

# PetroShale announces closing of subscription receipt financings for total gross proceeds of \$58.5 million

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CALGARY, Aug. 14, 2018 - [PetroShale Inc.](#) ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) is pleased to announce the closing today of its previously announced bought deal prospectus offering of subscription receipts (the "Bought Deal Financing") and its previously announced non-brokered private placement of subscription receipts (the "Concurrent Private Placement" and together with the Bought Deal Financing, the "Financings").

Pursuant to the Bought Deal Financing, the Company issued 24,865,300 subscription receipts at a price of \$1.85 per subscription receipt for aggregate gross proceeds of \$46 million, which includes the full exercise of the over-allotment option granted to the underwriters. The Bought Deal Financing was conducted by a syndicate of underwriters led by Haywood Securities Inc. and included Canaccord Genuity Corp., National Bank Financial Inc., Scotia Capital Inc. and Peters & Co. Limited. It is anticipated that the subscription receipts issued pursuant to the Bought Deal Financing will be listed and posted for trading on the TSX Venture Exchange ("TSXV") under the symbol PSH.R at the open of markets today.

Pursuant to the Concurrent Private Placement, PetroShale issued an aggregate of 6,756,905 subscription receipts on a private placement basis at a price of \$1.85 per subscription receipt for aggregate gross proceeds of \$12.5 million. In connection with the Concurrent Private Placement, an entity controlled by Mr. M. Bruce Chernoff, the Executive Chairman of the Company, acquired \$5 million of subscription receipts and FR XIII PetroShale Holding L.P. ("First Reserve"), the holder of the Company's outstanding preferred shares, also acquired \$5 million of subscription receipts.

The Financings were completed in connection with the Company's proposed acquisition of high quality, light oil-weighted assets in the core of our focus area in the North Dakota Bakken that was announced on July 12, 2018 (the "Acquisition"). The aggregate gross proceeds from the Financings of \$58.5 million 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 met and all necessary approvals for the Financings and the Acquisition have been obtained on or before September 17, 2018 (subject to extension in certain circumstances), 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 (with the balance funded by an additional draw of approximately US\$5.9 million under PetroShale's senior credit facility) and each Subscription Receipt will be exchanged for one common voting share ("Common Share") of the Company for no additional consideration and without any action on the part of the holder. The Company currently expects to complete the Acquisition on or about August 17, 2018.

## Early Warning Matters

Pursuant to the Concurrent Private Placement, Hawthorne Energy Ltd., an entity controlled by Mr. M. Bruce Chernoff, acquired 2,702,703 subscription receipts. Mr. Chernoff (directly or indirectly) currently beneficially owns, or exercises control or direction over, 58,253,083 Common Shares or approximately 36.6% of the issued and outstanding Common Shares (on a non-diluted basis) and approximately 29.4% of all issued and outstanding voting shares of the Corporation (on a non-diluted basis), in each case prior to giving effect to the issuance of any Common Shares on conversion of the subscription receipts issued pursuant to the Financings. Upon the issuance of Common Shares pursuant to the terms of the subscription receipts issued pursuant to the Financings, Mr. Chernoff will beneficially own, or exercise control or direction over, directly or

indirectly, an aggregate of 60,955,786 Common Shares, representing approximately 31.9% of the then issued and outstanding Common Shares (26.5% of the then issued and outstanding voting shares). Mr. Chernoff acquired the 2,702,703 subscription receipts described herein for investment purposes. Mr. Chernoff may, depending on market and other conditions, increase or decrease his ownership of Common Shares or other securities of the Company, whether in the open market, by privately negotiated agreement or otherwise. Mr. Chernoff will file an early warning report, pursuant to National Instrument 62-103, in respect of his acquisition of the subscription receipts, and this report will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting Mr. Chernoff at Suite 3230, 421 &#8211; 7th Avenue SW Calgary, Alberta T2P 4K9 Phone: (403) 266-1717.

Pursuant to the Concurrent Private Placement, First Reserve acquired 2,702,702 subscription receipts. First Reserve currently beneficially owns, or exercises control or direction over, nil Common Shares, 75,000 series A preferred shares ("Subsidiary Preferred Shares") in the capital of the Company's subsidiary, PetroShale (US), Inc., which are exchangeable for Common Shares, and 39,308,176 Series 1, Class A Preferred Shares of the Company ("Special Voting Shares") which entitle First Reserve to the "as-exchanged" voting rights of the Subsidiary Preferred Shares, representing all outstanding Subsidiary Preferred Shares and Special Voting Shares and approximately 19.8% of all issued and outstanding voting shares of the Corporation (on a non-diluted basis), in each case prior to giving effect to the issuance of any Common Shares on conversion of the subscription receipts issued pursuant to the Financings. Upon the issuance of Common Shares pursuant to the terms of the subscription receipts issued pursuant to the Financings, First Reserve will beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 2,702,702 Common Shares and 39,308,176 Special Voting Shares, representing approximately 18.3% of the then issued and outstanding voting shares, in addition to the 75,000 Subsidiary Preferred Shares. First Reserve acquired the 2,702,702 subscription receipts described herein for investment purposes. First Reserve may, depending on market and other conditions, increase or decrease its ownership of Common Shares or other securities of the Company, whether in the open market, by privately negotiated agreement or otherwise. First Reserve will file an early warning report, pursuant to National Instrument 62-103, in respect of his acquisition of the subscription receipts, and this report will be available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or by contacting First Reserve's media representatives at (212) 355-4449.

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an exemption from registration. The securities will not be publicly offered in the United States. The securities have not been and will not be registered under the U.S. Securities Act, or any state securities laws.

#### About PetroShale

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

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.

#### READER ADVISORIES

##### 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 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; the trading of the subscription receipts on the TSXV, the 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 expected closing date thereof) and the

Financings on the terms and timing contemplated herein and the satisfaction of the conditions to the completion on the Acquisition (and the release of the funds to the Company pursuant to the Financings).

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.

#### Contact

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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](http://www.sedar.com)) or [Rohstoff-Welt.de](http://Rohstoff-Welt.de)

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**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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