CALGARY, ALBERTA--(Marketwired - Aug 13, 2015) - Granite Oil Corp. ("Granite" or the "Company") (TSX:GXO)(OTCQX:GXOCF) is pleased to release an operational update and its financial and operational results for the three and six months ended June 30, 2015.

- Successfully completed the corporate reorganization of DeeThree Exploration Ltd. into Boulder Energy Ltd. ("Boulder") and Granite Oil Corp. ("Granite") on May 15, 2015. Granite's second quarter financial statements present the combined results for the historical DeeThree properties for the period up to May 15, 2015 and for the remaining Granite property only subsequent to May 15, 2015. This is a significant factor in understanding the year-over-year and quarter-over-quarter financial results of Granite.
- Granite is on-track to meet previously announced guidance for the second half of 2015, including opening net debt of $45 million and a net debt to annualized cash flow ratio of less than 1.0x.
- Current production is 3,250 barrels of oil per day (3,450 boe/d), with none of the seven, 100% working interest wells planned for the second half of 2015 currently on-stream.
- Well costs are tracking $2.3 million, 18% lower than the originally budgeted $2.8 million included in the Company's initial guidance.
- Due to strong operational performance and lower costs, the Company has elected to increase its fully sustainable dividend by 8% to $0.0325/share per month commencing September, 2015.
- Five Bakken gas injectors are currently on-stream with all Bakken solution gas being re-injected into the Company's Alberta Bakken property through its gas injection enhanced oil recovery (EOR) scheme.
- Granite has received regulatory approval for a sixth injector well which is scheduled to come on-stream within the next week. The Company is seeking regulatory approval for a seventh injector well. The Company is expecting to commence injection of its non-Bakken shallow gas through these wells in the fourth quarter of 2015.
- Base decline rates continue to shallow as a result of increased gas injection in the EOR scheme and are estimated at between 10% and 15%. With a combination of reduced base declines and management of new well production rates, overall declines are at or below the Company's target of 22%. (See updated corporate presentation at www.graniteoil.ca)
- Granite has a highly sustainable structure with low debt, an excellent hedge book and highly efficient operations, aided by its gas injection EOR scheme.

DIVIDEND DECLARATION

Granite is pleased to announce that a dividend of $0.0325 per common share will be paid in cash on September 15, 2015 to shareholders of record on August 31, 2015 with an ex-dividend date of August 27, 2015. This dividend is an 8% increase from the previous level of $0.03 per common share per month. This dividend has been designated as an "eligible dividend" for Canadian income tax purposes.

OPERATIONAL UPDATE

Granite is ahead of schedule and exceeding expectations in both its Bakken enhanced oil recovery ("EOR") initiatives and its organic growth cost structure.

Granite is currently producing 3,250 bbls/d of oil, on-track to achieve the 3,500 bbls/d of oil budgeted for the second half of 2015. Beyond the two wells which are currently underway, Granite plans to drill four additional EOR-supported infill wells, plus a step-out delineation well during 2015.

Bakken Gas Injection Enhanced Oil Recovery Scheme

Granite continues to work towards the efficient recovery of oil in the Bakken play by the use of a gas injection EOR scheme with gas being injected near the top of the formation and oil produced near the bottom of the formation which is up to 12 meters thick. Producing wells are placed on-stream at restricted rates with nearby gas injectors calibrated to manage voidage and decline rates.

The Company is now re-injecting all of its produced CO_2-rich Bakken solution gas, representing a milestone in its expanding gas injection enhanced oil recovery scheme in its Lethbridge Bakken oil pool. As a result, the Company has continued to shallow the overall base decline from the pool ahead of schedule.

The Company has received approval from the Alberta Energy Regulator for a sixth natural gas injector well and plans to begin injecting shortly. Granite has an application for a seventh injector well which is currently under review. These injector wells will target some of the last remaining areas in the Bakken pool that are not under gas injection support. To date, the Company has been successful in mitigating declines in targeted areas with specific injectors. In addition, the Company has recently completed low cost facility modifications, providing additional injection capacity to support production growth into early 2016. The Company is on-track to commence injection of its non-Bakken shallow gas in Q4 2015, further increasing voidage make up.

Operational Efficiencies

Granite has continued to improve its cost structure through a combination of operational procedure improvements and a general reduction in service costs.

