



**NEW STRATUS ENERGY ANNOUNCES PROPOSED ACQUISITION AND
PRIVATE PLACEMENT OFFERING OF SUBSCRIPTION RECEIPTS**

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News Release

Calgary, Alberta, May 31, 2018 – New Stratus Energy Inc. (TSX.V - NSE) (“**New Stratus**” or the “**Corporation**”) is pleased to announce that it has entered into a binding letter of intent (the “**LOI**”) to acquire Vetra Energia, S.L. (“**Vetra**”) for a base purchase price of US\$88.5 million (the “**Transaction**”). Vetra holds various interests in certain producing and non-producing oil and gas properties located in Colombia. Closing of the Transaction expected to occur on or before July 31, 2018.

In connection with the Transaction, New Stratus intends to complete a brokered private placement of up to C\$130 million of subscription receipts (“**Subscription Receipts**”) at a price of C\$0.40 per Subscription Receipt (the “**Offering**”).

“This transformative acquisition provides New Stratus with immediate cash flow, operatorship, attractive acquisition metrics and a self-funded development platform offering low-risk growth and long-term upside” commented Jose Francisco Arata, Executive Director of the Corporation.

About Vetra Energia, S.L.

Vetra, a company incorporated pursuant to the laws of Spain, explores for, develops, produces and sells, crude oil in Colombia. Vetra has interests in exploration and production blocks in Colombia, including the blocks listed below (the “**Assets**”). The La Punta and Suroriente blocks are under contract with Ecopetrol and the remainder of the blocks are with Agencia Nacional de Hidrocarburos (“**ANH**”). In addition, Vetra also holds interests in the block VMM-2, which it intends to dispose prior to closing of the Transaction.

Block	Field	Basin	Working Interest
La Punta	Santo Domingo	Llanos	100%
Suroriente	Cohembi	Putumayo	69.5%
Suroriente	Piñuña-Quillacinga	Putumayo	69.5%
Suroriente	Quinde	Putumayo	69.5%
LLA-64	Exploration	Llanos	100%
LLA-78	Exploration	Llanos	100%
LLA-5	Exploration	Llanos	100%
PUT-8	Exploration	Putumayo	50%

The following table provides a summary of Vetra’s reserves as of December 31, 2017 using forecast prices and costs with respect to the Santo Domingo, Cohembi, Piñuña-Quillacinga, and Quinde fields of the La Punta and Suroriente blocks.

	Oil Reserves	
	Gross ⁽¹⁾ (Mbbbl)	Net ⁽²⁾ (Mbbbl)
Proved		
Developed	6,585	2,272
Undeveloped	20,021	6,664
Total Proved	26,606	8,936
Probable	16,883	5,554
Total Proved Plus Probable	43,489	14,490
Possible	24,125	7,780
Total Proved Plus Probable Plus Possible	67,614	22,270

Notes:

- (1) “Gross Reserves” are Vetra’s working interest reserves before the deduction of royalties.
- (2) “Net Reserves” are the Vetra’s working interest reserves after deductions of royalty obligations plus Vetra’s royalty interests.
- (3) The numbers in this table may not add exactly due to rounding.

The information set forth above is derived from the report prepared by DeGolyer and MacNaughton (“D&M”), Vetra’s independent reserves evaluator, on May 4, 2018 entitled “Report as of December 31, 2017 on Reserves and Revenue of Certain Fields in Colombia for Vetra Exploración Y Producción Colombia S.A.S. Executive Summary NI 51-101” dated effective December 31, 2017 (the “Report”), which has been prepared in accordance with the standards contained in the COGE Handbook and the reserves definitions contained in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The reserves data contained in the Report is based on oil price forecasts as of December 31, 2017 provided by Vetra to D&M.

Transaction Terms

Under the Transaction, New Stratus will acquire all issued and outstanding shares of Vetra for a base purchase price of US\$88.5 million in cash (the “**Base Purchase Price**”). US\$76.5 million will be paid at closing and the balance of US\$12 million will be paid within six months of closing of the Transaction. The Base Purchase Price was calculated based on an enterprise value of US\$123 million and deducting net financial and commercial debt. Vetra intends to dispose of its interest in the VMM-2 block prior to closing. If such disposition is not completed, New Stratus will then pay for such interest at a fixed amount.

Pursuant to the LOI, the parties have agreed to an exclusivity period until July 31, 2018. New Stratus has substantially completed its due diligence and the parties are now proceeding with the negotiation of one or more definitive agreements in relation to the Transaction (the “**Definitive Agreement**”). The Definitive Agreement will contain representations and warranties for the benefit of each of the parties, conditions relating to waiver of change of control by certain lenders of Vetra, shareholder and regulatory approvals and compliance with the Definitive Agreement, as is customary in comparable transactions of this nature. There is no guarantee that the Definitive Agreement will be executed.

Indicative Acquisition Metrics

Purchase price per proved and probable (2P) barrels:	US\$8.49
Price per flowing barrel after royalties:	US\$26,764
H2 2018 EBITDA annualized	US\$61 million

The Corporation has calculated these metrics based on the enterprise value, “**Report**” and forecasted average daily production (net working interest, after royalties) for H2 2018. EBITDA has been calculated using Brent strip pricing as of May 29, 2018 for H2 2018.

The Cohembi field in the Surorient block has 9 identified proven undeveloped (PUD) locations as well as 17 probable locations which are all drill ready and are expected to be drilled after closing of the Transaction.

