



G2 Technologies Corp. Announces the Closing of First Acquisition in the Permian Basin and Debenture Financing

Vancouver, B.C. June 1, 2022 - **G2 Technologies Corp.** (name change to **G2 Energy Corp.** is pending) (**CSE:GTOO, OTCQB:GTGEF, FWB:1NZ.F**) (the "**Company**" or "**G2**") is pleased to announce that it has closed the acquisition, through its wholly-owned Texas subsidiary G2 Energy TX1, Inc. ("**G2 TX1**"), of the Masten Unit (an oil and gas producing field) ("**Masten**") located in the Permian Basin in Levelland, Texas. The purchase and sale agreement dated December 21, 2021 and amended May 20, 2022 between the sellers of Masten (the "**Sellers**") and G2 TX1 was first announced by news release dated December 24, 2021. The Masten acquisition will constitute a Change of Business ("**COB**") pursuant to the policies of the Canadian Securities Exchange (the "**CSE**").

Masten Project Overview

Willrich Energy Advisors (an independent third party Petroleum Engineering and Geology firm, qualified reserves evaluator) prepared a Reserve Report on Masten, dated effective January 1, 2022 (the "**Report**") in accordance to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The Report is available for review under the Company's profile on SEDAR www.sedar.com. The technical information and data in this news release have been extracted from the Report.

This appraisal in the Report evaluates G2's Proved Developed Producing (PDP) and Probable Undeveloped (PrUD) reserves.

The table below summarizes G2's net oil and gas reserves and cash flows generated using the requested price deck. Results shown below are presented for your information and should not be construed as our estimate of fair market value. As of January 1, 2022, G2's net total proved and probable reserves have been estimated to be as follows:

Reserve Category	Net Reserves			Present Worth of FNI Discounted @ 10%/Annum, \$	Present Worth of FNI Discounted @ 15%/Annum, \$
	as of	01/012022	Future Net		
	Light and Medium Oil	Natura lGas	Income, \$		
	(Bbl)	(Mcf)			
Forecast Price					
Proved Producing	<u>435,090</u>	<u>566,430</u>	<u>14,301,500</u>	<u>6,495,580</u>	<u>4,884,370</u>
Total Proved	435,090	566,430	14,301,500	6,495,580	4,884,370
Probable Undeveloped	<u>283,240</u>	<u>344,740</u>	<u>5,933,180</u>	<u>3,042,590</u>	<u>2,123,970</u>
Total Probable	283,240	344,740	5,933,180	3,042,590	2,123,970
Total Proved + Probable	718,330	911,170	20,234,680	9,538,170	7,008,340

There is at least 90% probability that the quantities actually recovered will equal or exceed the estimated proved reserves and at least 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Future net income (FNI) is after deducting estimated operating and future development costs, severance and ad valorem taxes, but before Federal income taxes. Total net Proved and Probable Reserves are defined as those

natural gas and hydrocarbon liquid Reserves to G2's interests after deducting all shrinkage, royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon payout of specified monetary balances. All Reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to those classifications defined in the Canadian Oil and Gas Evaluation Handbook ("**COGEH**"). All hydrocarbon liquid Reserves are expressed in United States barrels ("**Bbl**") of 42 gallons. Natural gas Reserves are expressed in thousand standard cubic feet ("**Mcf**") at the contractual pressure and temperature bases. All monies are expressed in United States dollars.

Jim Tague, Consultant of The Performance Analytics Group offered the following:

"This is an exciting opportunity for G2 to establish operations in a low cost, established field with substantial upside. Results from recent horizontal drilling by adjacent operators have proven that technologies designed to exploit the deeper Permian shale work well in this field's shallower San Andres formation, but at a far lower expense and a higher return on investment. With this acquisition, G2 is now positioned to grow current production and exploit this emerging and profitable San Andres horizontal play - both of which can lead to significant gains in shareholder value."

Slawek Smulewicz, President & CEO commented:

"The acquisition of the Masten Unit is a significant event for G2 as oil remains trading at multi year highs and inventories are at multi year lows, demand is back to Pre COVID level and there is constrained supply growth in the coming years. The G2 Energy team anticipates 2022 to be a milestone year for the company. Its first oil and gas asset acquired from the proceeds of this financing is currently producing 80 BOPD and is primed for growth. The team at G2 Energy is ready to execute and unlock the economic potential in the Masten Unit and begin working on the next transaction immediately."

Terms of Purchase of Masten

USD\$4,000,000 was the total upfront cash acquisition cost (the "**Purchase Price**") for Masten, of which USD\$400,000 was paid in cash by G2 and at total USD\$3,600,000 was financed through a secure loan from the Sellers and a secured convertible debenture from an arm's length party (see below for details).

Within 90 days after the closing date, G2 is also obligated to issue to the Sellers USD\$300,000 worth of G2's common shares at a price of the greater of: (i) USD\$0.25 (CAD\$0.32) per common share, and (ii) the closing market price of G2's common shares on the CSE on the trading day prior to the date of issuance of the shares, subject to regulatory approval, if required.

G2 also agreed to issue to the Sellers performance shares equal to USD\$400,000 (the "**Performance Shares**") at a price per share equal to the average closing market price of G2's common shares on the CSE for the three (3) trading days prior to the date of issuance of the Performance Shares, subject to regulatory approval, if required. The Performance Shares are issuable within 90 days of the achievement of either of two triggering events (a "**Triggering Event**") described below, provided that a Triggering Event occurs between the closing date of the acquisition and the second (2nd) anniversary of the closing date (the "**Earnout Period**"):

- (i) G2 obtains an average increase of 50% or more in daily oil production of Masten, compared to the average daily oil production for a period of 30 consecutive days prior to the closing date, over a period of three (3) consecutive months during the Earnout Period; or
- (ii) an average price USD\$80.00 per barrel as quoted for West Texas Intermediate per the New York Mercantile Exchange over a period of 120 consecutive days during the Earnout Period.

