

Smoothwater Demands an Alberta Oilsands Shareholder Vote on Value-destroying Bailout

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TORONTO, Aug. 21, 2016 - Smoothwater Capital Corporation ("Smoothwater") responded to the proposed plan of arrangement announced by [Alberta Oilsands Inc.](#) ("AOS") and [Marquee Energy Ltd.](#) ("Marquee"). Smoothwater (together with a joint actor) is the largest shareholder of AOS holding over 16.6% of the issued and outstanding shares of AOS. Smoothwater holds no shares of Marquee.

Smoothwater will not support the proposed merger by way of a plan of arrangement as it would significantly destroy value for all AOS shareholders by effectively using its risk free cash to bailout a distressed junior energy company with little prospects of success unless energy prices increase dramatically.

Smoothwater believes that an immediate cash dividend of all AOS cash, net of reasonable reserves, is in the best interests of all AOS shareholders as it treats all shareholders equally and provides shareholders with the option to invest those proceeds as they wish.

"Why would AOS shareholders trade a certain cash distribution of about \$0.15 per share for a highly speculative, volatile junior oil stock?", said Stephen Griggs, CEO of Smoothwater. "There is tremendous uncertainty about Marquee's own business and volatile oil prices; cash is by far the better option. If an AOS shareholder really wants to own junior oil shares, there are many other options available".

Demand for AOS Shareholder Vote

"What is most disturbing about this proposed arrangement is the complete lack of respect for AOS shareholders. The AOS board intentionally structured this in a way that they wrongly believe does not require the approval of two thirds of AOS shareholders; a basic corporate law and governance expectation," continued Griggs. "The board refused to consult Smoothwater on this transaction, but we made it clear to them and to Marquee multiple times over the last two weeks that we would not support a transaction of this kind."

Based on calls and emails to Smoothwater, the vast majority of shareholders strongly disapprove of this arrangement.

Smoothwater has had a number of meetings with the Chair and CEO of AOS over the last six months to discuss the wind up of the company as requested by most shareholders, including Bruce Mitchell. In discussions about the Marquee arrangement, the Chair and CEO repeatedly stated that any transaction with Marquee would be taken to AOS shareholders for approval. On July 28 2016, the CEO emailed Smoothwater: "If entered into, this transaction [the merger with Marquee Energy] will be taken to the shareholders for approval. We are not certain whether it requires a simple majority or special majority without comment from the TSXV."

Counsel to Smoothwater has contacted the Venture Exchange to ensure that the exchange requires a vote of two thirds of the shareholders of both AOS and Marquee to approve the arrangement. Smoothwater also intends to appear before the Alberta Court of Queen's Bench to request an AOS shareholder vote as a key determinant of the fairness of the arrangement.

"Smoothwater intends to defend the legitimate rights of all AOS shareholders from this board, its Chair and CEO. These are fundamental governance rights that must be maintained. We have the resources and expertise to defend all AOS shareholders from this abusive board and transaction," Griggs continued. "This arrangement is ill-conceived and was clearly rushed over a few weeks. With an inexperienced board and a CEO with no industry experience, how could AOS possibly have done appropriate due diligence over a few days? This deal was jammed in at the last minute because they have run out of time".

Neither company has been able to release their June 30 2016 financial results to shareholders and the companies have failed to file the arrangement agreement as required by law. "How can shareholders possibly be asked to consider this transaction with a complete lack of information? This shows that either the AOS board and management are hiding important facts from shareholders or are incompetent; or both".

For more information and updates, including a copy of this press release and other documents please visit www.smoothwatercapital.com.

About Smoothwater Capital:

Smoothwater Capital Corporation is a leading Canadian activist investor, focusing on investing in small to midcap Canadian public companies where there is an identifiable path to significantly improve shareholder value. Smoothwater works to effect change in targeted companies, often collaboratively with institutional and other like-minded investors who hold material positions but are not able to take on the time consuming and costly activist role.

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