OUTLOOK

With continued positive results from its full scale enhanced oil recovery scheme, operational improvements, a deep inventory of capital-efficient infill drilling locations and strong balance sheet, the Company is well positioned to execute its model even through challenging commodity prices.

Granite reaffirms its previously announced guidance for the second half of 2015, which includes the drilling of seven, 100% working interest wells and capital spending of $20 million. This is expected to result in average production for the second half of 2015 of 3,500 bbl/d of oil.

The Company is in an excellent financial position with net debt of approximately $45 million equating to less than 1.0x debt to annualized cash flow. Granite has in place a very robust crude oil hedge program. The second half of 2015 includes a 500 bbl/d collar at US $85 - $100 WTI and a 1,750 bbl/d swap at Cdn $95.67 WTI. For the first half of 2016, the Company has a 750 bbl/d swap at an average Cdn $76.97 WTI and a 250 bbl/d swap at US $62.75 WTI and for the second half of 2016, 500 bbl/d at an average of Cdn $79.00 WTI and 250 bbl/d at US $62.75 WTI.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

As a result of the corporate reorganization which was completed on May 15, 2015, the results for Granite's second quarter ended June 30, 2015 include 45 days of the historical DeeThree properties (Brazeau Belly River, Lethbridge Bakken and Peace River Arch) and 46 days of results for the remaining Granite property (Lethbridge Bakken), The results for the six months ended June 30, 2015 reflect 135 days of the historical DeeThree and 46 days of Granite.

Financial and operational highlights for the interim period ended June 30, 2015 with comparative data for 2014 are set out below and should be read in conjunction with the financial statements and related management's discussion and analysis available for review at www.Granite.ca and www.sedar.com.

	Three Months Ended June 30			Six Months Ended June 30		
	2015 (5)	2014	Change	2015	2014	Change
(000s, except per share amounts)	*($)*	*($)*	*(%)*	*($)*	*($)*	*(%)*
Financial						
Oil and natural gas revenues	33,989	80,560	(58)	80,066	146,203	(45)
Funds from operations (1)	17,191	43,167	(60)	44,814	78,703	(43)
Per share - basic	0.57	1.53	(63)	1.50	2.82	(47)
Per share - diluted	0.57	1.47	(61)	1.50	2.73	(45)
Cash flow from operating activities	22,526	44,103	(49)	40,133	67,710	(41)
Net income	143,635	18,133	692	145,396	26,815	442
Per share - basic	4.78	0.63	659	4.87	0.96	407
Per share - diluted	4.77	0.63	657	4.86	0.93	403
Capital expenditures (2)	11,956	74,288	(84)	49,016	146,600	(67)
Net debt (3)	45,047	116,064	(61)	45,047	116,064	(61)
Shareholders' equity	210,470	410,944	(49)	210,470	410,944	(49)
(000s)	(#)	(#)	(%)	(#)	(#)	(%)
Share Data						
At period-end	30,342	29,607	2	30,342	29,607	2
Weighted average - basic	30,044	28,215	6	29,850	27,763	8
Weighted average - diluted	30,118	29,254	3	29,914	28,829	4
Operating(4)						
Production						
Natural gas *(mcf/d)*	7,229	12,967	(44)	11,144	12,675	(12)
Crude oil (*bbls/d)*	5,603	8,033	(30)	7,386	7,392	-
NGLs *(bbls/d)*	102	550	(81)	345	558	(38)
Total *(boe/d)*	6,910	10,744	(36)	9,588	10,063	(5)
Average wellhead prices						
Natural gas *($/mcf)*	2.68	5.02	(47)	2.79	5.49	(49)
Crude oil and NGLs *($/bbl)*	62.02	95.51	(35)	53.18	92.81	(43)
Combined average *($/boe)*	54.05	82.39	(34)	46.13	80.27	(43)

Netbacks						
Operating netback *($/boe)*	29.40	50.64	(42)	24.68	49.05	(50)
Funds flow netback *($/boe)*	27.41	44.14	(38)	25.82	43.18	(40)
Gross (net) wells drilled						
Gas (#)	-	-	-	-	1 (1.00)	-
Oil *(#)*	4 (4.00)	10 (10.00)	-60 (-60)	10 (10.00)	24 (23.97)	-58 (-58)
Dry and abandoned *(#)*	-	-	-	-	2 (2.00)	-
Total *(#)*	4 (4.00)	10 (10.00)	-60 (-60)	10 (10.00)	27 (26.97)	-63 (-63)
Average working interest *(%)*	100	100	-	100	100	-

[1] Funds from operations, funds from operations per share, operating netbacks and funds flow net back are not recognized measures under International Financial Reporting Standards (IFRS). Refer to the commentary below under "Reader Advisory - Non-GAAP Measurements" for further discussion.

