

CALGARY, Feb. 1, 2016 /CNW/ - [Petromanas Energy Inc.](#) ("Petromanas" or the "Company") (TSXV: PMI) today announced that it has entered into a Sale and Purchase Agreement (the "Agreement") with Shell Upstream Albania B.V. ("Shell"), a wholly-owned subsidiary of Royal Dutch Shell plc, pursuant to which Shell has agreed to acquire all of Petromanas' Albanian assets for aggregate gross proceeds of US\$45 million (subject to closing adjustments) (the "Proposed Transaction"). The Proposed Transaction is expected to close on or about March 15, 2016 and is subject to customary closing conditions including applicable regulatory approvals, as well as Petromanas shareholder approval.

The Proposed Transaction

Petromanas Albania GmbH ("PAG"), a wholly-owned subsidiary of the Company, and Shell are parties to a production sharing contract in onshore Albania (the "Block 2-3 PSC") and are parties to a joint operating agreement for the Block 2-3 PSC dated February 9, 2012 (the "JOA"). On August 5, 2015, PAG and Shell were awarded the right to negotiate a production sharing contract for Block 4 onshore in Albania (the "Block 4 Right"). The Company and Shell currently hold, respectively, a 25% and 75% participating interest in the Block 2-3 PSC, the JOA and the Block 4 Right. Under the terms of the Agreement, the Company will dispose of its 25% participating interest in the Block 2-3 PSC (including Operatorship), the JOA and the Block 4 Right to Shell. US\$5 million of the gross proceeds from the Proposed Transaction (the "Escrow Funds") will be held in escrow and not released to Petromanas until the expiration of the indemnity period under the Agreement, being six months following the closing date of the Proposed Transaction.

The Company believes that the Proposed Transaction will provide significant benefits as it is intended to allow the Company to return capital to shareholders, wind down the Company's Albanian operations in an orderly manner and provide sufficient capital for the Company to reorganize itself, including making strategic decisions on its assets in France. The board of directors (the "Board") and management of the Company believe that the Proposed Transaction is in the best interests of the Company.

Return of Capital

Following closing of the Proposed Transaction, determination of post-closing adjustments and subject to shareholder and regulatory approval, Petromanas intends to make a special distribution to shareholders (the "Distribution"). The Distribution is intended to be a return of capital and will be funded primarily from the net proceeds of the Proposed Transaction but will also include approximately US\$3 million of working capital. Petromanas anticipates that an aggregate of approximately US\$43 million will be available for distribution to shareholders following closing of the Proposed Transaction, which, subject to currency exchange fluctuations, would result in a distribution to Petromanas shareholders of approximately CAD\$0.08 to CAD\$0.09 per share. The Company anticipates fixing a record date in respect of the Distribution once final closing adjustments have been determined.

Shareholder Meeting

A special meeting (the "Meeting") of the shareholders of common shares of the Company is expected to be held in Calgary on or about March 14, 2016. The Proposed Transaction and the Distribution will require the approval of the shareholders of Petromanas by way of special resolution of two-thirds of the shareholders present in person or represented by proxy at the Meeting.

The Board has carefully reviewed and considered the terms and conditions of the Agreement and, after consultation with its financial and legal advisors, has unanimously determined that the Proposed Transaction and the Distribution are in the best interests of the Company. Accordingly, the Board unanimously recommends that shareholders vote in favour of the resolutions to approve the Proposed Transaction and the Distribution.

Strategic Process

The Proposed Transaction is expected to conclude the Company's previously announced strategic process. In October 2014, and based on the costs associated with drilling the Shpirag-2 and Molisht-1 wells, management entered into a strategic process to identify and review all options to support the financial requirements of a longer-term appraisal and development of Blocks 2-3. The Company retained Peters & Co. Limited ("Peters & Co.") to act as its financial advisor in connection with such review process. The Board has received an opinion from Peters & Co. that the consideration to be received by the Company under the Agreement is fair from a financial perspective to Petromanas. Norton Rose Fulbright Canada LLP and Fasken Martineau DuMoulin LLP acted as legal counsel to Petromanas.

Update on Assets in France and Australia

Petromanas has also previously announced marketing initiatives to identify opportunities to further develop its assets in both France and Australia. The Company believes in the value of its French assets and intends to continue supporting the marketing initiative going forward. The Company intends to allocate sufficient capital from the net proceeds of the Proposed Transaction, including retention of the Escrow Funds, to support its activities in France and for general corporate purposes. Based on current

market conditions, reduced interest from potential partners, and the higher risk profile of its Australian assets, Petromanas has elected to terminate the process for its Australian assets and has submitted a letter to the Western Australian Department of Mines and Petroleum to relinquish its exploration licenses (EP 464 and EP 486) in the Canning Basin.

About [Petromanas Energy Inc.](#)

[Petromanas Energy Inc.](#) is an international oil and gas company focused on the exploration and development of its assets in Albania. Petromanas, through its wholly-owned subsidiary, holds a Production Sharing Contract ("PSC") with the Albanian government. Under the terms of the PSC, Petromanas has a 25% working interest in Blocks 2-3 that comprises approximately 638,000 gross acres across Albania's Berati thrust belt. Petromanas also holds exploration assets in France and Australia.

This press release contains certain "forward-looking information" or "forward-looking statements" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, the expectations, estimates and projections of management of Petromanas as of the date of this news release, unless otherwise stated. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this press release contains forward-looking information concerning the future performance of the Company, including but not limited to completion of the Proposed Transaction, the amount of the Distribution, payment of the Distribution, the anticipated benefits to the Company and its shareholders of the same, the amount of any post-closing adjustments and the release of the Escrow Funds. In respect of the forward-looking information concerning the future performance of the Company, Petromanas has provided such in reliance on certain assumptions that it believes are reasonable on the date the statements were made, including assumptions as to the value of the Company's Albanian assets, the amount of the net proceeds from the Proposed Transaction, the advantages of the Distribution by way of return of capital, estimated exchange rate fluctuations, the Company's ability to meet its capital and operational commitments, the ability of Petromanas to receive, in a timely manner, applicable regulatory and governmental approvals; and expectations and assumptions concerning, among other things: commodity prices and interest and foreign exchange rates; capital efficiencies and cost-savings; applicable tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; anticipated post-closing adjustments; and the availability and cost of labour and services. No assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance. Accordingly, readers should not place undue reliance on the forward-looking information contained in this press release.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which Petromanas operates in general such as operational and exploration risks; the variability of closing adjustments; delays or changes in plans with respect to growth projects or capital expenditures; delays in obtaining or the failure to obtain governmental approvals, permits or financing or political risks in the completion of development or construction activities; access to drilling rigs, completion equipment, seismic equipment and operational personnel; costs and expenses; political risks; risks of litigation; title disputes; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. There is a specific risk that the Company may be unable to complete the Proposed Transaction and the Distribution in the manner described in this press release or at all. If the Company is unable to complete the Proposed Transaction there could be a material adverse impact on the Company and on the value of the Company's securities. There is a risk that the Company's shareholders will not approve the special resolutions at the special meeting of shareholders or that the Proposed Transaction and the Distribution will not be approved by the applicable regulatory authorities. Should the special resolutions not be approved by the Company's shareholders, the Agreement will terminate and be of no further force or effect following termination of the special meeting.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of Petromanas are included in reports on file with applicable securities regulatory authorities, including but not limited to; Petromanas' Annual Information Form for the year ended December 31, 2014, which may be accessed on Petromanas' SEDAR profile at www.sedar.com.

The forward-looking information contained in this press release is made as of the date hereof and Petromanas disclaims any intention or obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Petromanas Energy Inc.](#)

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