

Ikkuma Resources Corp.

## **PanTerra Resource Corp. Announces Recapitalization Financing and New Management Team**

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TSX-V: PRC

CALGARY, May 7, 2014 /CNW/ - PanTerra Resource Corp. ("**PanTerra**" or the "**Corporation**") is pleased to announce that it has entered into a definitive reorganization and investment agreement (the "**Agreement**") with Tim de Freitas, Dorothy Else, Carrie McLauchlin, Yvonne McLeod, Greg Feltham, Kavanagh Mannas and Bob Quartero (the "**Initial Investor Group**"), which provides for: (i) a non-brokered private placement of up to an aggregate of approximately \$20.0 million (the "**Private Placement**"); (ii) the appointment of a new management team and board of directors of PanTerra (collectively, the "**New Management Team**"); and (iii) a rights offering (the "**Rights Offering**") to current holders of common shares ("**Common Shares**") of PanTerra (collectively, the "**Transaction**"). Completion of the Transaction is subject to customary closing conditions, including the approval of the TSX Venture Exchange (the "**TSXV**"). Upon completion of the Transaction, it is anticipated that the shareholders of PanTerra will be asked to approve a change of the Corporation's name to "Ikkuma Resources Corp."

The New Management Team will be led by Tim de Freitas as President and Chief Executive Officer, Dorothy Else as Executive Vice President, Carrie McLauchlin as Vice President, Finance and Chief Financial Officer, Yvonne McLeod as Senior Vice President, Engineering, Greg Feltham as Vice President, Exploration, Kavanagh Mannas as Vice President, Operations and Bob Quartero as Manager, Business Development.

Upon closing of the Transaction, the new board of directors will be comprised of Tim de Freitas, Bob Dales, Charle Gamba, Bill Guinan and Mike Kohut. Bob Dales will act as Chairman.

### **New Management Team**

The New Management Team has a solid track record of creating value in oil and gas companies through an integrated strategy of acquiring, exploiting and exploring.

Most recently, the New Management Team was involved in senior leadership and technical roles with Manitok Energy Inc. ("**Manitok Energy**"), a public oil and gas exploration and development company focusing on conventional oil and gas reservoirs in the Alberta Foothills and southeast Alberta. At Manitok Energy, certain members of the New Management Team were responsible for the discovery and development of Manitok Energy's Stolberg area, which grew from conception to a peak gross production rate of approximately 8,000 boepd and has produced over 1 MMbbls of liquids to date.

Prior to Manitok Energy, during their time at Talisman Energy Inc. ("**Talisman**"), Tim de Freitas, Yvonne McLeod, Greg Feltham and Bob Quartero (the "**Talisman Team**"), were responsible for Talisman's Foothills exploration and development program which peaked at approximately 65,000 boepd. The Talisman Team pioneered the economic viability of horizontal wells targeting highly fractured, complex reservoir trends. The Talisman Team drilled over 100 horizontal and deviated wells, becoming the recognized technical leaders in Foothills horizontal drilling with a greater than 90% success rate and top-tier finding and development costs.

As a technical team, the New Management Team has worked together for more than a decade.

The New Management Team will apply its past experience to grow the recapitalized PanTerra through a combination of organic growth and acquisitions.

Tim de Freitas, PhD  
President and Chief Executive Officer

Tim de Freitas has over 24 years of experience, including 18 years in Canadian and international Foothills. Mr. de Freitas was a co-founder, Vice President, Exploration and COO at Manitok Energy from inception in 2005 until October 2013. Prior to that, he held various technical and managerial rolls at Talisman, Nexen, British Gas and Imperial Oil. He completed his BSc, MSc and PhD degrees and a Postdoctoral Fellowship at various Canadian Universities or research institutions.

Dorothy Else  
Executive Vice President

Dorothy Else was most recently the Vice President, Land with Manitok Energy. Ms. Else was involved with Manitok Energy from inception in 2005 until October 2013. Ms. Else has over 30 years of experience as a landman in a variety of roles including as an independent consultant for oil and gas exploration and production companies. Ms. Else held positions of increasing responsibility for Enerplus Resources from 1992 to 2001, including Vice President, Land.