The Offering

In connection with the Transaction, the Corporation has entered into an agreement with Laurentian Bank Securities Inc. and Canaccord Genuity Corp., as lead agents, on behalf of a syndicate of agents including Eight Capital and Haywood Securities Inc. (collectively, the “**Agents**”), who have agreed to sell on a “best efforts” private placement basis, up to 325,000,000 Subscription Receipts at a price of C\$0.40 per Subscription Receipt, for aggregate gross proceeds of up to C\$130,000,000 (the “**Offering**”). The gross proceeds from the Offering will be deposited and held in escrow and shall be released immediately prior to the completion of the Transaction upon the satisfaction of certain conditions. Closing of the Offering is subject to customary conditions and regulatory approvals, including approval of the TSX Venture Exchange.

Each Subscription Receipt will entitle the holder thereof to receive one common share of New Stratus (“**Common Share**”) and one-half of one warrant of New Stratus (“**Warrant**”) on the conversion of the Subscription Receipt. The Subscription Receipts will be deemed to be converted on the earlier of: (i) the third business day after a receipt is issued for a final prospectus (a “**Final Prospectus**”) by the securities regulatory authorities in the Canadian offering jurisdictions, qualifying the Common Shares to be issued upon conversion of the Subscription Receipts and Warrants; and (ii) four months and a day after the closing date of the Offering. Each whole Warrant will be exercisable into one Common Share at an exercise price of C\$0.60 per Common Share for a period that is 24 months from the earlier of (i) the third business day after a receipt is issued for a Final Prospectus and (ii) four months and a day after the closing date of the Offering.

New Stratus shall use its commercial best efforts from the date of closing of the Offering to obtain the receipt for the Final Prospectus within 20 days of closing of the Transaction (the “**Qualification Deadline**”). If a receipt is not obtained on or before the Qualification Deadline, New Stratus shall issue to each holder of Subscription Receipts, for no additional consideration and without any further action on the part of the holder, an additional 0.1 of a Common Share for each Common Share to be issued to such holder upon the conversion of the Subscription Receipts. Until the receipt is issued for such Final Prospectus, the Subscription Receipts as well as the Common Shares and Warrants issuable upon exercise thereof will be subject to a four month hold period under applicable Canadian securities laws.

Management Change and New Board Members

The Corporation also announces that it expects for Marino Ostos to assume the role of Chief Executive Officer and Jose Francisco Arata to be appointed Executive Chairman of the Corporation in the near future. Mr. Ostos and Mr. Arata are currently and will remain directors of the Corporation. In addition, it is expected that John Ferguson, Christopher LeGallais and Peter Volk will join the Board of Directors. The Corporation will issue a news release once the changes to management and the Board of Directors become effective.

Advisors and Counsel

Laurentian Bank Securities Inc. is acting as exclusive financial advisor to New Stratus in connection with the Transaction. New Stratus' legal advisors are DLA Piper (Canada) LLP in Canada and Dentons in Colombia and Spain. McCarthy Tétrault LLP is acting as legal advisor to the Agents in connection with the Offering.

Trading Halt

Trading in New Stratus' common shares on the TSX Venture Exchange is halted and will remain so until the documentation required by the TSX Venture Exchange in relation to the Transaction has been reviewed and accepted by the TSX Venture Exchange.

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Forward-Looking Information and Reader Advisory

Certain information set forth in this news release report contains "forward-looking statements", and "forward-looking information under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements, which include expectations about the completion of the Transaction and the Offering, the satisfaction of the escrow release conditions and management's expectations with respect to the Offering and the Transaction, and are based on the Corporation's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by the use of conditional or future tenses or by the use of such words such as "will", "expects", "may", "should", "estimates", "anticipates", "believes", "projects", "plans", and similar expressions, including variations thereof and negative forms.

In respect of the forward-looking statements and information concerning the anticipated completion of the Transaction and the Offering and the anticipated timing for completion of the Transaction and the Offering, the Corporation has provided them in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the Corporation to receive, in a timely manner, the necessary regulatory and other third party approvals, and the ability of the Corporation to satisfy, in a timely manner, the conditions to the closing of the Transaction, and that the Offering is completed as anticipated. These dates may change for a number of reasons, including the inability to secure necessary regulatory or other third party approvals in the time assumed or the need for

additional time to satisfy the conditions to the completion of the Transaction. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Forward-looking statements also relate to the business of each of the Corporation and Vetra. Forward-looking statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks and uncertainties relating to the completion of the transactions as described herein; the ability to successfully integrate operations and realize the anticipated benefits of the Transaction; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; currency and interest rate fluctuations; the ability to secure adequate financing; and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. New Stratus undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

Statements relating to "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of the reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

The reader is cautioned not to place undue reliance on forward-looking statements. New Stratus disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by securities legislation.

New Stratus has included the above summary of assumptions and risks related to forward looking information provided in this news release in order to provide shareholders with a more complete perspective on the Transaction and Offering and such information may not be appropriate for other purposes. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits may be derived there from.

This news release refers to certain financial measures that are not determined in accordance with Generally Acceptable Accounting Principles applicable to publicly traded companies in Canada ("GAAP"). Measures such as, earnings before interest, tax, depreciation and amortization (EBITDA), are not standard measures under GAAP and, therefore, may not be comparable to similar measures reported by other entities. Management believes that this supplemental measure facilitates the understanding of the acquisition metrics of the Transaction. These financial measures are considered additional GAAP or non-GAAP financial measures. Readers are cautioned that these measures should not be construed as an alternative to measures determined in accordance with GAAP as an indication of performance.

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and applicable U.S. state securities laws. New Stratus will not make any public offering of the securities in the United States. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Neither 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.