

CALGARY, ALBERTA--(Marketwired - Oct 5, 2015) - [Shoreline Energy Corp.](#) ("Shoreline" or the "Company") announced today that the Company has entered into a Plan of Sponsorship and Reorganization Agreement with Highbridge Energy Inc. ("Highbridge"), a private Alberta company.

Pursuant to Shoreline's application under the *Companies' Creditors Arrangement Act* (the "CCAA"), Shoreline is currently subject to an order dated April 13, 2015 granted by the Court of Queen's Bench of Alberta (the "Court") which, amongst other matters, has appointed Grant Thornton Limited as the Monitor for Shoreline.

Readers are cautioned that the terms of the Plan of Sponsorship and Reorganization Agreement (the "Agreement") may be varied or amended. Accordingly, readers are cautioned that it would be inappropriate to rely on the following summary of the Agreement in making an investment decision or otherwise as a source of factual, business or operational information about the parties or their respective affiliates. This summary also contains forward looking statements and readers are cautioned to review the section entitled "Forward Looking and Cautionary Statements" below.

The Plan of Sponsorship and Reorganization

Under the Plan of Sponsorship and Reorganization (the "Plan"), Highbridge intends, and on or about October 9, 2015, to raise up to \$500,000 by issuing common shares ("Highbridge Common Shares") at a price of \$0.20 per Highbridge Common Share (the "Initial Private Placement") and, subsequently, and on or about October 23, 2015, to raise not less than \$5,000,000 by issuing units of Highbridge ("Highbridge Units") at a price of \$0.70 per Highbridge Unit (the "Secondary Private Placement"). Each Highbridge Unit will consist of one Highbridge Common Share and one Warrant. Each Warrant will entitle the holder to acquire one Highbridge Common Share at an exercise price of \$0.70 for a period of two years from issuance. Pursuant to the Agreement all proceeds of the Initial Private Placement and Secondary Private Placement are to be allocated to consummation of the Plan. In connection with the implementation of the Plan, all options, warrants and other rights to purchase Shoreline common shares will be cancelled. Upon the implementation of the Plan, Shoreline will amalgamate with Highbridge under the *Business Corporations Act* (Alberta) (the "Amalgamation") and the resulting issuer's name will be Highbridge Energy Inc. (the "Resulting Issuer").

If successfully implemented, as a result of the Plan and Amalgamation, among other reorganization matters (i) each outstanding Highbridge shareholder, will receive one Resulting Issuer common share for each Highbridge Common Share held; and (ii) each outstanding Shoreline shareholder, will receive one Resulting Issuer common share for every 35 Shoreline common shares held, resulting in a deemed consolidation of the Shoreline common shares at a ratio of 35:1.

It is proposed that upon implementation of the Plan (i) the secured Shoreline creditors shall each receive cash in satisfaction of their debt up to an amount equal to seventy percent (70%) of the proven claim amount in the Creditor List and the balance of the debt is to be converted to Resulting Issuer common Shares at a deemed price of \$5.00 per share; and (ii) each unsecured Shoreline creditor shall receive cash equal to the lesser of (A) its proven claim; and (B) \$2,500 per claim in satisfaction of its proven claim and the balance of the proven claim will be converted into Resulting Issuer common shares at a deemed price of \$5.00 per share. The Creditor List is the list of claims made by secured and unsecured creditors provided by Shoreline and reviewed by the Monitor, which consists of proven claims and those claims in the process of being proven, disallowed, resolved and settled in accordance with the Claims Process and Stay Extension Order of the Court dated May 13, 2015. It is anticipated that the Shoreline debentureholders will be dealt with as describe below under "*Conditions to Implementation - Highbridge Conditions*".

Conditions to Implementation

The implementation of the Plan is subject to the satisfaction of conditions customary for transactions of this nature, subject to waiver by the applicable party(ies) and/or Court approval, including:

Mutual Conditions

- receipt of the approval of the Plan by the Shoreline creditors in accordance with Section 6(1) of the CCAA on or before November 13, 2015;
- the completion of the Initial Private Placement and the Secondary Private Placement; and
- final Court approval (i.e. the Sanction Order) shall have been granted by no later than November 27, 2015.

Shoreline Conditions

- the receipt of all regulatory, court and third party consents, approvals and authorizations as may be required.

Highbridge Conditions

- the Agreement and the performance of all of Shoreline's obligations thereunder, including, without limitation, Shoreline's obligation to pay a break fee, shall have been approved by the Court by not later than October 13, 2015;

- the receipt of all regulatory, court and third party consents, approvals and authorizations as may be required; and
- prior to the implementation of the Plan, the Shoreline debentureholders shall have converted their debentures into Shoreline common shares such that they shall receive equivalent Resulting Issuer common shares on the same basis as the other unsecured Shoreline creditors and otherwise in accordance with the Shoreline debentureholder indenture.

Additional Terms and Conditions

The Agreement also contains other terms and conditions customary for a transactions of this nature including representations and warranties of each of Shoreline and Highbridge, covenants regarding the conduct of business prior to implementation of the Plan, negative covenants relating to the issuance of securities or the amendment of the parties' constating documents and the agreement to replace the board of directors and officers of Shoreline with nominees specified by Highbridge at closing.

Each of Shoreline and Highbridge have given non-solicitation covenants subject to provisions providing for superior proposals. In the event Shoreline or Highbridge terminates the Agreement in order to enter into a binding written agreement with respect to a Superior Proposal the party terminating the Agreement must pay a break fee of \$100,000.

Further news releases will be provided on an ongoing basis throughout the CCAA process and in respect of the Agreement as may be determined necessary.

About Shoreline Energy Corp.

Shoreline is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas and is currently operating under the CCAA. Additional information regarding Shoreline is available under the Company's profile at www.sedar.com or at the website of the Company's Monitor, Grant Thornton, at www.grantthornton.ca/services/reorg/creditor_updates/shoreline.

Forward-Looking and Cautionary Statements

This news release contains forward-looking statements relating to the CCAA proceedings, the Agreement and the reorganization or restructuring of the capital and strategic alternatives process, business and financial affairs of the Company, the Company's plans and other aspects of the Company's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. The forward-looking statements are based on various assumptions including expectations regarding the completion of the transactions contemplated by the Agreement including the applicable financings and creditor approvals, the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; the Company's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Company to access capital and credit. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: the ability of Shoreline and Highbridge to complete the transactions contemplated by the Agreement as described or at all, risks associated with the level of the Company's debt, the implementation and impact of obtaining any reorganization or restructuring of the current debt and strategic alternatives process, business and financial affairs of the Company, future co-operation of the creditors of the Company, the Company's ability meet its ongoing obligations during the CCAA process and thereafter, the ability to maintain relationships with suppliers, customers, employees and other third parties in light of the Company's current situation and the CCAA proceedings, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; general economic conditions; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Specifically, some of the material risks include the uncertainty involved in the CCAA proceedings and the implementation of the Plan under the CCAA, strategic alternatives and capital restructuring process. Actual timelines associated with the CCAA proceedings may vary from those anticipated in this news release and such variations may be material.

Although Shoreline believes that the expectations represented by such forward-looking statements are reasonable, there can be

no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Shoreline does not undertake any obligation to publicly update or revise any forward-looking statements.

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