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DeeThree Exploration Ltd. Announces Corporate Reorganization to Create Two Oil-Focused Companies

CALGARY, ALBERTA--(Marketwired - April 7, 2015) - DeeThree Exploration Ltd. (TSX:DTX) ("**DeeThree**" or the "**Company**") is pleased to announce that its Board of Directors has unanimously approved the reorganization of DeeThree to create two, focused and independent, publicly traded energy companies - one, a sustainable growth-focused light-oil company centered around DeeThree's Belly River development in the Pembina-Brazeau area of Alberta, to be named Boulder Energy Ltd. ("**Boulder**"); and the other a sustainable dividend-and-growth focused oil company centered around DeeThree's Alberta Bakken enhanced oil recovery ("**EOR**") project in southern Alberta, to be named Granite Oil Corp. ("**Granite**"). Each of Boulder and Granite will have its own independent management and technical teams and separate Board of Directors.

Under the proposed reorganization ("**Reorganization**"), shareholders of DeeThree will receive 0.5 shares of Boulder, and 0.33 shares of Granite for each share of DeeThree held.

Strategic Rational

Granite Oil Corp. - Alberta Bakken

Since discovering the Alberta Bakken in early 2012 the Company has delineated its Alberta Bakken oil pool over a total of 80 sections, drilled a total of 49 wells and built a 8,000 bbl/d oil battery as well as significant pipeline infrastructure while increasing the production to its current rate of 3,900 boe/d. Significant capital was spent on all of these lead items with the vast majority of that spend now complete. The Company can now deploy almost all of its capital exclusively on drilling and completions which will further enhance its already attractive capital efficiencies.

Over the past three years, DeeThree has created a dataset of geologic and engineering information while establishing type curves in an effort to determine the best manner to develop its Alberta Bakken oil pool in the most efficient way. Early data demonstrated that this particular oil pool has the characteristics that make it well suited to a gas injection secondary recovery scheme. Considering the large original oil in place and subsequent potential upside from increasing recovery, the Company commenced a gas re-injection EOR pilot within 18 months of first discovering this large oil pool. Within months of this pilot commencing the Company noted material improvements in the decline profiles of offsetting wells. As the Company expanded the scheme over the past year similar results were noted with the core area now experiencing declines in the order of 20%; a considerable improvement over previous declines. This will, by its very nature have a positive effect on ultimate recoveries

The EOR scheme has been highly successful to date and the Company is proceeding to full field implementation. The proper pace at which to develop the pool will match drilling activity and subsequent production increases with the ability to replace voidage through the EOR project. Granite anticipates this to be on the order of 5-8 horizontal wells per year. At this pace of development and with the recent reductions in drilling and completion costs to less than $3 million per well, the assets will naturally generate cash flow in excess of the required capital program at current commodity prices.

The success of the EOR scheme and its associated pace of development lends itself to a model focusing on ultimate recovery with a modest growth profile rather than absolute growth. Given future capital will be spent primarily on drilling, a recent reduction in well costs, and a successful EOR scheme which has mitigated declines, the Board of Directors has determined that the Alberta Bakken oil asset is best suited to a business model focused on stable growth and the payment of a sustainable dividend. The Board believes that placing the Alberta Bakken asset in a pure play, stand-alone company will highlight the value of this unique asset in the marketplace.

The Granite Board is expected to establish a dividend policy pursuant to which Granite will pay a monthly dividend, initially estimated to be in the amount of $0.03 per Granite Common Share on a monthly basis, which will be financed from internally-generated free cash flow. The all-in payout ratio for Granite for the second half of 2015 is anticipated to be approximately 92% which includes budgeted 10% annualized production growth. The amount of cash to be distributed and the timing of dividend payments will be determined at the discretion of the Granite Board.

Assuming completion of the Reorganization occurs in May 2015, the first dividend is expected to be paid by Granite on or about July 15, 2015 to shareholders of record on June 30, 2015 in the amount of $0.03 per Granite Common Share.

Boulder Energy Ltd. - Brazeau Belly River

Since acquiring the initial production and land spread in 2011, DeeThree has organically grown its Pembina-Brazeau Belly River production 700% to over 8,000 BOE/d and reserves by 550% to 33 MMBOE. Today, DeeThree controls a significant, contiguous land position of over 98,000 net acres. DeeThree recently expanded its already substantial pipeline infrastructure and battery to 12,000 bbls/d of capacity, allowing for material production additions without any additional infrastructure costs. Significant capital has been incurred over the past four years developing these assets with the vast majority of infrastructure and land acquisition spending now complete.

DeeThree is now the dominant land holder in this emerging resource play which is over 300 metres thick and has multiple development horizons. The property produces 44 degree API oil and liquids rich natural gas which generates high netbacks and strong economics. The focus over the past four years has been on proving the multi-zone potential of the play and proving the areal extent of each of the individual sands. To date, DeeThree has demonstrated success in seven distinct zones and has identified greater than 400 horizontal drilling locations.

