Distinction Energy Corp.
Suite 2300, 333 – 7 Avenue S.W.
Calgary, AB T2P 2Z1

PRESS RELEASE

Distinction Energy Corp. (formerly named Delphi Energy Corp.) announces amendment and exercise of warrants issued to Kiwetinohk Resources Corp. and related amendments to Investor Agreement and Management Services Agreement

CALGARY, ALBERTA – January 15, 2021 – **Distinction Energy Corp.** (formerly named Delphi Energy Corp.) ("**Distinction**" or the "**Company**") announces that, effective January 15, 2021, the warrant certificate representing 3,348,799 class A common share purchase warrants of the Company (the "**Warrants**") issued to Kiwetinohk Resources Corp. ("**KRC**") was amended and restated to, among other things, facilitate an early exercise of the Warrants, which KRC exercised on January 15, 2021 at an aggregate exercise price of $40 million. As a result of the exercise, KRC acquired 3,348,799 class A common shares in the capital of the Company ("**Common Shares**"), resulting in KRC owning 4,870,980 Common Shares, representing 50% plus 1 of the issued and outstanding Common Shares on a fully diluted basis (excluding Common Shares issuable upon exercise of the existing stock options of the Company ("**Options**")).

In addition, the investor agreement dated July 5, 2020 between the Company, Luminus Energy IE Designated Activity Company ("**Luminus Energy**") and KRC (the "**Investor Agreement**") was amended and restated to provide for, among other things, the following:

- Prior to the time that is 48 hours prior to the initial time of the listing and posting for trading of the Common Shares on the Toronto Stock Exchange, the TSX Venture Exchange or other comparable stock exchange or trading system ("**Recognized Exchange**") as is approved by the board of directors of Distinction (the "**Board**") (a "**Listing**"), the Board shall be comprised of five (5) members and Luminus Energy shall be entitled to three (3) Board nominees and KRC shall be entitled to two (2) Board nominees. Thereafter, KRC shall be entitled to three (3) Board nominees and Luminus Energy shall be entitled to two (2) Board nominees (subject to meeting certain ownership thresholds).

- From and after the earlier of (i) the receipt of conditional listing approval of a Listing by a Recognized Exchange ("**Conditional Listing Approval**") and (ii) the signing of one or more definitive agreements that upon closing will be a Material Transaction (as defined below), Luminus Energy shall use its reasonable commercial efforts to cause each of the officers of Distinction to resign and cause its director nominees to vote in favour of such officer appointees as are proposed by KRC's director nominees. The amended and restated Investor Agreement defines a Material Transaction as a direct or indirect acquisition, in one or more transactions, by Distinction or an affiliate of Distinction, of assets having aggregate average production in the month prior to acquisition in excess of 2,000 barrels of oil equivalent per day or an aggregate acquisition cost (including assumed indebtedness, issuances of securities and undiscounted future capital commitments) in excess of $35,000,000, as approved by the Board.

- Until the date of Listing, the Company shall not take action on or implement certain major corporate decisions (collectively, the "**Major Decisions**") without the unanimous approval of the Board and the prior written consent of Luminus Energy and KRC.

- From and after the date of Listing the provisions relating to the composition of Board committees, Major Decisions and certain participation rights of Luminus Energy and KRC relating to offers for sale of securities of Distinction will become inoperative and of no further force and effect.

- The "Listing Deadline" was amended to mean: (i) June 30, 2021; (ii) September 30, 2021 in the event that the Company is prevented or delayed from completing the Listing by June 30, 2021 as a result of circumstances which are beyond the commercially reasonable control of the Company; or (iii) such other date as determined by the Board pursuant to the terms of the amended and restated Investor Agreement.

The management services agreement dated July 5, 2020 between the Company, Distinction Energy Partnership (formerly named Delphi Energy Partnership) (the "**Partnership**") and KRC, was also amended and restated to provide for, among other things, the following:

- The monthly fee payable to KRC thereunder increases from $0.75 per BOE produced by the Company or by the Partnership, as applicable, in a calendar month to $1.50 per BOE upon the earlier of (i) the date of receipt of Conditional Listing Approval and (ii) the signing of one or more definitive agreements that upon closing will be a Material Transaction.

- Until the receipt of Conditional Listing Approval, the monthly fee shall not be paid on a monthly basis but shall instead be accrued and be paid by the Company and the Partnership (based on their proportionate share) in the aggregate on the date of receipt of Conditional Listing Approval.

Early Warning Disclosure

The following disclosure is provided pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* ("**NI 62-103**") in connection with the filing of amended Early Warning Reports regarding the exercise of the Warrants by KRC and the amendments to the Investor Agreement:

