



## PRD ENERGY TO CEASE OPERATIONS IN GERMANY

CALGARY, ALBERTA – July 28, 2015, PRD Energy Inc. ("PRD" or the "Company") (TSXV: PRD) announces that the Company **has decided to cease operations in Germany.**

### Background

PRD's strategy has been focused on developing existing oil fields in Germany which had either been abandoned or underdeveloped. **Several factors were critical to executing this strategy, including: acquiring prospective acreage; increasing cycle times and certainty of outcome for regulatory permits; developing and maintaining working relationships with incumbent operators and state regulatory authorities; accessing technical data at minimum costs; securing joint venture partners; materially reducing capital and operating costs historically associated with the basin; and driving industry and regulatory change to permit the deployment of North American technologies and operating practices.**

The Company was successful in achieving many of its strategic goals. The Company acquired a large land position, a large portion of which had previously producing oil pools within their boundaries, and then entered into data acquisition agreements with three of the four major incumbent operators. The Company also entered into a farm-in project with an incumbent operator and established production. These operations enabled the Company to implement some of its cost savings strategies in the drilling and completion of its first well.

However, the Company's experience to date and near term outlook has led the Company to conclude that the **opportunities available in the German basin at this time are not viable for a company of PRD's size and stage of development.** Central to the Company's decision has been the drastic decline in global commodity prices and ongoing negative outlook. **The extension of cycle times for permitting has resulted in many of the Company's projects becoming uncertain and uneconomic.** Although the Company has successfully accessed legacy data, it has been at significant cost and on lengthy timeframes. In addition, following detailed analysis of the legacy data, a number of the properties for which the Company has obtained licenses have been determined to be uneconomic based on current commodity prices. Despite significant efforts, the Company has been unable to affect material partnership arrangements with incumbents to provide the economies of scale required to properly grow and expand its business in lower risk re-development opportunities. **The adaptation of local service providers to North American drilling and operating practices, and the ongoing reluctance of regulatory authorities to approve such practices, make it unlikely that the Company will be able to execute its required cost reduction strategies.** Further, recent **royalty changes in the state of Schleswig-Holstein,** a state where the Company holds a significant portion of its exploration lands, have made the Company's prospects in that state uneconomic.

For these and other reasons, the Company has determined that it is in the best interests of PRD and its shareholders **to cease operations in Germany.** In this regard, **the Company terminated the employment of its German staff effective August 31, 2015 and is taking steps to close its Berlin office.** The Company intends to relinquish its licences and will be ceasing efforts to acquire the remaining interests in Boerger from the operator as a result of being unable to finalize mutually agreeable terms. The Company expects this decision to materially impact the carrying value of its exploration and evaluation assets which impact will be assessed in its second quarter financial statements which are expected to be released August, 2015.

In addition, the **Company will be reducing its technical staff in the Calgary office** together with a reduction in other ongoing administrative expenses. The Board of Directors and senior management wish

to thank its hard working and dedicated professionals for their service and wish them every success in the future.

As of June 30, 2015 the Company had approximately \$15,700,000 CDN in cash and 143,908,116 shares outstanding. The Company expects to issue an update in due course on estimated restructuring costs and timing of exiting its German business.

### **Strategic Alternatives**

The Board of Directors has formed a special committee to evaluate the Company's strategic alternatives which may include one or a combination of: (i) the sale of the Company or other business combination; (ii) the recapitalization of the Company; (iii) asset acquisitions or dispositions (including a **disposition of its German business**); or (iv) the **liquidation and/or dissolution of the Company**, amongst all other alternatives.

It is the Company's current intention not to disclose developments with respect to the strategic review process until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. The Company cautions that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction. The Company has not yet set a definite schedule to complete its evaluation or process. Messrs. Michael Greenwood, Jeff Scott and Volker Braun are expected to remain with the Company while the Board of Directors evaluates these strategic alternatives. The Company has engaged FirstEnergy Capital Corp. to act as its financial advisor in respect of this process.

### ***About PRD***

PRD Energy Inc. is a Calgary based oil and gas company engaged in the exploration, development and acquisition of, natural gas and crude oil. PRD's common shares are listed on the TSX Venture Exchange with the symbol "PRD".

### **Forward looking information**

This news release contains forward-looking information relating to: the Company's intention to relinquish its licenses and to cease efforts to acquire the remaining interests in Boerger from the operator, the impact of the Company's decision to cease operations in Germany on the carrying value of its exploration and evaluation assets, the reduction in technical staff in the Company's Calgary office and the reduction in other ongoing administrative expenses, the Company's ability to execute its cost reduction strategies; the outcome of the Company's evaluation of its strategic alternatives and other statements that are forward-looking in nature. Such forward-looking information is subject to important risks, uncertainties and assumptions. The results or events predicated in this forward-looking information may differ materially from actual results or events. As a result, you are cautioned not to place undue reliance on this forward-looking information.

Forward-looking information is based on certain factors and assumptions, known and unknown risks and uncertainties that contribute to the possibility that the forward-looking information may differ materially from actual results or events. The risks and uncertainties include, without limitation: the impact of increasing competition; the general stability of the economic and political environments in which the Company operates or owns interests; the timely receipt of any required regulatory approvals; the ability to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing to fund its operations on acceptable terms; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in

which the Company operates; and the ability of the Company to successfully market its oil and natural gas products, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Additional information on these and other factors that could affect PRD's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Furthermore, the forward-looking information contained in this news release are made as at the date of this news release and PRD does not undertake any obligation to update publicly or to revise any of the forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The forward-looking information contained in this news release describe our expectations as of July 28, 2015 and, accordingly, are subject to change after such date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

**Neither the 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.**

#### **Further information**

For more information, please contact:

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