project", or the negative of such expressions and statements relating to matters that are not historical fact, constitute forward-looking information within the meaning of applicable Canadian securities legislation.

Although Forza Petroleum believes these statements to be reasonable, the assumptions upon which they are based may prove to be incorrect. Among other things, it is assumed that (i) global sanctions imposed in relation to the Russian invasion of Ukraine will not have an impact on the Corporation and its assets and business, and (ii) disputes between the Kurdistan Regional Government and the federal government of Iraq, including as recently embodied in the judgment of the Iraqi Federal Supreme Court dated February 15, 2022 regarding the validity of the oil and gas law of the Kurdistan Regional Government, will not materially impact the Corporation, its interests in the Hawler production sharing contract or Hawler license area operations. For more information about these assumptions and risks facing the Corporation, refer to the Corporation's Annual Information Form dated March 23, 2021 available at www.sedar.com and the Corporation's website at www.forzapetroleum.com. Further, statements including forward-looking information in this news release are made as at the date they are given and, except as required by applicable law, Forza Petroleum does not intend, and does not assume any obligation, to update any forward-looking information, whether because of new information, future events or otherwise. If the Corporation does update one or more statements containing forward-looking information, it is not obligated to, and no inference should be drawn that it will make additional updates with respect thereto or with respect to other forward-looking information. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

Reader Advisory Regarding Certain Figures

Unless provided otherwise, all production and capacity figures and volumes cited in this news release are gross (100%) values, indicating that figures (i) have not been adjusted for deductions specified in the production sharing contract applicable to the Hawler license area, and (ii) are attributed to the license area as a whole and do not represent Forza Petroleum's working interest in such production, capacity or volumes.