



Press Release

For Immediate Release

## **Pétrolia Announces Closing of the Pieridae Private Placement and Third Amendment to Arrangement Agreement**

**Québec, August 28, 2017 : Pétrolia Inc. (PEA-TSXV) ("Pétrolia" or the "Company")** is pleased to announce that Pieridae Energy Limited ("**Pieridae**") closed its previously announced private placement earlier today through a syndicate of agents co-led by Laurentian Bank Securities Inc. and National Bank Financial Inc. and including Desjardins Securities Inc. (the "**Pieridae Private Placement**") for gross proceeds of \$25,651,625, which included the issuance of 1,970,600 subscription receipts at a subscription price of \$12.50 per subscription receipt which, immediately prior to the completion of the previously announced planned amalgamation between Pieridae and Pétrolia by way of a plan of arrangement (the "**Arrangement**") under section 192 of the *Canada Business Corporations Act*, will be converted into Pieridae common shares ("**Pieridae Shares**") and exchanged for common shares ("**Amalco Shares**") of the amalgamated company ("**Amalco**") as part of the Arrangement and commission of \$1,019,125 to be satisfied by the issuance of 81,530 Pieridae Shares to the agents. In addition, the full amount of the USD \$5,000,000 debenture held by Alfred Sorensen Holdings Ltd. (the "**Pieridae Debenture**") will be converted into Pieridae Shares immediately prior to closing of the Arrangement. The reduction of the Pieridae Private Placement amount from the initially announced \$50,000,000 (less the amount of the Pieridae Debenture) to approximately \$31,700,000 (less the amount of the Pieridae Debenture) will be entirely offset by the inclusion of \$10,250,000 of the amount of the Anticosti Settlement (as defined below) as part of the working capital to be used by Amalco, and by the transformation of certain accounts payable by Pieridae to creditors into long term liabilities.

### **Third Amendment to Arrangement Agreement**

Pétrolia also announces that it has entered into an agreement with Pieridae (the "**Third Amendment**") to amend certain provisions of the arrangement agreement executed on May 15, 2017, as amended on June 28, 2017 and July 21, 2017, with Pieridae (the "**Arrangement Agreement**"). Considering (i) the reduced amount of the Pieridae Private Placement and (ii) the \$20,500,000 compensation to be received by Pétrolia further to the previously announced settlement with the Government of Québec with respect to the cessation of oil and gas exploration and development activities on Anticosti Island (the "**Anticosti Settlement**"), Pieridae and Pétrolia agreed to lower the exchange ratio by which each Pieridae Share will be exchanged for Amalco Shares from 2.74123 to 2.2057526 as part of the Arrangement. Accordingly, it is expected that the holders of Pétrolia common shares will hold approximately 18.40%, and the holders of Pieridae Shares will hold approximately 81.60%, of the outstanding Amalco Shares after completion of the Arrangement. Based on the foregoing amendment, the value to be paid for the Pétrolia common shares has been increased to \$0.4723 per share, being 286% of the closing price of Pétrolia's common shares on the TSX Venture Exchange on May 12, 2017.

Further to the Anticosti Settlement, Pétrolia and Pieridae agreed to modify the first step of the Arrangement so that the dividend that is to be declared by Pétrolia on a *pro rata* basis on the total of Pétrolia common shares held by non-dissenting Pétrolia shareholders at the time of the Arrangement be paid in cash instead of in preferred shares, as was previously announced. Such dividend will be of an aggregate amount of \$9,012,002, equal to \$0.0831 per Pétrolia common share, and will be paid out by Pétrolia on the closing date of the Arrangement to its transfer agent for distribution to Pétrolia shareholders thereafter. This amount is equal to 50% of the Anticosti Settlement amount less the amount of taxes that would be payable on such amounts prior to the use of any existing tax pools of Pétrolia. The Arrangement Agreement is also amended in order for the completion of the Arrangement to be conditional on the reception by Pétrolia of the Anticosti Settlement funds. It is expected that Ressources Québec Inc., which holds 15,047,254 common shares and 4,002,500 warrants of Pétrolia will enter into

a support agreement, pooling agreement and an escrow agreement pursuant to which it will vote its Pétrolia common shares in favour of the Arrangement and will be subject to certain resale restrictions. Following completion of the Arrangement, it is expected that Ressources Québec Inc. will hold approximately 2.55% of the total issued and outstanding Amalco Shares.

All terms and conditions of the Arrangement Agreement, as previously amended, not modified by the Third Amendment remain unchanged. For further details with respect to the material terms of the Arrangement, please refer to Pétrolia's press release dated May 15, 2017 and the Arrangement Agreement which, together with the First Amendment dated June 28, 2017, the Second Amendment dated July 21, 2017 and the Third Amendment are available on the Company's SEDAR profile on [www.sedar.com](http://www.sedar.com). In addition, in order to allow for a better understanding of the transaction, a "frequently asked questions" for investors is available on-line on Pétrolia's website, [www.petrolia-inc.com](http://www.petrolia-inc.com).

### **Additional Information**

*Trading of the Pétrolia Common Shares remains halted at least until the reception, to the satisfaction of the TSX Venture Exchange Inc. (the "Exchange") and according to its applicable policies, of the documents necessary to resume trading. Pétrolia will issue a further news release when the trading of the Pétrolia common shares is to resume.*

*Pétrolia and Pieridae are working to complete the next steps and to satisfy the conditions of the Arrangement. When additional information becomes available, a press release will be issued.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, the Exchange's acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Pétrolia should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

### **About Pétrolia**

*Pétrolia is a junior oil and gas exploration company that is a leader in Quebec oil and gas prospection and its vision is to develop hydrocarbons, by people here, for here. The social and environmental dimensions are a major concern of Pétrolia and its exploration process. Pétrolia has 108,399,683 shares issued and outstanding.*

### **Disclaimer**

*Certain statements made herein may constitute forward-looking statements. These statements relate to future events or the future economic performance of Pétrolia and carry known and unknown risks, uncertainties and other factors that may appreciably affect their results, economic performance or accomplishments when considered in light of the content or implications or statements made by Pétrolia. Actual events or results could be significantly different. Accordingly, investors should not place undue reliance on forward-looking statements. Pétrolia disclaims any intention or obligation to update these forward-looking statements.*

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.

**For additional information**

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