Carrie McLauchlin, CA  
Vice President, Finance and Chief Financial Officer

Carrie McLauchlin was most recently the Vice President, Finance and CFO of Invicta Energy Corp. from June 2010 to April 2013 prior to its sale to Whitecap Resources Inc. Ms. McLauchlin was also a co-founder and the Vice President, Finance and CFO of Luke Energy and Keywest Energy. Ms. McLauchlin is a Chartered Accountant with over 20 years of financial reporting and accounting experience primarily in the oil and gas industry. Ms. McLauchlin received her Chartered Accountant designation in 1990.

Yvonne McLeod P.Eng.  
Senior Vice President, Engineering

Yvonne McLeod was most recently the Vice President, Drilling, Completions and Facilities at Manitok Energy. In this capacity, Ms. McLeod successfully built a strong technical team to execute the Alberta Foothills drilling program. Prior to Manitok Energy, Ms. McLeod worked for 8 years at Talisman leading multi-disciplinary projects drilling wells both internationally and in the North American Foothills. Ms. McLeod has 20 years of experience in the oil and gas industry. Ms. McLeod received her Bachelor of Engineering from the University of Calgary.

Greg Feltham, MSc  
Vice President, Exploration

Greg Feltham was most recently a senior geologist and the Exploration Manager, Foothills at Manitok Energy from May 2010 to March 2014 where he was responsible for its Stolberg drilling operations and regional Foothills exploration. Prior to Manitok Energy, Mr. Feltham worked for Talisman in the Foothills and International Operations teams. Mr. Feltham has over 12 years of oil and gas experience specializing in Foothills geology and fractured reservoirs. Mr. Feltham received his BSc degree from Memorial University of Newfoundland and his MSc degree in structural geology from the University of Calgary.

Kavanagh Mannas, P.Eng, MBA  
Vice President, Operations

Kavanagh Mannas was most recently a Operations and Development Engineer at Manitok Energy from January 2013 to March 2014. Mr. Mannas' role included managing Northern field operations, planning area development, preparing exploration economics and evaluating acquisition and divestiture opportunities. Prior thereto, Mr. Mannas worked for Suncor Energy Inc. as an operations engineer in Grand Prairie and later in production and exploitation engineering in Calgary. Mr. Mannas' experience includes diverse Foothills expertise both in Alberta and British Columbia, including both sweet and sour products and gas and oil reservoirs. Mr. Mannas received his MBA from the University of Calgary with a specialization in Finance.

Bob Quartero, MSc  
Manager, Business Development

Bob Quartero was most recently a Manager, Business Development at Manitok Energy from September 2010 to February 2014. Prior thereto, Mr. Quartero served as Manager, Foothills Exploration for Talisman where he managed a team of 45 staff, prospecting throughout the North American Foothills. Mr. Quartero's team pioneered horizontal Foothills drilling. Mr. Quartero has over 30 years of oil and gas experience and is recognised as an industry technical leader in domestic and international Foothills exploration and production. Mr. Quartero received his MSc in structural geology from Leiden University, Netherlands.

Each of the directors have strong track records and distinguished careers in both the oil and gas industry and capital markets and have held prominent lead positions within a range of successful companies. Their combined experience and expertise will provide the New Management Team with invaluable advice, guidance and support.

### **Corporate Strategy**

The New Management Team has extensive experience in creating shareholder value through a focused

business plan and believes the current market environment provides an excellent opportunity to reposition PanTerra as a high growth junior oil and gas company. The New Management Team believes that PanTerra will be well positioned to take advantage of acquisition opportunities in the current market.

