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Canbriam Energy Achieves 30,000 boe/d from its Altares Montney Asset and Provides Operational Update

CALGARY, AB, March 16, 2016 (CNW)--Canbriam Energy Inc. (“Canbriam” or the “Company”) provides an operational update on the commercial development of its liquids rich over-pressured Altares Montney asset, located west of Fort St. John, BC, highlighted by the addition of natural gas processing and water handling infrastructure that has supported production growth that reached 30,000 boe/d in early 2016.

Canbriam is maintaining a reduced pace of development for 2016, which reflects a disciplined approach to capital expenditures that are expected to remain within cash flow during this low commodity price cycle.

“2015 was a pivotal year for Canbriam as we continued to lay the foundation for long term value creation,” said Paul Myers, Canbriam President & Chief Executive Officer. “We executed on our infrastructure build out, demonstrated meaningful production growth from our Montney asset and our low cost structure and hedging program improves our overall profitability.”

Production and Well Results

- Production achieved 30,000 boe/d in early 2016 and is currently averaging 27,000 boe/d due to well shut ins required for ongoing completion activities
- Q4 2015 production was 22,920 boe/d and full year 2015 production averaged 17,898 boe/d, 84 percent of which was natural gas, 7 percent was condensate and 9 percent was butane and propane
- During the fourth quarter the company added 5 new wells, to bring total development wells to 38, of which 74 percent are within the Upper Montney and 26 percent are located in the Lower Montney
- Overall corporate decline rate of 24 percent reflects the use of downhole chokes to restrict rates at or below 5.0 MMcf/d for all wells due to the anomalously high over pressured nature of Canbriam’s Altares Montney
- 2016 production, based on its current eight well program, is expected to average between 27,000 and 30,000 boe/d for the full year

Infrastructure Development

- On September 30, 2015 Canbriam commissioned Phase 2 of its b-72-A natural gas processing facility, increasing total production capacity to approximately 40,000 boe/d including current natural gas liquids yields

- Canbriam's water handling & recycling facility, located adjacent to the b-72-A Altares Processing Facility, was commissioned in Q2 2015 and is expected to save between \$19 million and \$35 million annually depending on the level of activity
- In early 2016, Canbriam also commissioned its waste water disposal well which allows for safe and efficient disposal as required
- Canbriam's approach to water involves a long term license for sourcing water from Williston Lake and includes a closed system of water handling and recycling that eliminates the need to truck any fresh, produced or waste disposal water
- In Q4 2015, Canbriam recycled and reused over 99 percent of its produced water and flowback water from frac operations

"Our water investment is a key element to our low cost development" commented Paul Myers. "Our water recycling and handling strategy eliminates the need to truck water which is good for the environment, improves our cost structure and is supported by our stakeholders."

Capital Budget and Financial Information

- Canbriam is targeting a capital budget between \$100 and \$110 million in 2016, about two thirds of which will be focused on drilling and completion activity at its Altares Montney asset and the remainder will support ongoing infrastructure development
- Canbriam expects to fund its capital program and maintain its strong financial position through funds from operations, cash on hand and through its \$250 million undrawn credit facility as required
- Total cash costs excluding interest expense was \$6.21 per boe for Q4 2015, which represents a 53 percent improvement from Q4 2014, reflecting cost efficiencies related to volume growth, elimination of produced water hauling and overall market conditions

Risk Management & Marketing

- Canbriam currently has 2016 hedges in place for 110,847 GJ/d at Station 2 weighted average price of C\$2.19 per GJ, which represents approximately 70 percent of expected average natural gas production net of royalties
- Canbriam has 2017 hedges in place for 100,000 GJ/d at Station 2 for C\$2.68 per GJ
- The Company has 2016 WTI hedges for 2,500 bbls/d at average WTI price of C\$97.35 per barrel, which represents approximately 70 percent of expected condensate and butane production net of royalties
- Canbriam also has 2017 hedges in place for 500 bbls/d at average WTI price of C\$79.40 per barrel
- In early 2016, Canbriam entered into liquids pipeline firm transportation agreements, expected to be in service before year end 2017, which will provide the necessary liquids pipeline takeaway capacity to meet Canbriam's future needs

Independent Reserves Evaluation and Related Oil and Gas Information

- McDaniel & Associates Consultants Ltd. (“McDaniel”) conducted an independent reserves evaluation effective December 31, 2015 in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook
- Proved (“1P”) reserves at December 31, 2015 were 199 MMboe, an 18 percent increase over 2014 levels
- Proved plus Probable (“2P”) reserves have increased 29 percent to 361 MMboe, comprised of 1.79 Tcf of natural gas and 63 MMbbls of natural gas liquids
- 2P Finding & development costs (“F&D”), including changes in future development costs (“FDC”) were \$5.31 per boe, which represents a 38 percent decrease from 2014 levels and reflects the low cost nature of Canbriam’s asset base
- Proved developed producing (PDP) F&D costs were \$11.66 per boe, or \$6.63 per boe excluding \$157 million in infrastructure capital required to support production growth
- Canbriam’s 2P recycle ratio was 2.9 times in 2015, based on an operating netback⁽¹⁾ of \$15.65 per boe
- 2P net present value decreased to \$2.3 billion⁽²⁾ in 2015 from \$2.4 billion in 2014 as reserve additions did not fully offset lower forecast prices

(1) Non-IFRS financial measure.

(2) Calculated before tax using a 10 percent discount rate and based on McDaniel pricing as of 1/1/16.

Please refer to our website www.canbriam.com for more details which will be provided in our corporate presentation on March 16, 2016.

About Canbriam

Canbriam Energy Inc. is a private intermediate exploration and production Company with a focus on liquids rich natural gas. Its principal producing properties and acreage positions are in the Altares Montney of Northeast British Columbia, which has been substantially de-risked to support its development plans. The Company was founded in 2007 and is headquartered in Calgary, Alberta with an office in Fort St. John, British Columbia.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of securities legislation. All statements, other than historical facts, that address activities that Canbriam intends, assumes, plans, expects, believes or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. Forward-looking statements herein relate to business strategy and objectives; development and exploration plans, including the anticipated benefits resulting therefrom and the timing thereof; reserve quantities and the discounted present value of future net cash flows from such reserves; future production levels; facility construction; drillings plans; and the timing of well completions. The forward-looking statements are based on management’s current beliefs, based on currently available



information, as to the outcome and timing of future events. These forward- looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of Canbriam. Canbriam undertakes no obligation to update or revise any forward-looking statements. Any forward-looking statements in this release are expressly qualified by this cautionary statement.

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