

WATEROUS ENERGY FUND

Waterous Energy Fund Improves its Cash Offer for Osum and Enters into Support Agreements with All Independent Directors and All Senior Executive Officers

Calgary – February 18, 2021 /CNW/ - Waterous Energy Fund (“WEF”) is pleased to announce that its subsidiary WEF Osum Acquisition Corp. (the “Offeror”) has improved its all-cash offer to acquire common shares (“Osum Shares”) of Osum Oil Sands Corp. (“Osum”). WEF has received the support of all three members of Osum’s special committee of independent board members (“Special Committee”) and all five executive officers of Osum, including William Friley, Chairman of the Board of Directors, and Steve Spence, President and CEO of Osum.

Improved Offer

The Offeror is now offering to buy up to 57,000,000 Osum Shares at an offer price of \$3.00 in cash per share (the “Improved Offer”), an increase from its original offer for up to 52,500,000 Osum Shares at \$2.40 in cash per share. The improved offer price represents a 25% increase to the original offer price. The expiry time for the Improved Offer has also been extended and will now expire at 11:59 pm (Vancouver time) on March 1, 2021, unless withdrawn or further extended.

The Offeror has entered into an amended commitment letter with its syndicate of lenders to provide fully committed financing to acquire the Osum Shares that are subject to the Improved Offer.

A notice of variation and change (the “Notice of Variation and Change”) providing revised information for the Improved Offer will be filed with Canadian securities regulatory authorities and mailed to Osum securityholders.

Entry into additional support agreements

Concurrent with the announcement of the Improved Offer, the Offeror has entered into additional support agreements with all three independent directors of the Special Committee and all five executive officers of Osum, whereby such directors and officers have agreed to tender their Osum Shares to the Improved Offer (the “Additional Support Agreements”). The Osum Shares subject to the Additional Support Agreements represent, in aggregate, 3,579,412 common shares, representing approximately 5% of the outstanding Osum Shares not currently owned by WEF.

With the support of the Additional Support Agreements, Osum shareholders holding approximately 44% of the outstanding Osum Shares not owned by WEF have signed binding support agreements to tender their shares to the Improved Offer. Taken together with the other shareholders who have already tendered or who have expressed their intention to tender, WEF believes that the Minimum Tender Condition has been comfortably satisfied, paving the way for a successful acquisition.

Commenting on the Improved Offer, Adam Waterous, CEO of Waterous Energy Fund, remarked, “The support of all of the independent directors and all of the executive officers of Osum sends a clear message that fair market value has been established. We look forward to closing the offer without further distraction or delay to shareholders.”

William Friley, Chairman of Osum’s Board of Directors, remarked, “I, along with the other independent members of the board, together with the members of the senior management team, are pleased that Waterous has taken this step and we are supportive of the revised offer.”

continued

About the Improved Offer

For the Improved Offer to be successful, more than 50% of the Osum Shares not currently owned by WEF must be tendered (the “**Minimum Tender Condition**”). As Osum shareholder support for the Improved Offer has grown considerably since the launch of the original offer on November 4, 2020, WEF reasonably believes that, taking into account the previously executed support agreements, the Additional Support Agreements, shares tendered, and indications from Osum shareholders who have expressed their intention to tender, WEF has received shareholder support in excess of the Minimum Tender Condition. The Improved Offer is subject to the satisfaction or waiver by the Offeror of certain other conditions which are described in the Offeror’s offer and take-over bid circular dated November 4, 2020 (the “Original Circular”), a copy of which was mailed to all Osum shareholders and is available on WEF’s website at www.waterous.com.

Full details of the terms of the Improved Offer are set out in the Notice of Variation and Change, which is being filed with the Canadian securities regulatory authorities, mailed to Osum securityholders as of today’s date, and posted on WEF’s website at www.waterous.com. Following the proportionate take up of Osum Shares in accordance with the Improved Offer on its expiry date, the Offeror will then further extend its offer for an additional 10 days in order to allow any remaining Osum shareholders to tender to the Improved Offer. The Offeror’s obligation to take-up Osum Shares under the Improved Offer is subject to the same conditions set out in the original offer and related offer documents and the Offeror will have no obligation to take up more than 57,000,000 Osum Shares.

WEF encourages Osum shareholders that have not already tendered their Osum Shares to do so in accordance with the instructions set forth in the Original Circular and the Notice of Variation and Change as soon as possible to ensure that they are properly received and processed prior to the expiry date of March 1, 2021. Shareholders who have already tendered their Osum Shares to the original offer do not need to do anything further to receive the increased consideration being offered for the Osum Shares under the Improved Offer.

WEF’s Depositary and Information Agent is Kingsdale Advisors. If you have any questions or require assistance with tendering to the Improved Offer please contact Kingsdale Advisors, by telephone toll-free in North America at 1-866-581-0506 and at 1-416-867-2272 outside North America or by e-mail at contactus@kingsdaleadvisors.com.

About Waterous Energy Fund

Waterous Energy Fund is a Calgary-based energy investment firm with offices in Houston and New York. Founded in 2017, the firm is pursuing investments in the North American oil and gas sector. For additional information, see www.waterous.com

Forward Looking Statements

Certain statements in this press release are forward looking statements and are prospective in nature. Forward looking statements are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “intend”, “estimate”, “plan”, “anticipate”, “expect”, “believe”, or “continue” or the negative thereof or similar variations. Such statements reflect current reasonable assumptions, beliefs and expectations of WEF but are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. In particular, this press release includes forward looking statements to the successful completion of WEF’s take-over bid and the lack of alternative transactions being available to Osum’s shareholders. Important factors that could cause actual results to differ materially from WEF’s expectations include, among other things, risks inherent to regulatory proceedings, as well as risks inherent to a transaction such as the Offer, including but not limited to events occurring which cause a material adverse change in the business, affairs, prospects or assets of Osum, and events occurring which affect WEF’s financing commitments. Forward looking statements should, therefore, be construed in light of such risks and other factors. WEF is under no obligation and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.