CALGARY, ALBERTA--(Marketwired - Dec 10, 2015) - Rock Energy Inc. (TSX:RE) ("Rock" or the "Corporation") announces that it has received from Alberta Treasury Branches ("ATB") and has accepted a term sheet for senior secured revolving credit facilities in the aggregate principal amount of up to $75 million (collectively, the "New Credit Facilities") which will replace the Corporation's current credit facility with a different lender. The New Credit Facilities will consist of a syndicated credit facility in the principal amount of up to $65 million and an operating credit facility in the principal amount of up to $10 million. The New Credit Facilities will have a revolving period of one year, with the initial period ending May 31, 2016. The New Credit Facilities will be extendible annually, and if not extended will automatically convert to a one year non-revolving term loan. The implementation of the New Credit Facilities is subject to usual and customary conditions including finalizing the lending syndicate, the execution of formal documents and the registration of security.

Rock's total net debt at the end of its third fiscal quarter 2015 was $63.4 million, which was 1.6 times funds from operations for such fiscal quarter annualized, well below the availability under the Corporation's existing credit facility. The Corporation is forecasting to further reduce its net debt by the end of the year with forecasted funds from operations to exceed spending in the fourth quarter.

Rock's President and CEO Allen Bey commented, "We are excited to announce this new partnership with ATB, which we believe demonstrates the strength of Rock's asset base in the current price environment. This committed facility contains no special covenants, and is a significant improvement over our previous demand credit facility. We see this as an important step in achieving financial flexibility to execute our capital spending plan for 2016, particularly during these uncertain times."

In order to ensure that Rock maintains credit facilities until the new arrangements are in place, the Corporation has agreed to renew its current credit facility (the "Current Credit Facility"). The Current Credit Facility has been amended to provide a borrowing base of $75 million for the interim period ending February 1, 2016. The Corporation has agreed to cap drawn balances during this interim period to $65 million.

Additional-GAAP Measures

Funds from operations

This document contains the term "funds from operations" which does not have any standardized meaning prescribed by GAAP and should not be considered an alternative to, or more meaningful than, "cash flow from operating activities" as determined in accordance with GAAP as a measure of the Corporation's performance. Funds from operations or funds from operations per share may not be comparable with the calculation of similar measures for other entities. Funds from operations as used in this document represent cash from operating activities before changes in non-cash working capital and decommissioning expenditures. Management believes that funds from operations represent both an indicator of the Corporation's performance and a funding source for ongoing operations.

Other additional GAAP measures

This document also contains the terms "adjusted working capital deficiency" and "net debt" which do not have any standardized meaning prescribed by GAAP and may not be comparable with the calculation of similar measures for other entities.

Working capital is defined as the difference between current assets and current liabilities. Working capital (deficiency) is the term used when the difference between current assets and current liabilities is a negative number which is quite common in the oil and gas industry. Adjusted working capital, and adjusted working capital deficiency have been calculated excluding the unrealized gains on commodity price contracts from current assets and the unrealized losses on commodity price contracts and bank debt from current liabilities. Adjusted working capital and adjusted working capital (deficiency) represent operating liquidity available to the business and are included in the definition of the additional GAAP term "net debt".

Net debt has been calculated as bank debt plus adjusted working capital or adjusted working capital (deficiency). Net debt is used to calculate the debt-to-annualized-funds from operations ratio. Management believes these measures are useful supplementary measures of the total amount of current and long-term debt. Total capitalization is calculated as net debt plus shareholders' equity. Management believes this measure is a useful supplementary measure of the Corporation's managed capital.

Forward-Looking Statements and Advisories

Certain statements contained in this document may constitute forward-looking statements. 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", "budget", "plan", "continue", "estimate", "expect", "forecast", "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. The Corporation believes that the expectations reflected in these 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 document should not be unduly relied upon. These statements speak only as of the date of this document. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable law.

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