



## NEWS RELEASE

### Hunter Oil Annual Reserve Evaluation

HOUSTON, TEXAS – August 24, 2017 – Hunter Oil Corp. ([OTCQX: HOILF](#); TSX-V: HOC) (the "Company") is pleased to announce the results of an independent evaluation of the Company's oil and gas reserves located in the Permian Basin San Andres formation of the Chaveroo and Milnesand Fields in New Mexico. The Company has added additional acreage and updated its business model based on other Horizontal San Andres development activity. This updated model includes development of all of the Company's larger acreage position rather than a partial development used in its annual reserve report for the year ended December 31, 2015.

#### Year-End 2016 Operations Activity

In 2016, the Company continued to advance its core assets in New Mexico. Production from Hunter's units and leases increased almost 20%. The Company also added over 2,900 acres to its leaseholdings through New Mexico State Land Office lease auctions and direct acquisition. The Company's total acreage position has now increased to over 23,000 acres. Importantly, the acreage is essentially contiguous, 100% operated by Hunter which allows greater flexibility in future development.

In 2016, the Company entered into an Agreed Compliance Order ("ACO") with the New Mexico Oil Conservation Division. The ACO recognizes the Company's successful efforts in reducing the number of inactive wells and allows the Company to obtain drilling permits to proceed with its development plans.

#### Independent Reserves Evaluation

The evaluation, prepared as of December 27, 2016 with an effective date of December 31, 2016, was conducted by the Company's independent reserve evaluator, in accordance with the definitions, standards and procedures set out in the Canadian Oil and Gas Evaluation Handbook ("COGE") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

#### **Total Proved Reserves - 14.6 million Barrels of oil (15.7 MMBOE)**

- an increase of 108% over the December 31, 2015 reserves estimate
- an increase of 162% over the December 31, 2014 reserves estimate

#### **Proved plus Probable Reserves - 20.8 million Barrels of oil (22.3 MMBOE)**

- an increase of 169% over the December 31, 2015 estimate
- no Probable reserves were reported in December 31, 2014

#### **Proved plus Probable plus Possible Reserves - 37.6 million Barrels of oil (40.4 MMBOE)**

- no Possible reserves were reported in December 31, 2015

#### Net Present Value of Reserves discounted at 10%

- **Total Proved Reserves before tax - U.S. \$233.4 million**
- **Proved plus Probable Reserves before tax - U.S. \$397.0 million**
- **Proved plus Probable plus Possible Reserves before tax - U.S. \$874.96 million**

The above total Proved reserves are attributed to the drilling of 91 horizontal wells over the next 6 years. The Probable reserves are attributed to incremental volumes of the 91 horizontal wells and the drilling of 10 additional wells. Possible reserves are attributed to incremental volumes of the 101 horizontal wells and the drilling of an additional 11 wells. The wells in the Company's report (the "**Report**") are planned at 160-acre spacing (4 wells per section) on approximately 23,000 acres.

The tables set forth below summarize the Company's oil and natural gas reserves, and the net present values before and after income tax of future net revenue for the Company's reserves using forecast prices and costs assumptions.

Summary of Oil and Gas Reserves As of December 31, 2016 Forecast Prices and Costs – U.S. Dollars				
Reserves				
Reserve Category	Light and Medium Oil		Natural Gas (non-associated & associated)	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)
PROVED				
Developed Producing	111	88	0	0
Proved Undeveloped	<u>14,518</u>	<u>11,636</u>	<u>6,470</u>	<u>5,202</u>
TOTAL PROVED	14,629	11,724	6,470	5,202
PROBABLE	6,154	4,926	2,656	2,132
Total Proved Plus Probable	20,782	16,650	9,126	7,334
POSSIBLE	16,858	13,548	7,656	6,170
Total Proved plus Probable plus Possible	37,640	30,198	16,781	13,504