Following the completion of the Transaction, PanTerra expects to focus on predominantly light oil, liquids rich and sweet gas exploration and development opportunities in the Foothills region of Western Canada. The corporate strategy is to grow through targeted acquisitions complemented by development and exploration drilling concentrated in the Foothills region. The New Management Team believes that the Foothills is underexploited in comparison to the rest of the basin due to it being a technically challenging area requiring significant operational experience. The New Management Team's technical expertise and track record of operational execution are suited to provide production and reserve growth in the new corporate structure. Unlike other plays, Foothills success does not require as large a drilling inventory as single-zone resource plays. Following the completion of the Transaction, the New Management Team intends to target large, bypassed multi-zone stacked conventional pools. The current PanTerra production base of approximately 85 boed (based on field estimates) and the recapitalized corporate structure will allow for the exploitation of the current drilling inventory and expansion of PanTerra's current opportunity suite through internally generated projects and strategic acquisitions.

Upon completion of the Transaction, the recapitalized PanTerra is expected to have a net cash position of approximately \$17.6 million, assuming the Private Placement is fully subscribed and assuming the exercise of all Rights (as defined below) issued in connection with the Rights Offering (as defined below). The New Management Team believes that this starting point will provide them with a platform for aggressive growth through strategic acquisitions and internally generated prospects.

Upon completion of the Transaction and subject to all regulatory and shareholder approvals, it is anticipated that the New Management Team will change the name of the Corporation from "PanTerra Resource Corp." to "Ikkuma Resources Corp."

### **Private Placement and Stock Options**

Pursuant to the Private Placement, the Initial Investor Group, together with additional subscribers identified by the Initial Investor Group, will subscribe for up to 33,333,333 units (the "**Units**") of PanTerra at a price of \$0.075 per Unit and up to 233,333,334 Common Shares at a price of \$0.075 per Common Share for maximum total proceeds of approximately \$20.0 million. Each Unit shall be comprised of one Common Share and one Common Share purchase warrant (a "**Warrant**"). Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.10 for a period of five years. The Warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the Common Shares (the "**Market Price**") equaling or exceeding \$0.15, an additional one-third upon the Market Price equaling or exceeding \$0.20 and a final one-third upon the Market Price equaling or exceeding \$0.25.

The completion of the Private Placement is expected to occur on or about May 22, 2014, and may be completed in one or more tranches (the "**Closing**"). The resignation of the current board of directors and management team of PanTerra and the appointment of the New Management Team will occur contemporaneous with the Closing. The closing of subscriptions for any remaining Units and of the Common Shares will occur on such dates as determined by the Initial Investor Group.

Proceeds from the Private Placement will be used to reduce PanTerra's indebtedness and for general corporate purposes.

### **Rights Offering**

Upon completion of the Private Placement, and subject to PanTerra receiving the Written Consent (as defined below) on or before May 14, 2014, current PanTerra shareholders will be entitled to participate in the Rights Offering, which is expected to be conducted by way of a Rights Offering Circular. Pursuant to the Rights Offering, each shareholder as of the record date for such offering (the "**Record Date**") will be issued one right ("**Right**") for each Common Share held on the Record Date, entitling that holder to purchase one (1) Common Share for every eight (8) Rights held at a price of \$0.075 per Common Share at or before the expiry time of the Rights Offering, following which all outstanding Rights shall terminate and expire. Subscribers under the Private Placement will not be entitled to participate in the Rights Offering with respect to any securities acquired pursuant to the Private Placement, or any securities acquired on the conversion of any securities acquired pursuant to the Private Placement. The Rights Offering is subject to applicable regulatory approval, including the TSXV.

### **Shareholder and Stock Exchange Approvals**

Completion of the Transaction is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV and shareholder approval. Under the policies of the TSXV, the completion of the Private Placement is subject to the approval of the shareholders of PanTerra as the completion of the Private Placement will result in the creation of a new "control person" (as defined under the policies of the TSXV). In addition thereto, the appointment of the New Management Team is subject to shareholder approval under the policies of the TSXV. The required disinterested shareholder approval may be obtained by PanTerra either by receipt of written consents by holders of more than 50% of the issued and outstanding voting shares of PanTerra (the "**Written Consent**") or by approval of a resolution at a special meeting of shareholders (the "**PanTerra Meeting**"). Pursuant to the Agreement, PanTerra has agreed to obtain the Written Consent on or before May 15, 2014, failing which the Initial Investor Group has the right to terminate the Agreement. In the event that the Written Consent is not obtained on or before May 15, 2014 and the Initial Investor Group waives its termination right, PanTerra has agreed to convene and hold the PanTerra Meeting on or before July 3, 2014.

