Canamax Announces Fourth Quarter and Year End February 28, 2014 Financial and Operating Results

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CALGARY, ALBERTA -- (Marketwired - June 26, 2014) - Canamax Energy Ltd. ("Canamax" or the "Company") (TSX VENTURE:CAC) is pleased to announce the Company's financial and operational results for the fourth quarter and year ended February 28, 2014.

Highlights - Year Ended February 28, 2014

From the prior year end of February 28, 2013 through to August 2013, the only asset held by Canamax in western Canada was a 6% working interest in two producing natural gas wells at Brazeau River (west central Alberta) with net production of 10 boe/d. Since August, the Company has focused on consolidating financially distressed microcap oil and gas companies and acquiring low risk, development opportunities. As part of this plan, Canamax completed the following transactions and property development work during the year which resulted in a year end exit production rate of 430 net boe/d:

- Acquired the remaining 94% working interest at Brazeau River at no cash cost to Canamax (total production addition of approximately 155 boe/d). Canamax received net consideration of $0.2 million to take this working interest plus working interests in two other properties along with the related abandonment liabilities.

- Successfully increased the gross production at Brazeau River from 165 boe/d to 400 boe/d by re-completing 2 shut-in wells in the Cardium and co-mingling one of the producing wells. In addition, Canamax re-routed the natural gas production through new, Company owned compression facilities which optimized production rates and significantly reduced operating expenses.

- Acquired the Flood property in northwest Alberta from a financially distressed company during October for net consideration of $0.5 million (such property consisting of a 100% working interest in 37 sections, three shut-in Montney oil wells and a new oil battery).

- Successfully drilled an additional Montney oil well and a water injection well at Flood in January. The total estimated shut-in production capability from the four oil wells of approximately 100 boe/d is expected to be brought on to production at the end of June 2014 once the water handling/disposal facilities in the area are operational.

- Commenced the drilling of a farm-in well at Wapiti (west central Alberta) during January 2014, which was successfully completed in March as a producing Cardium well. The initial 30-day production rate (IP30) for this well was approximately 405 boe/d gross (86% oil & NGL's) and 286 boe/d net. Canamax is targeting a stabilized net production rate from this well of 100 boe/d once a pump is installed on this well at the end of June.

To fund the above acquisitions and development work, Canamax raised $7.0 million in net proceeds from two private placement financings during the fiscal year. Proved and probable petroleum and natural gas reserves increased significantly from 7,000 boe at February 28, 2013 (NPV 10% of $0.2 million) to 2.5 million boe at February 28, 2014 (NPV 10% of $38.4 million).

Financial and Operational Summary

For the fourth quarter and year ended February 28, 2014:

Financial (1) ($000 except share, per share and per boe amounts)	Three months (Unaudited)	Twelve months
Revenue	$1,966	$2,959
Operating netback (2)	$1,113	$1,711
Funds from continuing operations (2)(3)	$527	$250
- per share	$0.02	$0.02
Net earnings (loss) - continuing operations (3)	$939	($183)
- per share	$0.04	($0.01)
Net loss - discontinued operations	-	($551)
- per share	-	($0.03)
Net capital expenditures (4)	$6,741	$7,280
Net Proceeds from financings	$2,134	$6,951
Proceeds from share purchase warrant and stock option exercises	$1,209	$1,209
Cash and working capital balance - end of period	$119	$119
Common shares outstanding - end of period (in 000)	26,994	26,994
Operating		
Average Daily Production		
Oil and NGL's (bbls/d)	178	68
Natural gas (mcf/d)	1,530	631
Oil equivalent (boe/d)	433	173
Average Price		
Oil and NGL's ($/bbl)	72.34	74.81
Natural gas ($/mcf)	5.87	4.78
Oil equivalent ($/boe)	50.48	40.31
Royalties & Operating expenses ($/boe)	21.88	19.77
Operating netback ($/boe)	28.60	27.09

Notes:
(1) Financial information for the comparable periods in 2013 has not been provided as Canamax did not have material operations in Canada during those periods.
(2) See "Non IFRS Measures".
(3) During the year ended February 28, 2014, Canamax terminated its Colombia operations (including shutting down the office in Bogota and terminating all staff) to focus on operations in western Canada. The Colombia operations have therefore been reflected as discontinued operations.
(4) Net capital expenditures reflect property acquisitions (net of property dispositions), combined with drilling, completion and facility expenditures.