Sellers' Secured Promissory Note

The Sellers financed a portion of the Purchase Price for the acquisition of the Masten with a secured loan by promissory note (the "**Note**") in the principal amount of US\$1,600,000 with the following terms:

- Primary security by deed of trust over all of the property and assets of G2 TX1, including the oil and gas leases;
- Assignment of production from Masten, including proceeds of the sale of products;
- Three (3) year maturity;
- 10% interest per annum;
- Principal and interest to be paid in 35 equal monthly installments of USD\$51,627 and the balance in the 36th month;
- G2 TX1 has the right to prepay the Note, subject to a minimum total interest payment of USD\$160,000;
- 2.25% overriding royalty on production from Masten.

In connection with the acquisition of Masten, G2 has agreed to issue 5,000,000 common shares to an arm's length finder and share purchase warrants entitling the finder to purchase 3,000,000 Common Shares at price of \$0.30 per Common Share for two years from the date of issuance.

All common shares of G2 issued to the Sellers and the finder are subject to a hold period of four months and one day from the date of issuance of the shares.

Cloudbreak Discovery PLC – Secured Convertible Debenture

Cloudbreak Discovery PLC ("**Cloudbreak**") financed a portion of the Purchase Price for the Masten acquisition with a US\$2,000,000 secured convertible debenture (the "**Debenture**") having the following terms:

- Secondary security over all of the property and assets of G2 TX1 ranked in second position behind the Sellers' Note and security;
- Pledge of 100% of the issued common shares of G2 TX1, which are held by another subsidiary of G2;
- Guarantee by the Company of all of G2 TX1's obligations under the Debenture;
- Two (2) year maturity;
- 12% interest per annum payable quarterly;
- Accrued interest is convertible to common shares of G2 at Cloudbreak's option. The conversion price will be based on the closing price of G2's shares on the last trading day of the applicable calendar quarter end, subject to regulatory approval, if required;
- G2 TX1 may prepay the Debenture in whole or in part and only after the date that is 12 months after the closing date, including an interest premium payment equal to 18 months' interest on the principal amount less the amount of interest received by Cloudbreak before the date of prepayment;
- G2 issued 6,500,000 share purchase warrants to Cloudbreak with an exercise price of C\$0.30 per share exercisable for two (2) years from the closing date, with G2 having the right to accelerate the expiry date of the warrants if the closing price of the common shares on the CSE trades above \$0.60 for a period of 10 consecutive trading days;
- 3.25% overriding royalty on production from Masten;
- Cloudbreak has the right for two (2) years to provide debt financing for future acquisitions of properties by G2 or G2 TX1 within an area of interest and area of influence set out in the Debenture, and if Cloudbreak waives or fails to timely respond to notice from the Issuer, Cloudbreak will be entitled to a 1% overriding royalty on all oil and gas and other substances produced and sold from the applicable area of interest property.

The Sellers, Cloudbreak, the Company and G2 TX1 entered into an intercreditor agreement providing that until the Sellers' Note has been repaid in full, Cloudbreak's liens and security interests in any asset of G2 TX1 is subordinate to the Sellers' liens and security interests. In addition, any event of default under the Note and the Seller's deed of trust will constitute an event of default under the Debenture.

Change of Business

The acquisition of Masten qualifies as a Change of Business or COB as defined by CSE Policy 8. The Company's common shares will remain halted until the documentation required under the CSE Policy 8 have been accepted by the CSE and posted on the CSE website, including a Listing Statement.

On Behalf of the Board,

“Slawek Smulewicz”

Slawek Smulewicz

President & CEO

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About G2 Technologies Corp.

G2 Technologies Corp. is a Canadian Securities Exchange listed company focused on acquiring and developing overlooked, low-risk, high return opportunities in the oil and gas sector. G2 is seeking to acquire a portfolio of risk-managed production and development opportunities onshore, U.S.A. In the near term, G2 is pursuing production acquisition opportunities with top-tier operating netbacks and infrastructure facilities to fast-track future production growth.

The Canadian Securities Exchange has neither approved nor disapproved the information contained herein.

Forward Looking Statements Caution

Statements in this press release regarding the Company which are not historical facts are “forward-looking statements” that involve risks and uncertainties, such as the completion of the proposed acquisition. Such information can generally be identified by the use of forwarding-looking wording such as “may”, “expect”, “estimate”, “anticipate”, “intend”, “believe” and “continue” or the negative thereof or similar variations. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties such as the risk that;. The Company provides forward-looking statements for the purpose of conveying information about current expectations and plans relating to the future, including expectations for the effects of the proposed change of business of G2 to oil and gas, and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions may not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities may not be achieved. These risks and uncertainties include but are not limited those identified and reported in the Company’s public filings under the Company’s SEDAR profile at www.sedar.com. Statements relating to “reserves” are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual results could differ materially from those currently anticipated due to factors such as: the performance of existing wells, the availability and performance of facilities and pipelines, the geological characteristics of G2’s properties, prevailing weather and break-up conditions, commodity prices, price volatility, price differentials and the actual prices received for the Company’s products, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour

and services, the creditworthiness of industry partners and G2's ability to acquire additional assets. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially.