

CALGARY, AB--(Marketwired - June 01, 2015) - [Canamax Energy Ltd.](#) ("Canamax" or the "Company") (TSX VENTURE: CAC) is pleased to announce the Company's financial and operational results for the interim period ended March 31, 2015.

## Highlights

During the three-month period ended March 31, 2015, Canamax continued to execute its operational plan in its core areas. This included activation of significant new gathering and emulsion handling facilities at Flood and tie-in of the Company's new Cardium oil well at Wapiti.

Below are some of the significant highlights during Q1 2015:

- The Cardium oil well drilled at Wapiti in Q4 2014 (in which Canamax has a 70% working interest), was tied in and brought on production on March 2, 2015. Production from this well for the month of March averaged 415 boe/d (net 291 boe/d) with gross production comprised of 341 bbl/d of oil; 294 mcf/d of gas; and 25 bbl/d of NGL's. This well was listed as the 7<sup>th</sup> best well in Alberta for the month of March in terms of initial production ("IP") rates for Cardium oil (source: AltaCorp Capital). Canamax has identified an additional 9 (net 7.5) horizontal Cardium drilling locations at Wapiti.
- During January, Canamax activated the gathering and emulsion handling facilities at Flood which had been constructed during Q4 2014. All of the producing wells at Flood had been tied into these facilities during November and December. The Company experienced several issues on start-up of these facilities which resulted in production being choked back during the first quarter. These issues were resolved during March and the new infrastructure has been working smoothly since that time. The new infrastructure is set up to provide easy tie-in for future wells drilled in the area and has reduced field operating costs by eliminating trucking of emulsion.
- During Q1 2015, Canamax acquired 12.5 (net 12.5) sections of Crown land at Flood. Canamax now has a 100% working interest in 55 contiguous sections of land and all related facilities at Flood with an additional 4.0 net sections in the area.
- During January, Canamax announced the closing of a Royalty Arrangement with Maple Leaf 2013 Oil & Gas Income Limited Partnership ("Maple Leaf") whereby Maple Leaf will fund \$2.55 million of the capital cost to drill, complete and tie-in six vertical wells in Canamax's Flood property in exchange for a gross overriding royalty. These wells are required to be drilled prior to the end of Q3 2015.
- During March, an interruption in service on a major TransCanada pipeline in the Brazeau River area resulted in many producers being required to reduce delivered sales gas volumes. As a result, Canamax shut-in approximately 150 boe/d (70% natural gas) of production at Brazeau River representing approximately 60% of area production. TransCanada has stated that it expects the pipeline issue to be rectified by September 2015.
- Production for the quarter averaged 921 boe/d (56% oil and NGL's) which was consistent with average production of 930 boe/d for the Company's immediately preceding fiscal "quarter" (ie. four months ended December 31, 2014). This reflected the new production from Wapiti being offset by shut-in production from Brazeau River.
- Funds from operations for Q1 2015 were \$0.3 million (\$0.01 per share) and reflected the low commodity prices during the period and the higher operating costs associated with facility start-up issues at Flood.

On May 29, 2015, Canamax entered into a binding purchase and sale agreement with an intermediate oil and gas company to acquire certain assets in Alberta (the "Acquisition") for cash consideration of \$24.0 million, subject to customary closing adjustments. The Acquisition is expected to close on or before July 31, 2015. The assets acquired consist primarily of two producing properties located in northwest Alberta near Grimshaw and Grande Prairie. The Acquisition is expected to add low decline production of approximately 750 boe/d (54% oil & NGL) at the closing date and includes 110 (64 net) sections of land. The Grande Prairie and Grimshaw properties each have contiguous, substantially 100%-owned acreage and facilities with significant development potential for Montney oil. The Grimshaw property is located just south of Canamax's largest core area, Flood, with both properties producing from the same Montney fairway. This acquisition will be funded through a combination of equity and debt financing (the details of which are outlined in the "Subsequent Events" section below) and is subject to the approval of the TSX Venture Exchange.

During September 2014, the Company's Board of Directors approved a change in year-end from February 28 to December 31 which resulted in a ten-month stub year-end period of December 31, 2014. As a result of the year-end change in 2014, the comparative three-month period for the Q1 2015 results is the three-month period ended February 28, 2014.

## Financial and Operational Summary

(\$000 except share, per share and per boe amounts)

	Three months ended March 31, 2015	Three months ended February 28, 2014
Financial		
Revenue	2,572	1,964
Operating netback <sup>(1)</sup>	892	1,111
Funds from operations <sup>(1)</sup>	300	554
Per share - basic and diluted <sup>(1)</sup>	0.01	0.02
Net income (loss)	(1,163)	939

- basic per share	(0.03)	0.04
- diluted per share	(0.03)	0.03
Net capital expenditures <sup>(2)</sup>	1,467	6,171
Net proceeds from financings	-	3,328
Proceeds from share purchase warrant and stock option exercises	-	15
Working capital surplus (deficit) - end of period <sup>(3)</sup>	(8,003)	119
Weighted average shares outstanding (in 000)	41,960	26,302
Common shares outstanding - end of period (in 000)	41,960	26,994
Operating		
Average Daily Production		
Oil and NGL's (bbls/d)	518	178
Natural gas (mcf/d)	2,420	1,530
Oil equivalent (boe/d)	921	433
Average Price		
Oil and NGL's (\$/bbl)	41.65	72.34
Natural gas (\$/mcf)	2.89	5.87
Oil equivalent (\$/boe)	31.02	50.48
Royalties (\$/boe)	1.70	14.47
Operating and transportation expenses (\$/boe)	18.56	7.41
Operating netback (\$/boe) <sup>(1)</sup>	10.76	28.60

(1) See "Non-IFRS Measures".

