



## PETROFRONTIER CORP. ANNOUNCES PROPOSED FINANCING

Calgary, Alberta - October 9, 2019 - PetroFrontier Corp. ("**PetroFrontier**") (TSX-V: PFC) is pleased to announce that it has entered into a letter of intent and related term sheet with an arm's-length third party funder whereby the third party funder and its affiliates (collectively, the "**Funder**") will provide funding to allow PetroFrontier to further develop its interests in the Cold Lake and Wabasca areas of Alberta (the "**Proposed Funding Transaction**"). Pursuant to the term sheet, the Proposed Funding Transaction will proceed as follows:

- (a) a limited partnership (the "**Limited Partnership**") will be formed as an Alberta limited partnership;
- (b) PetroFrontier will assign all of its petroleum and natural gas interests (the "**Assets**") to the Limited Partnership in exchange for 99% of the units of the Limited Partnership (the "**LP Units**");
- (c) PetroFrontier will enter into an operating agreement with the Limited Partnership to provide operating services with respect to the Assets;
- (d) a new Alberta corporation will be formed to act as general partner for the Limited Partnership (the "**General Partner**") which will manage the business and affairs of the Limited Partnership. The General Partner will be jointly owned by PetroFrontier and the Funder, and a unanimous shareholders agreement will be entered into;
- (e) The Funder will lend to the Limited Partnership the principal sum of up to \$28 million to be advanced in three separate tranches, subject to meeting applicable conditions precedent; (i) an \$8 million first tranche to be advanced on the closing date of the Proposed Transaction; (ii) a \$10 million second tranche to be advanced on or before the first anniversary of the first tranche; and (iii) a \$10 million third tranche to be advanced on or before the second anniversary of the first tranche (each tranche being an "**Advance**"). The second and third Advances are to be made in the sole discretion of the Funder;
- (f) Interest on the principal sum of the Advances is 5% per annum until maturity, subject to adjustment in certain events. The principal sum of the Advances will be secured by a convertible debenture granting a first priority security interest over all of the assets and property of the Limited Partnership (including the Assets) and will include both positive and negative covenants. The principal sum matures on the earlier of the second anniversary of the last Advance made by the Funder or one year after the Funder has advised PetroFrontier that it does not intend to exercise its conversion option. The Funder has the right at any time before the second anniversary of the second Advance to elect to convert the entire principal sum of all Advances, plus interest, into that number of LP Units that will give effect to the Funder owning an equal 50% of the issued and outstanding LP Units; and
- (g) The Funder will subscribe for a minimum of \$990,000 up to a maximum of \$1,990,000 of common shares of PetroFrontier pursuant to a private placement at a price to be set in the context of the market, and subject to the TSX Venture Exchange Inc.'s (the "**Exchange**") discount requirements.

Pursuant to the binding terms of the letter of intent, PetroFrontier has agreed to provide the Funder with exclusivity to complete the Proposed Funding Transaction for a 90-day period and to not solicit or encourage any proposals from any other person. In addition to requisite approvals, the Proposed Funding Transaction remains subject to completion of due diligence by the Funder. The Funder may recover up to \$200,000 in transaction costs under certain circumstances including if PetroFrontier elects to terminate the letter of intent prior to January 31, 2020. PetroFrontier has also agreed to pay the Funder a \$2 million break fee if an alternate proposal is accepted by PetroFrontier.

The Proposed Funding Transaction is expected to close in December, 2019 subject to certain conditions and regulatory approvals.

Trading in the common shares of PetroFrontier has been halted and is not expected to resume trading until the Proposed Funding Transaction has been completed or until the Exchange receives the requisite documentation to resume trading.

### **Conditions Precedent**

Closing of the Proposed Funding Transaction remains subject to certain conditions precedent. These include the execution of the definitive agreements, obtaining requisite approvals including the approval of the Exchange and shareholder approval. In that regard, PetroFrontier has called an annual and special meeting of its shareholders to be held on December 10, 2019. There can be no assurance that the transactions will be completed as proposed or at all.

PetroFrontier will provide additional details regarding the Proposed Funding Transaction in subsequent news releases.

### **About PetroFrontier Corp.**

PetroFrontier is a junior energy company currently focused on developing two Mannville heavy oil plays in the Cold Lake and Wabasca areas of Alberta.

PetroFrontier's head office is in Calgary, Alberta and its common shares are listed for trading on the Exchange under the symbol "PFC".

### **Forward-Looking Statements**

**This press release may contain forward-looking information that involves substantial known and unknown risks and uncertainties, most of which are beyond the control of PetroFrontier, including, without limitation, statements pertaining to entering into of definitive agreements, completion of the Proposed Funding Transaction, the anticipated benefits of the Proposed Funding Transaction, obtaining necessary approvals from the Exchange and shareholders, and to management's future plans and operations. All statements included herein, other than statements of historical fact, are forward-looking information and such information involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such information. Any forward-looking statements are made as of the date of this release and, other than as required by applicable securities laws, PetroFrontier does not assume any obligation to update or revise them to reflect new events or circumstances.**

**Completion of the Proposed Funding Transaction is subject to a number of conditions, including Exchange acceptance and shareholder approval. The Proposed Funding**

**Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Funding Transaction will be completed as proposed or at all.**

**The Exchange has in no way passed upon the merits of the Proposed Funding Transaction and has neither approved nor disapproved the contents of this press release.**

**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 More Information Contact**

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