The Company has continuously improved well results over the past four years as it refined its knowledge, process and techniques. The resulting capital efficiencies have dropped to $24,000 per flowing boe on an IP365, a top tier result for a light oil play.

The past four years has seen capital spending outpace cash flow as the Company expanded its land base, infrastructure and production. At its current level of production, the Company has reached the critical mass to be a self-sustaining entity while still growing substantially even at current strip pricing.

Boulder's strategy will be to generate sustainable growth in a manner which more closely matches cash flow with capital spending while managing corporate declines to under 30% while maintaining its strong balance sheet.

Given the Company's dominant land position, extensive infrastructure, large well inventory, high netbacks, strong economics and history of growth, the Board of Directors believes that highlighting Boulder as a pure play Pembina-Brazeau Belly River producer will result in increased market identification and recognition of the unique, high-impact well inventory and growth opportunities available to Boulder.

A copy of detailed investor presentations including three year business plans for both Boulder and Granite are available on the DeeThree's website at www.deethree.ca. Investors are encouraged to view these presentations for additional details.

Highlights

Granite and Boulder will have the following attributes:

	Granite	**Boulder**
Reserves - January 1, 2015 (1)		
Proven Developed Producing (MMboe)	5.3	10.7
Total Proved (MMboe)	10.4	24.9
Total Proven + Probable (MMboe)	17	34.7
Current horizontal well inventory	162	400+
Capital Structure		
Opening debt ('000)	$45,000	$128,000
Credit Facility ('000) (2)	$115,000	$175,000
Shares O/S ('000) (3)	30,232	45,348
Dividend	$0.03 per month	nil

Guidance		
2H 2015 Capital Expenditures ('000)	$20,000	$45,000
2H 2015 Production (boe/d)	4,000	8,500
2H 2015 Cash Flow ('000) (4)	28,000	$33,000
Exit 2015 Production (boe/d)	4,100	9,000
December 31, 2014 Tax Pools ('000)	$195,000	$295,000

(1) Based on an evaluation by Sproule Associates Limited.

(2) Based on preliminary discussions with the Company's lead lender.

(3) Assuming the cashless exercise of "in the money" vested options at current fair market price of $6.50.

(4) Assuming WTI US$50.00.

Granite will have hedges on 2,000 bbl/d of oil hedged for calendar 2015, including 1,500 bbl/d swapped at WTI C$99.20 and 500 bbl/d hedged with a costless collar WTI US$85.00 x WTI US$100.80. In addition, Granite will have 250 bbl/d of oil swapped until mid-2016 at WTI C$72.92 and 250 bbl/d of oil swapped for calendar 2016 at WTI C$78.00.

Board and Management

Granite's management team will consist of:

Michael Kabanuk - President & Chief Executive Officer
Gail Hannon - Vice President Finance & Chief Financial Officer
Jonathan Fleming - Executive Vice President
Tyler Klatt - Vice President, Exploration

Granite's Board of Directors will consist of:

Brendan Carrigy - Chairman
Michael Kabanuk
Martin Cheyne
Kevin Andrus
Dennis Nerland
Brad Porter
Henry Hamm

Boulder's management team will consist of:

Martin Cheyne - Chief Executive Officer
Clayton Thatcher - President
Casey Paulhus - Vice President Finance and Chief Financial Officer
Trevor Murray - Vice President, Land
Robin Bieraugle - Chief Operating Officer
Hayden Knorr - Vice President, Production
Mel Chambers - Vice President, Exploration

Boulder's Board of Directors will consist of:

Michael Kabanuk - Chairman
Brendan Carrigy
Martin Cheyne
Kevin Andrus
Dennis Nerland
Brad Porter
Henry Hamm

Benefits to DeeThree Shareholders

- The Reorganization will create two independent, pure play oil companies which will pursue different business strategies which better reflect the unique nature of the two different asset bases within DeeThree.
- Given the stage of the Alberta Bakken asset development, the excess free cash flow and measured production growth expected with the continued implementation of the gas injection EOR project makes this asset best suited to a business model focused on stable growth and the payment of a sustainable dividend.
- The dominant land and infrastructure position within the Pembina-Brazeau Belly River, combined with a substantial inventory of high impact well locations with very attractive economics makes this asset best suited to a business model focused on growth.
- The creation of Granite and Boulder, as independent companies, is expected to, over time, improve the market's identification and recognition of the unique nature of each of the assets and allow investors and analysts to more accurately compare and evaluate each of Boulder and Granite, on a stand-alone basis, against appropriate peers, benchmarks and performance criteria relevant to each company and its business model.
- The unique nature of assets and the business models of Granite and Boulder are also expected to, over time, attract an expanded, combined investor base, including those looking for stable growth with a dividend yield as well as those looking for a pure growth oil company.
- Boulder and Granite will be led by experienced directors and executives who have demonstrated success building DeeThree and who have the requisite experience and ability to grow their respective companies.
- The Board believes that the Reorganization will, over time, result in a better combined market value for Granite and Boulder as stand-alone entities than within a single entity and business plan, thereby maximizing shareholder value.