Significant Events Subsequent to Year End

Acquisition of Ki Exploration

Canamax continued to execute on its mandate of acquiring peer companies at favourable financial metrics with the acquisition of Ki Exploration Inc. ("Ki") on April 30, 2014. The $6.0 million acquisition cost was comprised of approximately $3.6 million in Canamax equity units and the assumption of $2.4 million of Ki's working capital deficit. The equity units were priced at $1.20 per unit and comprised of one common share and one-half of a share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share for $2.40 until March 31, 2016.

At the acquisition date, Ki was producing approximately 330 boe/d, with trailing twelve-month field cash flow of approximately $2.0 million - resulting in a purchase price of approximately $18,000 per flowing boe and three times cash flow.

Closing of $13.0 million financing

On April 30 and May 15, 2014, Canamax closed two tranches of a brokered private placement financing. The Company raised gross proceeds of approximately $13.0 million (net proceeds of $12.0 million) through the issue of 10,433,384 financing units at a price of $1.25 per unit. Each unit consisted of one common share and one-half of a share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at an exercise price of $2.40 until March 31, 2016.

New Management Team

During March, the following senior management team members were appointed by the Company: Brad Gabel, President & CEO; Chris Martin, Vice President, Finance & CFO and Jeremy Krukowski, Vice President, Operations and COO. Mr. Gabel and Mr. Martin bring significant acquisition and divestiture and public markets experience to Canamax, while Mr. Krukowski brings significant operational experience to the Company.

Outlook

Management of Canamax continues to see corporate acquisition opportunities in western Canada given the number of junior oil and gas companies in financial distress - the residual effects of low natural gas prices from 2010 through 2013 and the limited access to capital during those periods. In addition, we continue to negotiate property acquisitions with peer companies in an effort to enhance our core operating areas. The focus of these strategic corporate and property acquisitions is to continue to build high working interest, contiguous land positions in our core areas with significant low risk, development upside.

The net proceeds of $12.0 million from our recently closed financing has significantly strengthened our balance sheet, and will allow us to execute our $14 million capital expenditure plan for the remainder of the year, with little or no debt. Our strong financial position will also allow us to continue seeking accretive acquisitions in this opportunistic market.

Non IFRS Measures

This MD&A refers to certain financial measures that are not determined in accordance with IFRS such as "funds from continuing operations", "funds from continuing operations per share", "operating netback" and "operating netback per boe". These terms do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures used by other companies. The Company uses these measures to help evaluate its performance.

Management uses funds from continuing operations to analyze performance and considers it a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments. Funds from continuing operations is a non-IFRS measure and has been defined by the Company as net earnings (loss) from continuing operations plus non-cash items (depletion, accretion of decommissioning obligations, share based compensation, gain on bargain purchase and deferred income taxes) and excludes the change in non-cash working capital related to operating activities, expenditures on decommissioning obligations and expensed transaction costs. The Company also presents funds from continuing operations per share whereby amounts per share are calculated using weighted average shares outstanding, consistent with the calculation of earnings per share. Funds from continuing operations is reconciled to cash flow from operating activities under the heading "Funds from Continuing Operations".

Operating netbacks are determined by deducting royalties and operating expenses from oil and gas revenue. Operating netbacks are typically on a per boe basis and are used in operational and capital allocation decisions.

Funds from continuing operations

The reconciliation from Cash flow from operating activities to funds from continuing operations is as follows:

($000)	Three months ended February 28, 2014 (unaudited)	Year ended February 28, 2014
Cash flow from operating Activities - continuing operations	(198)	(422)
Add (deduct):		
Change in non-cash working capital	653	581
Transaction costs-acquisitions	72	91
Funds from continuing operations	527	250

About Canamax

Canamax is a junior oil and gas company in the business of consolidating financially distressed micro-cap oil and gas companies and exploiting low risk development opportunities in the Western Canadian Sedimentary

Basin.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Reader Advisories

Certain information in this press release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expects", "seeks", "potential", "plans", "estimates", and similar expressions. Specific forward-looking statements included in this press release include comments related to expected production rates, completion of the battery and water storage facilities for the Flood property; infrastructure and tie-ins for the Company's production and equipment additions for the Company's Wapiti property.

In addition, please note that statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, including, without limitation, the impact of general economic conditions, the risks and liabilities inherent in oil and natural gas operations; marketing and transportation; loss of markets; volatility of commodity prices; currency and interest rate fluctuations; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions or dispositions; inability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to income tax, environmental laws and regulatory matters, including changes in how they are interpreted and enforced; changes in incentive programs related to the oil and natural gas industry generally; and geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. Readers are cautioned that the foregoing list of factors is not exhaustive.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

The forward looking statements contained in this news release are made as of the date of this news release, and Canamax does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.

Conversion

BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

(NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA)

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