

Saguaro Resources Obtains Financing to Accelerate its Liquids-Rich Montney Development

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CALGARY, April 13, 2017 /CNW/ - Saguaro Resources Ltd. ("Saguaro" or the "Company") announced that it has closed the placement of \$50 million of secured notes, and recently expanded its syndicated revolving credit facility from \$65 million to \$105 million. Saguaro is now fully funded to execute its accelerated development program.

"Saguaro has the potential to be one of the great value driven stories in the Montney" said Stacy Knull President & CEO. "Our Company has a proven track record, attractive economics underpinned by stable condensate yields, significant growth potential and a strong financial position."

"With this funding we plan to ramp up our capital spend in 2017, 2018 and beyond. Our high free condensate yield and low drilling and completion costs provide very attractive economics at current strip prices. Saguaro's goal is to more than double our 2016 exit production rate of 12,000 boe/d by the end of 2018."

On April 13, 2017, the Company closed the private placement of \$50 million of 8.5% second lien secured notes due 2022. RBC Capital Markets acted as Sole Lead Agent on the transaction, with CIBC Capital Markets and National Bank Financial acting as co-agents. The Notes were placed with certain funds managed by Signature Global Asset Management, a division of CI Investments Inc., and EdgePoint Wealth Management.

Additionally, on March 1, 2017, the Company expanded its committed, syndicated revolving credit facility from \$65 million to \$105 million. Immediately following the closing of the notes transaction, Saguaro had net debt of \$56 million, including only \$16 million drawn on its revolving credit facility.

About Saguaro

Saguaro is a private oil and gas company backed by private equity firms Pine Brook Road Partners LLC and Camcor Partners Inc. The Company holds a 100% working interest in a large, contiguous, liquids-rich land position in the British Columbia Montney. Saguaro estimates that 86% of its 162 section land base is currently de-risked.

Given its development success to date, Saguaro sees the accelerated development program as a low-risk opportunity to create significant value. The capital program can be executed while maintaining reasonable debt metrics, and risks will be further mitigated by the Company's prudent hedging program.

Saguaro is now fully funded to execute its accelerated development program. In 2017, this program will include drilling 28 wells (24 of which will be brought on-stream) and the expansion of its processing facility to 100 MMcf/d.

Saguaro's highly economic Montney play allows for rapid growth in production and reserves even in a low commodity price environment. Since inception, the Company has drilled 32 horizontal wells, with 2016 exit production above 12,000 boe/d (58 bbl/MMcf of liquids to-date). Saguaro's production has more than tripled since commercial development commenced in mid-2015.

Saguaro had estimated proved reserves of 84 MMboe and estimated proved plus probable reserves of 270 MMboe at year end 2016. This represents a 140% increase in proved reserves and a 150%

increase in proved plus probable reserves since the end of 2015. The Company's reserves are evaluated by Sproule & Associates Limited.

Regularly updated corporate presentations are available at www.saguaroresources.com

This news release does not constitute an offer to sell securities, nor is it a solicitation of an offer to buy securities, in any jurisdiction.

Advisory Regarding Forward-Looking Statements

This news release contains certain "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") that involve substantial known and unknown risk and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. Such forward-looking statements represent internal projections, estimates or beliefs concerning, among other things, future growth and development program, future capital and other expenditures, drilling plans, future capital and other expenditures, production forecasts, business prospects and opportunities and mitigation of risks. These statements are only predictions and actual events or results may differ materially. Although Saguario's management believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Saguario's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Saguario.

In particular, forward-looking statements contained in this document include, statements relating to "reserves", which are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. The recovery and reserve estimates of Saguario's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Although the forward-looking statements contained in this document are based upon assumptions which Saguario's management believes to be reasonable, Saguario cannot assure investors that actual results will be consistent with these forward-looking statements.

Statements including forward-looking statements are made as of the date they are given and, except as required by applicable laws, Saguario disclaims any intention or obligation to publically update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Reserves Advisory

The reserves presented herein are extracted from a reserves evaluation of Saguario's oil and natural gas properties prepared by Sproule & Associates Limited ("Sproule"), independent qualified reserves evaluators of Calgary, Alberta, effective December 31, 2016 contained in a report dated January 4, 2017 (the "2016 Reserves Report") and effective December 31, 2015 contained in a report dated January 3, 2016 (the "2015 Reserves Report").

The 2016 Reserves Report and the 2015 Reserves Report were prepared in accordance with the standards contained in the Canadian Oil & Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), which were in effect at the time of the evaluation. The reserves data provided in this press release contain only excerpts of the disclosure required under NI 51-101.

The recovery and reserve estimates provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2016 reserves presented are based on Sproule's forecast pricing effective December 31, 2016 and all December 31, 2015 reserves presented are based on Sproule's forecast pricing effective December 31, 2015. The complete Sproule December 31, 2015 and December 31, 2016 price forecasts are available on Sproule's website at www.sproule.com.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The term "Boe" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 bbl. Boe's 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 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 at 6 Mcf: 1 bbl may be misleading as an indication of value.

In this press release, the abbreviations set forth below have the following meanings:

bbl	barrel
boe	barrel of oil equivalent, using the conversion factor of 6 Mcf:1 bbl
MMboe	one million barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	one thousand cubic feet
MMcf/d	one million cubic feet per day

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