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Canbriam Energy Announces 2017 Capital Budget of $295 million and Provides an Operational Update on the Development of its Altares Montney Asset

CALGARY, AB, March 16, 2017 (CNW)--Canbriam Energy Inc. ("Canbriam" or the "Company") has approved $295 million in capital expenditures for 2017, which reflects an increased pace of development of its liquids rich Montney resource and ongoing construction of the recently sanctioned Phase 3 of the 100% owned Altares processing facility. Phase 3 is designed to add an additional 120 million cubic feet per day of natural gas processing capacity once commissioned in late 2018 and will take total processing capacity to 330 million cubic feet per day or approximately 60,000 boe/d including liquids.

Canbriam maintains the flexibility to adjust activity levels dependent on commodity prices and capital spending is expected to be funded from internal cash on hand, cash flow and existing credit facilities. Canbriam continues to assess opportunities to access both debt and equity markets to support its capital structure.

Canbriam also provides an operational update on the development of its Altares Montney asset, located west of Fort St. John, BC, highlighted by an overview of 2016 results including an update on its reserve additions.

"2016 was another strong year as Canbriam demonstrated full cycle profitability despite ongoing commodity price volatility," said Paul Myers, Canbriam President & Chief Executive Officer. "Our integrated development strategy, which includes 100% owned processing and water handling infrastructure, translated into a low operating cost structure that supports value creation."

Capital Budget and Financial Information

- Canbriam is targeting a capital budget of $295 million in 2017, $165 million of which will be focused on drilling and completion activity at its Altares Montney asset and the remainder will support ongoing infrastructure development
- In 2016, Canbriam achieved 5.5% return on capital employed[(1)], which is reflective of the company's objective to ensure full cycle returns are achieved through a combination of its low cost structure, prudent risk management and the low decline nature of the Altares asset
- Total cash costs excluding interest expense were $6.67 per boe for 2016, which represents a 21 percent improvement from 2015, reflecting cost efficiencies related to volume growth and the elimination of trucking related to fresh and produced water handling
- During Q4 2016 Canbriam completed the acquisition of the assets of Northpoint Resources that added 5 million cubic feet per day of non-Montney sweet natural gas.

Canbriam purchased the assets for $7.5 million, which included pipeline infrastructure that is expected to realize $15 million capital cost savings in 2017 related to its liquids takeaway strategy

(1) Non-IFRS financial measure. Return on capital employed is calculated as EBIT/tangible capital employed. EBIT is earnings before interest, taxes, unrealized gains/loss from risk management and other capital related charges. Tangible capital employed calculated as adjusted net working capital plus net fixed assets

Production and Well Results

- Q4 2016 production was 28,075 boe/d and full year 2016 production averaged 26,642 boe/d, 85 percent of which was natural gas, 7 percent was condensate and 8 percent were natural gas liquids
- 2017 production is expected to average between 29,000 - 31,000 boe/d for the full year, based on the low corporate decline rate and supported by the addition of 24 development wells. Production growth is expected to be weighted towards the second half of 2017 based on cycle times required to bring on new production
- Overall corporate decline rate of 27 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
- Drilling and completion costs, including equipment and tie-in costs are $7.0 million per well, which represents a 35 percent improvement since 2014 due to efficiency improvement in drill times, lower completion costs related to water handling, completion intensity and technology improvement
- Canbriam has transitioned to pinpoint cemented sliding sleeve technology for its completion design along with lower proppant loading rates between 1.2 to 1.3 tonnes per meter. Through 2016, Canbriam tested proppant loading of up to 1.8 tonnes per meter to determine the effective limits of completion intensity
- Canbriam has also added a third development interval within the Upper Montney and has transitioned to wider spacing at 300 meters between horizontal wells. The company has now commercialized five development intervals, three in the Upper Montney and two in the Lower Montney