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE As of December 31, 2016 FORECAST PRICES AND COSTS – U.S. Dollars											
RESERVES CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE										
	BEFORE INCOME TAXES (BFIT) DISCOUNTED AT (%/year)					AFTER INCOME TAXES (AFIT) DISCOUNTED AT (%/year)					UNIT VALUE BEFORE INCOME TAXES DISCOUNTED AT 10%/year
	(MM\$) at 0%	(MM\$) at 5%	(MM\$) at 10%	(MM\$) at 15%	(MM\$) at 20%	(MM\$) at 0%	(MM\$) at 5%	(MM\$) at 10%	(MM\$) at 15%	(MM\$) at 20%	(\$/BOE)
PROVED											
Developed Producing	0.7	0.4	0.4	0.4	0.4	-0.1	0.3	0.4	0.4	0.4	4.79
Undeveloped	<u>409.0</u>	<u>307.1</u>	<u>233.0</u>	<u>178.5</u>	<u>137.8</u>	<u>332.7</u>	<u>255.9</u>	<u>198.2</u>	<u>154.5</u>	<u>121.2</u>	<u>18.64</u>
TOTAL PROVED	<b>409.0</b>	<b>307.4</b>	<b>233.4</b>	<b>178.9</b>	<b>138.2</b>	<b>332.7</b>	<b>256.1</b>	<b>198.5</b>	<b>154.9</b>	<b>121.6</b>	<b>18.54</b>
PROBABLE	<b>263.6</b>	<b>205.7</b>	<b>163.6</b>	<b>132.2</b>	<b>108.2</b>	<b>224.3</b>	<b>179.7</b>	<b>146.0</b>	<b>120.2</b>	<b>100.0</b>	<b>30.97</b>
TOTAL PROVED PLUS PROBABLE	<b>672.6</b>	<b>513.1</b>	<b>397.0</b>	<b>311.1</b>	<b>246.5</b>	<b>557.0</b>	<b>437.8</b>	<b>344.6</b>	<b>275.1</b>	<b>221.5</b>	<b>22.21</b>
POSSIBLE	<b>779.6</b>	<b>604.1</b>	<b>478.0</b>	<b>384.5</b>	<b>313.7</b>	<b>664.5</b>	<b>528.8</b>	<b>427.6</b>	<b>350.3</b>	<b>290.2</b>	<b>32.79</b>
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	<b>1,452.3</b>	<b>1,117.3</b>	<b>875.0</b>	<b>695.6</b>	<b>560.1</b>	<b>1,221.5</b>	<b>964.5</b>	<b>772.1</b>	<b>625.4</b>	<b>511.7</b>	<b>26.96</b>

Note: All dollar values are expressed in U.S. dollars (MM\$ = millions of U.S. Dollars)

The Company's reserves are derived from non-conventional tight-oil activities from which gas and natural gas liquids may be produced as by-products. "Tight-oil" means crude oil (a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the crude oil is primarily contained in microscopic pore spaces that are poorly connected to one another, and (b) that typically requires the use of hydraulic fracturing to achieve economic production rates.

The Company is not required to pay income taxes for its most recently completed financial year. Subject to current production and financial assumptions, the Company may have an income tax liability in 2020. The After Income Tax net present values reflect the tax burden on the Company's field interests. The financial statements and the management's discussion and analysis ("MD&A") of the Company should be consulted for further information.

Readers are referred to the Company's Statement of Reserves Data and Other Oil & Gas Information dated December 31, 2016, prepared in accordance with the definitions, standards and procedures set out in the COGE Handbook and NI 51-101, which can be found on the Company's website or the SEDAR website at <http://www.sedar.com>.

*BOEs/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. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of provided plus probable plus possible reserves. The present value of estimated future net revenues referred to herein does not represent fair market value and should not be construed as the current market value of estimated crude oil and natural gas reserves attributable to the Company's properties.*

### **About Hunter Oil Corp.**

Hunter Oil owns and operates two large, historic oil fields in the Permian Basin of Eastern New Mexico - the Milnesand and Chaveroo fields, which together comprise in excess of 23,000 gross acres, substantially held by production. Historical production of these two fields is approximately 40 million barrels. Hunter has engineered a horizontal redevelopment of the San Andres productive zones. The Company plans to unlock the value in these resource-rich fields by leveraging existing infrastructure, lowering operating costs and increasing efficiencies of its operations.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

**Andrew Hromyk**  
**President and CEO**  
**(604) 689-3355**

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### **Cautionary Statement Regarding Forward-Looking Information**

*Certain statements contained in this news release constitute "forward-looking information" as such term is used in applicable Canadian securities laws, including statements regarding estimates of reserves and future net revenue, expectations regarding additional reserves and statements regarding Chaveroo and Milnesand wells development, including plans, anticipated results and timing. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause plans, estimates and actual results to vary materially from those projected in such forward-looking information.*

*Forward-looking information regarding Chaveroo and Milnesand well development and expectations regarding additional reserves are based on plans and estimates of management and interpretations of exploration information by the Company's exploration team at the date the information is provided and is subject to several factors and assumptions of management. These assumptions include: that required regulatory approvals will be available when required, that no unforeseen delays, unexpected geological or other effects, equipment failures, permitting delays or labor or contract disputes or shortages are encountered, and that the development plans of the Company will not change. Risks include: the risk that anticipated results and estimated costs will not be consistent with managements' expectations, the Company will not be able to obtain and provide the information necessary to secure regulatory approvals required, that unexpected geological results are encountered and that equipment failures, permitting delays or labor or contract disputes or shortages are encountered.*

*Information on other important economic factors or uncertainties that may affect components of the reserves data and the other statements in this release are contained in the Company's Statement of Reserves Data and Other Oil & Gas Information dated December 31, 2016, and the Company's MD&A under "Risk Factors", which are available under the Company's profile at [www.SEDAR.com](http://www.SEDAR.com).*

**For further information, visit our website at [www.hunteroil.com](http://www.hunteroil.com)**