



DALMAC ENERGY INC.
TSX Venture: "DAL"

For Immediate Release

April 29, 2019

**Dalmac Energy Inc.
Financing Arrangement, Asset Sale and Asset Purchase**

Edmonton, Alberta – Dalmac Energy Inc. ("Dalmac") (TSX Venture "DAL") wishes to announce that on April 29, 2019, Dalmac entered into an agreement to sell its Fox Creek Tank Farm (the "**Tank Farm**") to 1175317 Alberta Ltd. (the "**Purchaser**"), a corporation wholly owned by Mr. John Babic, a director and President and CEO of Dalmac, for an aggregate purchase price of \$380,000 cash (the "**Sale**"). The Tank Farm represents approximately 1% of Dalmac's total assets and the purchase price for the asset was determined following the receipt by Dalmac of an independent appraisal. Also on April 29, 2019, the Purchaser agreed to provide a shareholder loan from the Purchaser in the amount of \$420,000 (the "**Shareholder Loan**"). The Shareholder Loan will be non-interest bearing, unsecured and assigned and postponed to Dalmac's existing credit facility (the "**Credit Facility**") with its primary lender, Servus Credit Union Ltd. (the "**Lender**").

The purpose of both the Sale and the Shareholder Loan are to provide Dalmac with additional and necessary working capital to support Dalmac's ongoing operations as it moves into its typical seasonal slow-down during the summer months. Dalmac was in breach of its 2018 covenants under the Credit Facility and the working capital support that will be provided by the Sale and Shareholder Loan has facilitated certain amendments to the Credit Facility resulting in an opportunity for 2018 covenant relief and the willingness of the Lender to continue to act as lender to Dalmac. In addition, Dalmac has also entered into agreement to make certain amendments to its Credit Facility, which amendments include: (a) a reduction in Dalmac's evergreen equipment facility maximum from \$7,000,000 to \$5,250,000; (b) an increase in its annual interest rate from the Lender's prime lending rate plus 1% to the Lender's prime lending rate plus 1.2%; (c) a condition that the Shareholder Loan be assigned and postponed to the Credit Facility; and (d) the inclusion of additional specificity in the required calculation of Dalmac's debt service coverage ratio, which has remained at a minimum of 1.25:1 (cash flow divided by debt service requirements).

Each of the Sale, Shareholder Loan and Purchase may be considered a "Related Party Transaction" pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). While MI 61-101 would typically require the Corporation to obtain a full valuation and minority approval, in respect of the Sale, the Shareholder Loan and the Purchase, the Corporation is relying on certain exemptions from those requirements. With respect to the Sale and the Shareholder Loan, the Corporation is relying on the exemptions provided by sections 5.5(g) and 5.7(e) of MI 61-101 and, therefore, no minority shareholder approval is required or will be sought and no valuation is required or will be obtained in respect of those transactions. More specifically, Dalmac's available funds (including any amounts available for borrowing under its current Credit Facility) are not currently sufficient to fund Dalmac's ongoing working capital needs or meet its covenants under its Credit Facility. Dalmac's Board of Directors has continued to look for and assess a number of potential restructuring and lending options for Dalmac and has determined the transactions contemplated herein to be the best available opportunity. As such, the independent directors, acting in good faith, have determined that: (i) the Corporation is in serious financial difficulty; (ii) the Sale, the Shareholder Loan and associated amendments to its Credit Facility will improve the financial position of the Corporation; and (iii) the terms of the Sale and the Loan are reasonable in the circumstances of Dalmac, and as a result of the foregoing, the conditions of the MI 61-101 exemptions in respect of the Sale and the Shareholder Loan have been met.

Because of Dalmac's need to immediately refinance its debt with the Lender based on the 2018 covenant issues, Dalmac did not have time to provide its shareholders with notice prior to undertaking the transactions contemplated herein.

Each of the transactions contemplated in this news release are subject to the approval by the TSX Venture Exchange and there can be no guarantee whatsoever that such approval will be obtained or, if obtained, the conditions on which such approval will be given. Should the TSX Venture Exchange require any amendments to such transactions, the Corporation will immediately provide updated disclosure to its stakeholders.

For further information: Please contact John Babic, at 4934 – 89 Street NW, Edmonton AB T6E 5K1 by phone (780) 988-8510, by fax at (780) 988-8512, or by e-mail at jbabic@dalmacenergy.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-looking Information: This document contains forward-looking information (as such term is defined by applicable securities laws). The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "would", "believe", "plans", "intends", "possible", "future" and similar expressions are intended to identify forward-looking information. The forward-looking information in this document includes, among other things, Dalmac's anticipated completion and use of proceeds in respect of the Sale and the Shareholder Loan, the ability of the transactions contemplated herein to close and to allow Dalmac to proceed operating as planned as it moves into the summer months, the positive impact of the amendments to the Credit Facility on Dalmac's financial position. For the purposes of the forward-looking information provided herein, Dalmac has assumed that the appraisal of the Tank Farm was accurate and that Dalmac's working capital and equipment and operational needs going into the typical seasonal slow-down during the summer months will be consistent with those in prior years and the budget and operational and acquisition and disposition plans prepared by management (which budget and plans have been based on, among other things, available market, political and industry information and forecasts).

Readers are cautioned that forward-looking information is subject to a number of risks, uncertainties and other factors may cause actual results to differ materially from the forward-looking information provided. In particular, among other risks: there can be no guarantee that the amounts raised pursuant to the Sale and the Shareholder Loan will be sufficient to meet Dalmac's current needs as unforeseen events could arise that require cash in excess of what is currently available to Dalmac; for reasons currently unforeseen the completion of each of the transactions herein may not occur on the timelines contemplated by Dalmac or at all; there can be no guarantee that the amendments to the Credit Facility will result in an improvement in Dalmac's overall financial situation as Dalmac's financial position is subject to a significant number of external risks outside of Dalmac's control; the work Dalmac is anticipating it will receive may become unavailable or payment therefore reduced or prices for goods and services as contemplated in Dalmac's budget may exceed expectations, and, as such, additional financing or other options may need to be pursued and, there can be no guarantee that Dalmac will have the resources available to satisfy all of its working capital needs in the future; and for reasons that are currently unforeseen, management may be required to alter Dalmac's current business strategy and capital program (which may result in a change in the use of the Sale and Shareholder Loan proceeds from that described above) and there can be no certainty as to what such alterations may be. In addition to the foregoing, Dalmac is subject to more general business and operational risks which include, among others: general economic, market and business conditions; volatility in market prices for crude oil and natural gas; the ability of Dalmac's clients to explore for, develop and produce oil and gas; availability of other sources of financing and capital; the ability of Dalmac's customers to pay in a timely manner; changes in commodity prices; changes in tax or environmental laws or royalty rates; political change; the impact of competitors; reliance on industry partners; circumstances may arise, including changes in accounting policies, regulations or economic conditions, which could change the assumptions, estimates or expectations or the information provided upon which Dalmac's budget and operational plans were made; there may be circumstances where, for unforeseen reasons, a reallocation of funds may be necessary as may be determined at the discretion of Dalmac and there can be no assurance as at the date of this disclosure as to how those funds may be reallocated; should any one of a number of issues arise, Dalmac may find it necessary to alter its current business strategy and/or capital expenditure program; fluctuations in interest rates; demand for Dalmac's products and services; and certain other risks detailed from time to time in Dalmac's public disclosure documents including, without limitation, those risks identified in this document.

The forward-looking information in this document speak only as of the date of this document, and Dalmac does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.