[2] Total capital expenditures, including acquisitions and excluding non-cash transactions. Refer to commentary in the Management's Discussion and Analysis under "Capital Expenditures and Acquisitions" for further information.

[3] Net Debt, which is calculated as current liabilities (excluding derivative financial instruments) and bank debt less current assets (excluding derivative financial instruments), is not a recognized measure under IFRS. Please refer to the commentary in this news release under "Reader Advisory - Non-GAAP Measurements" for further discussion.

[4] For a description of the boe conversion ratio, refer to the commentary below under " Reader Advisory - BOE Presentation".

[5] Refer to the description of the Plan of Arrangement ("POA") in the Management's Discussion and Analysis under "About Granite Oil Corp".

Reader Advisory

Forward-Looking Statements. Certain statements contained in this press release may constitute forward-looking statements. These statements relate to future events or Granite's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Granite believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon by investors. These statements speak only as of the date of this press release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this press release contains forward-looking statements, pertaining to the following: pertaining to the following: projections of market prices and costs, supply and demand for oil and natural gas, the quantity of reserves, the effectiveness of the EOR Project, oil and natural gas production levels, capital expenditure programs, treatment under governmental regulatory and taxation regimes, expectations regarding Granite's ability to raise capital and to continually add to reserves through acquisitions and development, and projections of market prices and costs.

With respect to forward-looking statements contained in this press release related to Granite's business and operations, Granite has made assumptions regarding, among other things: the legislative and regulatory environments of the jurisdictions where Granite carries on business or has operations, the impact of increasing competition, and Granite's ability to obtain additional financing on satisfactory terms.

Granite's actual results could differ materially from those anticipated in these forward-looking statements as a result of risk factors that may include, but are not limited to: volatility in the market prices for oil and natural gas; uncertainties associated with estimating reserves; uncertainties associated with Granite's ability to obtain additional financing on satisfactory terms; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; incorrect assessments of the value of acquisitions; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel.

This forward-looking information represents Granite's views as of the date of this document and such information should not be relied upon as representing its views as of any date subsequent to the date of this document. Granite has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. . Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

Non-GAAP Measurements. This news release contains the terms "funds from operations" and "funds from operations per share", which should not be considered an alternative to or more meaningful than cash flow from (used in) operating activities as determined in accordance with IFRS. These terms do not have any standardized meaning under IFRS. Granite's determination of funds from operations and funds from operations per share may not be comparable to that reported by other companies. Management uses funds from operations to analyze operating performance and leverage, and considers funds from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments and to repay debt, if applicable. Funds from operations is calculated using cash flow from operating activities as presented in the statement of cash flows, before changes in non-cash working capital. Granite presents funds from operations per share whereby per share amounts are calculated using weighted-average shares outstanding, consistent with the calculation of earnings per share.

The Company considers corporate netbacks to be a key measure as they demonstrate Granite's profitability relative to current commodity prices. Corporate netbacks are comprised of operating and funds flow netbacks. Operating netback is calculated as the average sales price of the Company's commodities, less royalties, operating costs and transportation expenses. Funds flow netback starts with the operating netback and further deducts general and administrative costs, finance expense and unrealized gains on financial instruments, and then adds any finance income and realized gains on financial instruments, if applicable. No IFRS measure is reasonably comparable to netbacks. See "Netbacks (per unit)" in the Company's management's discussion and analysis for the year ended December 31, 2014 filed on www.sedar.com for the netback calculations.

Net debt, which represent current assets less current liabilities, excluding current derivative financial instruments, is used to assess efficiency, liquidity and the Company's general financial strength. No IFRS measure is reasonably comparable to working capital deficit.

Test Rates. Test rates are not necessarily indicative of long-term performance or of ultimate recovery. Neither a pressure transient analysis nor a well-test interpretation has been carried out and the data should be considered to be preliminary until such analysis or interpretation has been done.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Contact

Granite Oil Corp.
Michael Kabanuk
President & CEO
(403) 984-6335
Granite Oil Corp.
Jonathan Fleming
E.V.P.
(403) 984-6328
www.graniteoil.ca