

## PanTerra enters into agreement to acquire additional assets in the Alberta foothills

CALGARY, Aug. 20, 2014 /CNW/ - PanTerra Resource Corp. ("**PanTerra**" or the "**Corporation**") (TSX VENTURE:PRC) is pleased to announce that it has entered into an arm's length purchase and sale agreement dated August 19, 2014 (the "**Purchase and Sale Agreement**") with a public Canadian oil and gas company to acquire (the "**Acquisition**") certain petroleum and natural gas assets located in several areas of the Western Canadian foothills, including the Brown Creek, Stolberg, Deanne, Burnt Timber, Moose, Jumping Pound, and Ricinus areas in Alberta (collectively, the "**Assets**"), effective as of July 1, 2014, for a purchase price of \$24.0 million in cash, subject to adjustments. The Acquisition is subject to standard industry closing conditions.

The Acquisition provides the Corporation an entrance into the Central and Southern Alberta foothills areas and includes a strategic working interest in the production facilities at Stolberg and an ownership of the Ram River gas plant. The Assets provide a stable production base, an attractive decline rate of approximately 9-10% and a minority working interest in approximately 49,350 gross (5,922 net) acres of land. The Assets are currently producing approximately 1,280 BOE per day (89% natural gas) and have an estimated lending value of \$17.0 million. The Corporation has, to date, identified 18 gross unrisks and unbooked locations on the Assets. The recognized upside on the undeveloped acreage provides the Corporation with substantial running room to develop and consolidate a number of potential new core areas, subject to further technical review. Targets identified to date consist of oil and liquids rich natural gas opportunities in the Cretaceous aged Cardium, Viking, Falher and Dalhousie zones.

The Assets are a key component that greatly expands PanTerra's foothills production and undeveloped land footprint well beyond that which has been realized through its previously announced recent acquisitions. The following information relates to the Acquisition and the Assets:

|                                  |                                |                      |
|----------------------------------|--------------------------------|----------------------|
| Production <sup>(1)</sup>        | 1,280 BOE/d (89% natural gas)  | \$18,632/BOE/d       |
| 2013 Cash flow <sup>(2)</sup>    | \$5.5 million                  | 4.27 times cash flow |
| Reserves (PDP) <sup>(3)</sup>    | 4.56 million BOE (11% liquids) | \$5.26/BOE           |
| Reserves (Proven) <sup>(3)</sup> | 4.56 million BOE (11% liquids) | \$5.26/BOE           |
| Reserves (P+P) <sup>(3)</sup>    | 5.18 million BOE (11% liquids) | \$4.63/BOE           |
| NPV10% PDP <sup>(3)</sup>        | \$33.4 million                 | 72% of NPV10% value  |
| NPV10% Proven <sup>(3)</sup>     | \$33.4 million                 | 72% of NPV10% value  |
| NPV10% P+P <sup>(3)</sup>        | \$36.11 million                | 66% of NPV10% value  |

Notes:

(1) Management's estimate of current production as at July 1, 2014.

(2) Net operating income from the effective date of the Acquisition, ending June 30, 2015, as forecast in the McDaniel Report.

(3) As assigned by the McDaniel Report effective December 31, 2013.

### *Reserves Data for the Assets*

The reserves data set forth below (the "**Reserves Data**") is based upon an evaluation effective December 31, 2013 by McDaniel and Associates Consultants Ltd. ("**McDaniel**"), an independent qualified reserves

evaluator, dated April 9, 2014. (the "**McDaniel Report**"). The Reserves Data summarizes the oil, natural gas and NGL reserves associated with the Assets and the net present values of future net revenue for such reserves using forecast prices and costs, January 1, 2014 McDaniel forecast price deck. The crude oil, natural gas and NGL reserve estimates presented in the McDaniel Report are based on the guidelines contained in the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum Society (the "**COGE Handbook**") and the reserve definitions contained in both National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the COGE Handbook.

## **About PanTerra**

PanTerra is a diversified junior public oil and gas company listed on the TSX Venture Exchange under the symbol "PRC", with holdings in both conventional and unconventional projects in Western Canada. The technical team has worked together for over a decade in the Foothills Region of Western Canada, through two successful, publicly traded companies. The unique skills and repeat success at exploiting a complex, potentially prolific play type are fundamental ingredients for a successful growth-oriented company in Western Canada. Corporate information can be found at: [www.panterraresource.com](http://www.panterraresource.com).

**NEITHER 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.**

## **Abbreviations**

The following abbreviations used in this news release have the meanings set forth below.

bbl Barrel  
Mcf Thousand cubic feet  
NGL Natural gas liquids

## **Caution Respecting Reserves Information**

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

It should not be assumed that the estimates of future net revenues presented in the table set out above represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, NGL and natural gas reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. The recovery and reserve estimates of the crude oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and

natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with the Assets may vary from the information presented herein and such variations could be material.

The recovery and reserve estimates of oil, natural gas and NGL reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of reserves from the Assets does not represent the fair market value of such reserves.

### **Caution Respecting BOE**

In this news release, the abbreviation BOE means a barrel of oil equivalent derived by converting gas to oil in the ratio of 6 Mcf of gas to 1 bbl of oil (6 Mcf:1 bbl). BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf:1 bbl, utilizing a conversion ratio on a 6 Mcf of gas to 1 bbl of oil basis may be misleading as an indication of value.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION**

This press release contains certain statements or disclosures relating to PanTerra, the Acquisition and the Assets that are based on the expectations of PanTerra as well as assumptions made by and information currently available to PanTerra which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that PanTerra anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology. In particular, this press release makes reference to the expected completion of the Acquisition, including the ability of the Corporation to satisfy all necessary conditions to the closing of the Acquisition, the number of unrisks and unbooked locations and the provision of substantial running room to develop and consolidate potential new core areas. Readers are cautioned that there is no assurance that the transaction referenced herein will proceed. Many factors could cause the performance or achievement by PanTerra to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this press release or to conform such statements to actual results or to changes in the Corporation's expectations and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

SOURCE PanTerra Resource Corp.

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