- <u>Luminus Energy</u>: The amendment and restatement of the Investor Agreement reflects a material change to the disclosure in section 6 of the early warning report of Luminus Energy filed on October 16, 2020 (the "**Original Luminus Report**"). Accordingly, pursuant to NI 62-103, Luminus Energy, of Rocktwist House, Block 1, Western Business Park, Shannon, Co. Clare V14 FW97, Ireland, reconfirms its early warning disclosure in the Company's press release dated October 16, 2020 as follows (with capitalized terms below having the same meaning given to them in such press release): Luminus Energy acquired an aggregate of 2,601,167 Common Shares from the treasury of the Company pursuant to the Company's recapitalization and financing transaction (the "**Restructuring Transaction**") implemented as a plan of compromise and arrangement under the *Companies' Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* on October 16, 2020, representing approximately 42.7% of the issued and outstanding Common Shares (on an undiluted basis). Immediately prior to implementation of the Restructuring Transaction, Luminus Energy owned nil Common Shares and 33,204,500 warrants to purchase common shares ("**Existing Warrants**"), and indirectly owned 14,065,138 (57%) common shares ("**Existing Shares**") of the Company through its indirect subsidiary, Luminus Delphi Holdings II Ltd. Upon implementation of the Restructuring Transaction, all 14,065,138 Existing Shares indirectly owned by Luminus Energy and all 33,204,500 Existing Warrants owned by Luminus Energy were cancelled for no consideration and without any return of capital. Luminus Energy acquired the Common Shares for investment purposes. Luminus Energy may acquire or dispose of additional securities of the Company in the future through the market, privately, or otherwise, as circumstances or market conditions warrant. A copy of the Early Warning Report reflecting the amendment to section 6 of the Original Luminus Report can be obtained on the Company's SEDAR profile at www.sedar.com or from Luminus Energy c/o 1700 Broadway, 26th Floor, New York, NY, 10019 or phone: Shawn Singh at (212) 424-2889 or e-mail legal@luminusmgmt.com.

- KRC: The exercise of the Warrants and the amendment and restatement of the Investor Agreement described above reflects a material change to the disclosure related thereto in the early warning report of KRC filed on October 16, 2020 (the "**Original KRC Report**"). KRC, of 250 – 2 Street S.W., Suite 1900, Calgary, Alberta, T2P 0C1, initially acquired 1,522,181 Common Shares (the "**Initial Acquired Common Shares**") from the treasury of the Company, representing 25% of the issued and outstanding Common Shares (on a non-diluted basis) as of the date of issuance, together with 3,348,799 Warrants, which Warrants are collectively exercisable into such number of Common Shares as will result in KRC holding 50%+1 of the Common Shares (on a fully diluted basis excluding any Common Shares issuable upon the exercise of any Options) as of the date of issuance (being 4,870,980 Common Shares assuming 9,741,959 issued and outstanding Common Shares (on a fully diluted basis excluding any Common Shares issuable upon the exercise of any Options) and 304,436 Options outstanding at such time) upon satisfaction of certain conditions in the future and payment of an aggregate exercise price of $37,500,000, equal to $11.20 per Common Share (subject to certain adjustments in accordance with the terms of the Warrants) pursuant to the Restructuring Transaction. If any Options are exercised after the initial exercise date of the Warrants, the number of Warrants will be deemed increased on a 1:1 basis by the number of Options so exercised and the Warrants deemed issued shall also be exercisable for Common Shares at an exercise price of $11.20. The Initial Acquired Common Shares and Warrants were acquired for an aggregate purchase price of $22,916,670. On January 15, 2021, KRC exercised the Warrants and pursuant thereto acquired 3,348,799 Common Shares (the "**Additional Acquired Common Shares**") for an aggregate exercise price of $37,500,000 (prior to a working capital adjustment of $2,500,000 paid by KRC to the Company) amounting to $11.20 per Additional Acquired Common Share. Prior to the completion of the Restructuring Transaction, KRC did not own any securities of the Company. Immediately prior to the acquisition of the Additional Acquired Common Shares, KRC owned 1,522,181 Common Shares representing 25% of the issued and outstanding Common Shares (on a non-diluted basis). Upon acquiring the Additional Acquired Common Shares, KRC owns 4,870,980 Common Shares representing 51.61% of the issued and outstanding Common Shares (on a non-diluted basis or 50% +1 on a fully diluted basis excluding Common Shares issuable upon exercise of the Options). The acquisition of the Initial Acquired Common Shares and the Warrants by KRC pursuant to the Restructuring Transaction and the acquisition of the Additional Acquired Common Shares pursuant to the exercise of the Warrants were each made for investment purposes. KRC has a long-term view of the investments and subject to applicable law, KRC may from time to time acquire additional securities of the Company or redeem, convert, exercise or otherwise dispose of the Initial Acquired Common Shares or the Additional Acquired Common Shares, in each case, including (without limitation) on the open market or through private dispositions in the future depending on market conditions, the terms of any such securities, reformulation of plans and/or other relevant factors. KRC is an oil and gas company organized under the laws of the Province of Alberta with its head office located at: Suite 1900, 250 – 2nd Street

SW, Calgary, Alberta T2P 0C1. A copy of the Early Warning Report reflecting the noted amendments to the Original KRC Report with additional information in respect of the foregoing matters will be filed and made available on the Company's SEDAR profile at www.sedar.com. To obtain a copy of such Early Warning Report, you may also contact Jakub Brogowski, Chief Financial Officer of KRC at (587) 392-4416.

About Distinction Energy Corp.

Distinction Energy Corp. is an industry-leading producer of liquids-rich natural gas. The Company has achieved top decile results through the development of our high quality Montney property, uniquely positioned in the Deep Basin of Bigstone, in northwest Alberta. Distinction continues to outperform key industry players by improving operational efficiencies and growing our dominant Bigstone land position in this world-class play. Distinction is headquartered in Calgary, Alberta.

FOR FURTHER INFORMATION PLEASE CONTACT:

DISTINCTION ENERGY CORP.
2300 - 333 – 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1
Telephone: (403) 265-6171 Facsimile: (403) 265-6207
Email: info@delphienergy.ca Website: www.delphienergy.ca

TIMOTHY SCHNEIDER
President, CEO & Chairman