

CALGARY, ALBERTA--(Marketwired - Mar 20, 2017) - [Pengrowth Energy Corp.](#) (TSX:PGF)(NYSE:PGH) (the "Company" or "Pengrowth") today announced that it has entered into an agreement for the sale of a portion of its Swan Hills assets in North Central Alberta for total cash consideration of \$180 million, subject to customary adjustments.

The sale of the Swan Hills assets is in keeping with the Company's strategy to de-lever its balance sheet while allowing it to streamline and high-grade its remaining portfolio, and to concentrate on its core assets that are expected to position the Company for substantial per share increases in reserves, production and cash flow.

The divested assets generated average daily production of approximately 4,920 barrels of oil equivalent per day (boe per day) (weighted approximately 82 percent towards liquids) during the fourth quarter of 2016 and had Proved plus Probable (2P) reserves of 31 million boe as at December 31, 2016, according to the independent reserve evaluators GLJ Petroleum Consultants Ltd.

This transaction will allow Pengrowth to further reduce its level of debt. The Company expects to use a portion of the sale proceeds to pre-pay the remaining outstanding US \$100 million (equivalent Cdn \$134 million) of the 6.35% senior term notes which are scheduled to mature on July 26, 2017. Following this prepayment, Pengrowth will have no outstanding debt maturities in 2017 and the Company's proforma net debt as of May 31, 2017 will fall to approximately Cdn \$970 million.

The effective date of the sale is January 1, 2017 and closing is expected to occur on May 31, 2017, subject to the receipt of all necessary regulatory approvals and the satisfaction of other customary closing conditions.

In light of the announced transaction, Pengrowth is taking this opportunity to update its 2017 corporate guidance to reflect the changes that result from the sale and its increased concentration on its core assets. Full year 2017 average production guidance is expected to be impacted by approximately 3,100 boe per day, resulting in revised 2017 production to be between 47,000 and 49,000 boe per day. The remaining changes to 2017 guidance resulting from the sale are outlined in the table below:

	Original Guidance	Revised Guidance
Average daily production (boe per day)	50,000 to 52,000	47,000 to 49,000
Total capital expenditures (\$ millions)	125	125
Funds flow from operations ¹ (\$ millions)	195	170
Royalties ² (% of sales)	9.0	9.0
Operating costs ³ (\$ per boe)	13.25 to 13.75	13.00 to 13.50
Cash G & A ³ (\$ per boe)	3.50 to 4.00	3.50 to 4.00

1. Based on a WTI crude oil price of US \$55.00/bbl, an AECO natural gas price of Cdn \$3.25/Mcf and a \$0.74 USD/Cdn exchange rate

2. Royalties are before impacts of commodity risk management activities

3. Per boe estimates based on high and low ends of production guidance

About Pengrowth:

[Pengrowth Energy Corp.](#) is an intermediate Canadian producer of oil and natural gas, headquartered in Calgary, Alberta. Pengrowth's assets include the Lindbergh thermal oil, Cardium light oil, Swan Hills light oil and the Groundbirch and Bernadet Montney gas projects. Pengrowth's shares trade on both the Toronto Stock Exchange under the symbol "PGF" and on the New York Stock Exchange under the symbol "PGH".

[Pengrowth Energy Corp.](#)

Derek Evans, President and Chief Executive Officer

For further information about Pengrowth, please visit our website www.pengrowth.com or contact:

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About the Purchaser:

The purchaser of the Swan Hills assets is a private corporation, headquartered in Calgary, focused on light oil exploitation and development in central Alberta. Deloitte Corporate Finance acted as exclusive financial advisor and agent to the purchaser in structuring and financing the transaction. Burgess Energy Advisors and Shea Nerland Law acted as legal advisors to the purchaser.

Advisories:

Currency:

All amounts are stated in Canadian dollars unless otherwise specified.

Advisory Regarding Reserves and Production Information

All reserves and production information herein is based upon Pengrowth's company interest (Pengrowth's working interest share of reserves or production plus Pengrowth's royalty interest, being Pengrowth's interest in production and payment that is based on the gross production at the wellhead), before deduction of royalty obligations and using GLJ's January 1, 2017 forecast prices and costs as disclosed herein. Numbers presented may not add due to rounding.

Caution Regarding Engineering Terms:

When used herein, the term "boe" means barrels of oil equivalent on the basis of one boe being equal to one barrel of oil or NGLs or 6,000 cubic feet of natural gas (6 mcf: 1 bbl). Barrels of oil equivalent may be misleading, particularly if used in isolation. A conversion ratio of six mcf of natural gas to one boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Caution Regarding Forward Looking Information:

In the interest of providing our shareholders and potential investors with information regarding us, including management's assessment of our future plans and operations, certain statements in this press release are forward-looking statements within the meaning of securities laws, including the "safe harbour" provisions of the Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "intend", "forecast", "target", "project", "guidance", "may", "will", "should", "could", "estimate", "predict" or similar words suggesting future outcomes or language suggesting an outlook. Forward-looking statements in this press release include, but are not limited to, expected disposition proceeds and the application thereof to reduce indebtedness; proforma indebtedness, anticipated closing date and expected 2017 average daily production, capital expenditures, funds flow from operations, royalties, operating costs and cash G&A. Forward-looking statements and information are based on current beliefs as well as assumptions made by and information currently available to Pengrowth concerning anticipated financial performance, business prospects, strategies and regulatory developments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: changes in general economic, market and business conditions; the volatility of oil and gas prices; fluctuations in production and development costs and capital expenditures; the imprecision of reserve estimates and estimates of recoverable quantities of oil, natural gas and liquids; Pengrowth's ability to replace and expand oil and gas reserves; geological, technical, drilling and processing problems and other difficulties in producing reserves; environmental claims and liabilities; incorrect assessments of value when making acquisitions; increases in debt service charges; the loss of key personnel; the marketability of production; defaults by third party operators; unforeseen title defects; fluctuations in foreign currency and exchange rates; fluctuations in interest rates; inadequate insurance coverage; compliance with environmental laws and regulations; actions by governmental or regulatory agencies, including changes in tax laws; Pengrowth's ability to access external sources of debt and equity capital; the impact of foreign and domestic government programs and the occurrence of unexpected events involved in the operation and development of oil and gas properties. Further information regarding these factors may be found under the heading "Business Risks" in our most recent management's discussion and analysis and under "Risk Factors" in our Annual Information Form dated February 28, 2017.

The foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Furthermore, the forward-looking statements contained in this press release are made as of the date of this press release, and Pengrowth does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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