

Petroshale Announces Increase to Financing

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CALGARY, July 16, 2018 /CNW/ - [PetroShale Inc.](#) ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) is pleased to announce that due to substantial interest it has increased the size of its previously announced non-brokered private placement financing (the "Concurrent Private Placement") of subscription receipts ("Subscription Receipts"), at an issue price of \$1.85 per Subscription Receipt, from 5,405,405 Subscription Receipts to 6,756,905 Subscription Receipts for total gross proceeds of \$12,500,275.

As previously announced, the Company has also entered into an agreement with a syndicate of underwriters led by Hsiao Securities Inc. and including Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc. and Peters & C. (collectively, the "Underwriters") whereby the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 21,622,000 Subscription Receipts at a price of \$1.85 per Subscription Receipt for total gross proceeds of \$40 million ("Bought Deal Financing" and together with the Concurrent Private Placement, the "Financings"). The Company has been pleased that the Bought Deal Financing was met with strong investor interest and was oversubscribed. The Underwriters will have the option to purchase up to an additional 3,243,300 Subscription Receipts issued under the Bought Deal Financing to cover over-allotments, if any, exercisable in whole or in part at any time until 30 days after the closing date of the Bought Deal Financing. The Subscription Receipts issuable pursuant to the Bought Deal Financing will be distributed by way of a short form prospectus in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and certain other jurisdictions as the Company and the Underwriters may agree on a private placement basis. The terms of the Bought Deal Financing remain unchanged. Closed-end financings are expected to occur on or about August 14, 2018.

The net proceeds from the Financings will be used to partially fund the purchase price of the Company's previously announced acquisition of light oil-weighted assets in its core focus area in the North Dakota Bakken (the "Acquisition"), with the balance funded by a draw of approximately US\$15.7 million under PetroShale's senior credit facility, assuming the over-allotment option is not exercised. The borrowing capacity of PetroShale's senior credit facility will be increased to US\$92 million following completion of the Acquisition and, assuming the over-allotment option is not exercised, PetroShale will have approximately US\$44 million undrawn credit capacity following closing of the Acquisition and the Financings.

The gross proceeds from the sale of Subscription Receipts pursuant to the Financings will be held in escrow pending the completion of the Acquisition. If all outstanding conditions to the completion of the Acquisition (other than funding) are satisfied and necessary approvals for the Financings and the Acquisition have been obtained on or before September 17, 2018 (subject to extension as agreed to by the Underwriters and the Company), the net proceeds from the sale of the Subscription Receipts will be released from escrow to the Company to fund a portion of the purchase price for the Acquisition and each Subscription Receipt will be exchanged for one common voting share of the Company for no additional consideration and without any action on the part of the holder.

Following completion of the Acquisition and the Financings (after giving effect to the increase to the Concurrent Private Placement), the Company's production, capital and liquidity will be as follows:

	Current	Pro Forma
Common shares outstanding ⁽¹⁾⁽²⁾	159.2 million	187.5 million
Senior credit facility drawn ⁽¹⁾	US\$32 million	US\$48 million
Senior credit facility undrawn capacity	US\$50 million	US\$44 million
Daily production (boe/d)	~6,100	~6,650

- (1) Assumes the Financings are completed without exercise of the over-allotment option.
- (2) Does not include the 75,000 preferred shares or 39,308,176 special voting shares owned by FR XIII PetroShale Holdings L.P.

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About PetroShale

PetroShale is an oil company engaged in the acquisition, development and consolidation of interests in the North Dakota Bakken / Three Forks.

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Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of PetroShale's anticipated future operations and financial, operating and drilling and development plans and results. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: the use of proceeds of the Financings; the amount to be drawn from the Company's credit facility to partially fund the purchase price of the Acquisition; increases to PetroShale's credit facility as a result of the Acquisition; the Company's outstanding share count, debt and production after giving effect to the Acquisition and the Financings; the undrawn capacity of the Company's credit facility following closing of the Acquisition and other matters ancillary or incidental to the foregoing.

Forward-looking information typically uses words such as "anticipate", "believe", "project", "target", "guidance", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by PetroShale's management, including the completion of the Acquisition and the Financings on the terms and timing contemplated herein.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because PetroShale can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on PetroShale's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect PetroShale's operations or financial results are included in reports on file

with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and PetroShale disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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Contact

[PetroShale Inc.](#), Attention: President and CEO, Email: Info@PetroShaleInc.com, Phone: +1.303.297.1407, www.petroshaleinc.com; or Cindy Gray, 5 Quarters Investor Relations, Inc., 403.828.0146 or info@5qir.com

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