### **The Corporation**

PanTerra's current production consists of approximately 85 boepd (based on field estimates) in central Alberta and has approximately 31,477,855 Common Shares outstanding on a fully diluted basis and net debt position of approximately \$1.1 million, excluding the costs of the Transaction. Upon completion of the Private Placement and assuming the exercise of all Rights issued in connection with the Rights Offering, PanTerra will have approximately 302,079,254 Common Shares, and assuming the exercise of all Warrants issued in connection with the Private Placement, there will be approximately 335,412,587 Common Shares outstanding on a fully diluted basis.

### **Board of Directors' Recommendation**

The current board of directors of PanTerra has determined that the transactions contemplated by the Agreement are in the best interests of its shareholders, has approved such transactions and recommends that PanTerra's shareholders approve the Agreement and the Transaction and execute the Written Consent. Any shareholder of PanTerra wishing to obtain and execute the Written Consent should contact PanTerra as set forth below.

Current directors and officers of PanTerra who, in aggregate, own, directly or indirectly or exercise control or direction over approximately 24% of the Common Shares, have entered into support agreements or agreed to enter into support agreements pursuant to which they have agreed or will agree, among other things, to execute a Written Consent.

## **Cancellation of Previously Announced Private Placement**

As a result of the Transaction, the board of directors of PanTerra has determined to not proceed with the private placement previously announced on April 30, 2014.

### **The Agreement**

The Agreement contains a number of customary representations, warranties and conditions. The complete Agreement will be accessible on PanTerra's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Financial Advisors**

Desjardins Securities Inc. is acting as financial advisor to the Initial Investor Group.

### **About PanTerra**

PanTerra is a diversified junior public oil and gas company listed on the TSXV under the symbol "PRC", with holdings in both conventional and unconventional projects in Western Canada that have excellent optimization and exploitation potential. Company information can be found at: [www.panterraresource.com](http://www.panterraresource.com).

### **Forward-Looking and Cautionary Statements**

*This news release may include forward-looking statements including opinions, assumptions, estimates, the New Management Team's assessment of future plans and operations, and, more particularly, statements concerning the completion of the Transaction contemplated by the Agreement, the number of securities issued by way of the Private Placement, the business plan of the New Management Team, the change of name of the Corporation, use of proceeds and debt levels and production following completion of the Transaction.*

*When used in this document, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements.*

*The forward-looking statements are founded on the basis of expectations and assumptions made by PanTerra which include, but are not limited to, the timing of the receipt of the required shareholder, regulatory and third party approvals, the future operations of, and transactions completed by PanTerra as well as the satisfaction of other conditions pertaining to the completion of the Transaction.*

*Forward-looking statements are subject to a wide range of risks and uncertainties, and although PanTerra believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized.*

*Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, shareholder, regulatory and third party approvals not being obtained in the manner or timing set forth in the Agreement, the ability to implement corporate strategies, the state of domestic capital markets, the ability to obtain financing, changes in general market conditions and other factors more fully described from time to time in the reports and filings made by PanTerra with securities regulatory authorities.*

*Except as required by applicable laws, neither PanTerra nor the Initial Investor Group undertake any obligation to publicly update or revise any forward-looking statements.*

*The term "boe" may be misleading, particularly if used in isolation. A boe conversion of 6 Mcf: 1 bbl is based*

*upon an energy equivalency conversion method primarily applicable at the burner tip and it does not represent a value equivalency at the well head.*

*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 news release.*

*This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

SOURCE PanTerra Resource Corp.

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