



NEWS RELEASE

PETROCAPITA ANNOUNCES CONSOLIDATION AND RESET OF WARRANT TERMS

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Calgary, Alberta – July 27th, 2017 – Petrocapita Income Trust (**CSE:PCE.UN**) (“**Petrocapita**” or the “**Trust**”) announces that the trustees of Petrocapita have approved, by resolution, the consolidation of the common trust units (the “**Common Trust Units**”) on the basis of one whole new Common Trust Unit for every existing one hundred Common Trust Units, effective as of August 18, 2017 (the “**Consolidation**”). In connection with the Consolidation, the trustees of Petrocapita have also approved the extension of the expiry date of certain warrants (the “**Warrants**”) and the re-pricing of such Warrants (the “**Warrant Amendment**”), which were issued in connection with Petrocapita’s previously announced private placement of 8% secured convertible debentures (the “**Convertible Debentures**”).

Details related to the offering of Convertible Debentures to date have been filed with the Canadian Securities Exchange (www.theCSE.com) and under Petrocapita’s profile on SEDAR (www.sedar.com).

Consolidation

Petrocapita Income Trust currently has 1,109,731,962 Common Trust Units outstanding and, following the Consolidation will have approximately 11,097,320 Common Trust Units outstanding. No fractional Common Trust Units will be issued pursuant to the Consolidation and any fractional units that would have otherwise been issued will be rounded up to the nearest whole number.

The Consolidation remains subject to final approval of the Canadian Securities Exchange. Petrocapita intends to retain the same name and ticker symbol subsequent to the Consolidation.

Warrant Terms

Pursuant to the Warrant Amendment, the expiry date of the Warrants issued in conjunction with the Convertible Debentures will be extended from December 31, 2018 to December 31, 2020, the maturity date of the Convertible Debentures, provided that the expiry date of any Warrants that were issued prior to December 31, 2015 shall be extended to the date that is 5 years from the date such Warrants were issued.

In addition, the Warrants will be re-priced so that the exercise price of the Warrants shall be 1.10 times the average closing price, or the midpoint between the closing bid and ask on days where no trading occurs, of the Common Trust Units on the Canadian Securities Exchange for the most recent 20 trading days at the time of the Warrant Amendment.

The Warrant Amendment is expected to occur 20 trading days subsequent to August 18, 2017, the effective date of the Consolidation.



However, if, following the Warrant Amendment, the closing price of the Common Trust Units exceeds the amended exercise price by the applicable private placement discount prescribed by the Canadian Securities Exchange for any 10 consecutive trading days, the expiry date of the Warrants shall be amended to 30 days. The amended expiry date shall be announced by press release and the 30 day period will commence 7 days from the end of the 10 day period.

The Trust currently has approximately 445,830,000 Warrants outstanding and, following the Consolidation will have approximately 4,458,300 Warrants outstanding. No fractional Warrants will be issued pursuant to the Consolidation and any fractional units that would have otherwise been issued will be rounded up to the nearest whole number.

The re-pricing of the Warrants is subject to the consent of the warrant-holders and the Canadian Securities Exchange.

About Petrocapita

Petrocapita Income Trust is a Specified Investment Flow Through trust developing and acquiring heavy oil production and infrastructure assets in the Lloydminster area of east central Alberta and west central Saskatchewan through its wholly owned subsidiary, Petrocapita Oil and Gas L.P. Petrocapita owns and/or operates 445 gross (426.3 net) oil wells, 91 gross (22 net) gas wells, 19 produced water disposal facilities, 3 custom oil processing facilities, 4 natural gas compressor stations, 72.75 km in pipelines, oil well service rigs, fluid haul tractors and trailers, motor graders and well site processing equipment. It is seeking accretive opportunities to acquire both oil production and complimentary midstream assets during a cyclical low in the oil and gas markets.

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This release is not an offer of securities of the Trust for sale in the United States. The Common Trust Units and Warrants of the Trust have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the Common Trust Units and Warrants may not be offered or sold in the United States except pursuant to an applicable exemption from such registration. No public offering of securities is being made in the United States.

FORWARD LOOKING INFORMATION:

Certain statements and information contained in this news release constitute forward-looking statements and forward-looking information as defined under applicable securities legislation (collectively, "**forward-looking**



statements"). These forward-looking statements relate to future events or Petrocapita's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. In particular, and without limitation, this news release contains forward-looking statements pertaining to: the occurrence of the Consolidation and the Warrant Amendment; the intention of the Trust to retain the same name and ticker symbol; the extension of the expiry date of the Warrants; the re-pricing of the Warrants; and required approvals from the Canadian Securities Exchange and the warrant holders to complete the Consolidation and the Warrant Amendment. 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. Although management believes that the expectations conveyed by any forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things: Petrocapita's continued operations, the anticipated benefits of the Consolidation and the Warrant Amendment, the continued offering of the Convertible Debentures, and the receipt of required approvals from the Canadian Securities Exchange and the warrant holders. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risks related to: the Consolidation and the Warrant Amendment are not approved by the Canadian Securities Exchange and the warrant holders; the anticipated benefits of Consolidation and the Warrant Amendment are not realized; volatility in market prices and demand for crude oil; general economic, market and business conditions; difficulties encountered in the development and production of Petrocapita's reserves; difficulties encountered in the upgrading and/or operation of Petrocapita's facilities; the loss of key personnel; the failure to realize the benefits of upgrading Petrocapita's facilities; the inability to generate sufficient cash flow from operations to meet current and future obligations; the inability to obtain required debt and/or equity capital on acceptable terms or at all; changes in tax law or other adverse regulatory, royalty or tax changes; diversion of management to manage unforeseen business or operating issues; current global financial conditions.

Readers are cautioned that the risk factors set forth above should not be construed as exhaustive. Additional information on risks, uncertainties and factors that could affect the foregoing forward-looking information and/or Petrocapita's operations or results therefrom is included in its filings with the securities commissions which have been filed under Petrocapita's profile on SEDAR (www.sedar.com).

Although the forward-looking statements contained in this news release are based upon what Petrocapita's management believes to be reasonable assumptions, Petrocapita cannot assure investors that actual results will be consistent with such information.

Forward-looking statements reflect management's current beliefs and are based on information currently available to Petrocapita. Petrocapita cautions readers not to place undue reliance on Petrocapita's forward-looking statements. The forward-looking statements are made as of the date of this news release and Petrocapita assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable securities laws.