Reorganization Summary

The proposed Reorganization will be implemented through a court-approved Plan of Arrangement under the *Business Corporations Act* (Alberta) pursuant to which DeeThree shareholders will receive one half (0.5) common share of Boulder and one third (0.33) common share of Granite in exchange for each DeeThree share held.

The Reorganization will require approval by a minimum of 66 2/3% of the votes cast by DeeThree shareholders, voting in person or by proxy, at the annual general and special meeting of shareholders to be held in Calgary, Alberta on May 14, 2015. The Arrangement is also subject to the approval of the TSX and the Court of Queen's Bench of Alberta, as well as applicable regulatory approvals and the satisfaction of certain other closing conditions customary for transactions of this nature. Full details of the Reorganization will be included in the management information circular of DeeThree to be mailed to DeeThree shareholders in mid-April 2015. It is anticipated that closing of the Reorganization will take place in mid-May 2015.

Application has been made to the Toronto Stock Exchange for the listing of the common shares of Boulder upon completion of the Reorganization. The common shares of Granite will continue to be listed on the Toronto Stock Exchange upon completion of the Reorganization.

Fairness Opinion

Cormark Securities Inc. has provided the Board of Directors a verbal opinion that, as at the date hereof and subject to review of final documentation, the consideration to be received by the DeeThree shareholders pursuant to the Reorganization is fair, from a financial point of view, to DeeThree Shareholders.

Board Recommendation

The Board of Directors of DeeThree has unanimously approved the Reorganization and has determined that the Reorganization is in the best interests of DeeThree, and will recommend that the DeeThree shareholders vote in favour of the Reorganization. The directors, officers and certain shareholders of DeeThree, holding approximately 17% of the common shares of DeeThree, have entered into support agreements with DeeThree pursuant to which they have agreed to vote in favour of the Reorganization.

The Board of Directors of DeeThree is confident that the reorganization of DeeThree into Boulder Energy and Granite Oil, independent, publicly traded energy companies, is the best course to develop and exploit DeeThree's Belly River and Bakken assets.

Financial Advisors and Counsel

Cormark Securities Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd. are acting as financial advisors to DeeThree with respect to the Reorganization. Davis LLP acted as legal advisor.

Cautionary Notes

Forward-Looking Statements. Certain statements contained in this press release may constitute forward-looking statements. These statements relate to future events or DeeThree's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. DeeThree believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon by investors. These statements speak only as of the date of this press release and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this press release contains forward-looking statements, pertaining to the following: the anticipated benefits of the Reorganization to DeeThree and its shareholders; the timing and anticipated receipt of required regulatory, court, and shareholder approvals for the Reorganization; the ability of DeeThree to satisfy the other conditions to, and to complete, the Reorganization; the anticipated timing of the mailing of the information circular regarding the Reorganization, the closing of the Reorganization, Granite's dividend policy, the availability and size of credit facilities for Boulder and Granite, the composition of the management teams and Board of Directors of Boulder and Granite, the quantity of reserves, the effectiveness of the EOR project, oil and natural gas production levels, capital expenditure programs, the generation of cash flow from operations, treatment under governmental regulatory and taxation regimes, projections of market prices and costs.

In respect of the forward-looking statements and information concerning the anticipated completion of the proposed Reorganization, the anticipated timing for completion of the Reorganization and the completion of the related credit facilities, DeeThree has provided them in reliance on certain assumptions that it believe are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials, including the required management information circular; the ability of the parties to receive, in a timely manner, the necessary regulatory, court, shareholder and other third party approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Reorganization. These dates may change for a number of reasons, including unforeseen delays in preparing meeting material; inability to secure necessary shareholder, regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Reorganization. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

With respect to forward-looking statements contained in this press release related to DeeThree's business and operations, DeeThree has made assumptions regarding, among other things: the legislative and regulatory environments of the jurisdictions where DeeThree carries on business or has operations, the impact of increasing competition, and DeeThree's ability to obtain additional financing on satisfactory terms.

DeeThree's actual results could differ materially from those anticipated in these forward-looking statements as a result of risk factors that may include, but are not limited to: volatility in the market prices for oil and natural gas; uncertainties associated with estimating reserves; uncertainties associated with DeeThree's ability to obtain additional financing on satisfactory terms; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; incorrect assessments of the value of acquisitions; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel.

This forward-looking information represents DeeThree's views as of the date of this document and such information should not be relied upon as representing its views as of any date subsequent to the date of this document. DeeThree has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. . Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

BOE Presentation. References herein to "boe" mean barrels of oil equivalent derived by converting gas to oil in the ratio of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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