(2) Net capital expenditures reflect drilling, completion, facility and undeveloped land expenditures combined with property acquisitions net of property disposals.

(3) Working capital deficit at March 31, 2015 includes the Company's operating loan balance.

As a result of the land acquisitions at Flood in Q1 2015, and an additional 0.5 (net 0.5) section acquired at Wapiti in April, Canamax increased its strategic acreage positions in these areas. Below is a summary of the acreage, facilities and production of each of the Company's core areas as at May 29, 2015:

- At Flood, the Company now has a working interest in a total of 67.5 (net 59.0) sections. This includes a 100% working interest in 55 contiguous sections with 16 producing Montney oil wells, gas compression and sales line facilities, and gathering and emulsion handling/water disposal infrastructure in place. With this infrastructure, future wells can be drilled and easily tied in with significantly improved rates of return. Current production rates are in the range of 350 boe/d (85% oil). There is a significant number of identified vertical and horizontal Montney well locations on this property.
- At Wapiti, the Company has 3 (net 2.4) sections in the heart of the area's Cardium oil play with current production from 2 (net 1.4) horizontal Cardium wells. An additional 9 (net 7.5) horizontal Cardium locations have been identified on these lands. The Wapiti well that was placed on production at the beginning of March 2015 is still flowing and is targeted to have permanent production facilities installed in early Q3 2015. Aggregate, net production rates for the two wells is currently in the range of 175 boe/d.
- At Brazeau River, the Company has a 100% working interest in various zones of 2.75 sections and a 100% interest in 3 producing wells (Rock Creek / Gething gas and Cardium oil). A number of potential Belly River oil, Cardium oil and Wilrich gas locations have been identified on this property. The property has production capability of 275 boe/d, but 150 boe/d is currently shut-in due to an interruption of service on a major TransCanada pipeline in the area.
- At Retlaw, the Company has 51.1 (net 31.9) sections with 75% of the area production (primarily natural gas) operated by Canamax. Net production in the area is currently approximately 200 boe/d. Several Glaucinite Channel opportunities have been identified in this area.
- In addition to the above, Canamax has various other properties in southern and central west Alberta which produce approximately 100 boe/d.

## Outlook

The acquisition of the Grimshaw and Grande Prairie properties (expected to close on or before July 31, 2015) will add significant production, land and development opportunities to Canamax and continues the Company's plan of consolidating strategic opportunities. With 100% ownership of the key facilities, production and acreage at Grimshaw, Grande Prairie and Flood, Canamax is well positioned to be a focused, Montney oil player going forward.

## Reconciliation of Funds from Operations

The reconciliation from cash flow from operating activities as reported in the condensed interim financial statements to funds from operations is as follows:

Three months ended (in \$000's)	March 31, 2015	February 28, 2014
Cash flow from operating activities (per financial statements)	(\$911)	\$425
Add (deduct):		
Change in non-cash working capital	1,204	57
Decommissioning expenditures	7	-
Transaction costs-acquisitions	-	72
Funds from operations	\$300	\$554

#### Subsequent events

1. On May 29, 2015, Canamax entered into a binding purchase and sale agreement with an intermediate oil and gas company to acquire certain assets in Alberta for cash consideration of \$24.0 million subject to certain closing adjustments. The Acquisition, which is scheduled to close on or before July 31, 2015, will be funded through a combination of equity and debt financing and is subject to TSX Venture Exchange approval.

To finance the Acquisition, Canamax has entered into an engagement agreement involving a group of investment dealers for a private placement financing for minimum gross proceeds of \$15 million. The Company has granted the investment dealers an option to increase the size of the financing by up to 15% for maximum gross proceeds of \$17.25 million. The private placement will be on a best efforts basis, with an offering price of \$0.60 per Canamax common share, and is expected to close by the end of June.

As a backstop for the funding required for the Acquisition, Canamax has established a standby bridge loan facility with an arms-length lender which provides lending capability of up to \$20.0 million, if required. The standby bridge facility with the arms-length lender required an upfront fee of 5.25% (1.0% in cash and 4.25% in common shares). Canamax made the common share payment by issuing the lender 1.532 million common shares on a private placement basis pursuant to a prospectus exemption in accordance with the terms of the credit agreement governing the standby facility. Such shares will be subject to a four-month hold. If Canamax draws on the facility to fund a portion of the Acquisition, an additional fee of 4.25% of the funds drawn will be payable to the lender in the form of common shares. Drawn funds on the bridge facility will carry a maximum term of 14 months and carry an annual interest rate of 9.5% for the first 12 months and 12% per annum thereafter. There will be no early payout penalty as long as the drawn amounts are outstanding for at least 3 months. Prior to any funding being available from the facility, Canamax must raise a minimum of \$10 million in equity financing.

2. Effective April 1, 2015, the Company entered into a financial commodity price contract for 1,000 GJ per day of natural gas at CAD \$2.77 per GJ with a termination date of December 31, 2015.

#### About Canamax

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

Website - [www.canamaxenergy.ca](http://www.canamaxenergy.ca)

*(Not for dissemination in the United States of America)*

*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, cashflow, operating costs and earnings, reserve estimates, debt levels, and completion of drilling programs, facilities, infrastructure and tie-ins for the Company's production.*

*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; 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 press release are made as of the date of this press 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.*

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