Infrastructure Development

- In Q4 2016 Canbriam sanctioned the construction of Phase 3 of its Altares processing facility, located at b-72-A, which is expected to increase total production capacity to approximately 60,000 boe/d including current natural gas liquids yields upon commissioning in late 2018
- Canbriam's water handling & recycling facility, located adjacent to the b-72-A facility, has supported completion cost reductions of $1.0 million per well since it was commissioned in 2015 as it has eliminated the need to truck fresh water, flowback or produced water
- Operating costs related to water were $0.27 per boe in 2016, compared to $1.25 per boe in 2014, prior to the commissioning of the water hub

- Canbriam is constructing a liquids pipeline that will join the NEBC pipeline expansion project near the Alaska Highway. Canbriam expects to commission this pipeline before year end 2017 and once operational will eliminate the trucking of condensate and NGL volumes improving operational and safety performance

Risk Management & Marketing

- Canbriam currently has 2017 hedges in place for 110,000 GJ/d at a Station 2 weighted average price of C$2.62 per GJ, which represents approximately 70 percent of expected average natural gas production net of royalties
- During the fourth quarter of 2016, Canbriam entered into physical basis sales contracts for 2017 production based upon Chicago, AECO and Sumas price points. As a result, less than 15 percent of 2017 production is exposed to Station 2 spot pricing
- Canbriam has 2018 hedges in place for 70,000 GJ/d at Station 2 for C$2.40 per GJ
- The Company has 2017 WTI hedges for 2,432 bbls/d at average WTI price of C$70.60 per barrel, which represents over half of expected liquids production net of royalties
- Canbriam also has 2018 hedges in place for 1,500 bbls/d at average WTI price of C$68.72 per barrel
- The company secured additional firm service volumes on Spectra T North pipeline in Q4 2016, to ensure pipeline capacity is available to support future growth. Canbriam's total firm service capacity on the T North pipeline is 228 million cubic feet per day

Independent Reserves Evaluation and Related Oil and Gas Information (2)

- Proved developed producing ("PDP") reserves increase 23 percent, based on production growth in 2016
- PDP Finding, development and acquisition costs ("FD&A") were $7.20 per boe, which included infrastructure capital required to support production growth. PDP FD&A calculated net of infrastructure capital was $5.79 per boe
- Future development costs ("FDC") decreased 16 percent, due primarily to improvement in drilling and completion costs
- Proved ("1P") reserves at December 31, 2016 were 226 MMboe, a 13 percent increase over 2015 levels. 1P net present value increased to $1.7 billion(3) in 2016, a 30 percent increase from 2015
- Proved plus Probable ("2P") reserves were 366 MMboe, comprised of 1.83 Tcf of natural gas and 61 MMbbls of natural gas liquids, a 1 percent increase from 2015. 2P net present value increased to $2.6 billion(3) in 2016, a 14% increase from 2015 as a result of lower FDC
- 1P FD&A, including changes in FDC, were $3.88 per boe, while 2P FD&A could not be calculated as 2016 capital plus changes in FDC resulted in negative capital for the year
- Canbriam's three year average 2P FD&A is $6.46 per boe and 2P recycle ratio is 2.8 times, based on an average operating netback(4) of $18.05 per boe. 2016 2P recycle ratio could not be calculated due to the reduction in FDC

(2) McDaniel & Associates Consultants Ltd. (“McDaniel”) conducted an independent reserves evaluation effective December 31, 2016 in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook
(3) Calculated before tax using a 10 percent discount rate and based on McDaniel pricing as of 1/1/17
(4) Non-IFRS financial measure

Please refer to our website www.canbriam.com for more details which will be provided in our corporate presentation on March 16, 2017.

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.

Investor & Media Contact:

Paul Myers
President and Chief Executive Officer
pmyers@canbriam.com

Rob Froese
Chief Financial Officer
rfroese@canbriam.com

Bill Stait
Director, Investor Relations and Corporate M&A
bstait@canbriam.com
(403) 718-8564