

CALGARY, ALBERTA--(Marketwired - Feb 26, 2016) - Anderson Energy Inc. ("Anderson" or the "Company") (TSX:AXL) announces a proposed transaction to exchange its \$46 million Series B convertible debentures due June 30, 2017 (the "Series B Debentures") for equity (the "Exchange Transaction").

THE PROPOSAL

The Company intends to mail a proposal to the holders of the Series B Debentures (the "Series B Debentureholders") to restructure the Series B Debentures as follows:

- If the Exchange Transaction is approved, the following will occur:
 1. The Company will issue common shares in payment of the entire principal amount of the Series B Debentures (\$46.0 million) and the interest that would otherwise accrue on the Series B Debentures to June 30, 2016 (\$1.67 million) on the basis of a price of \$0.00565616 per share, for approximately 8.428 billion common shares issued from treasury, representing approximately 47.4% of the pro forma common shares outstanding on the Closing Date.
 2. The Company will put forward a special resolution to be voted on by the common shareholders at its next annual meeting, expected to be held in May 2016, to approve a common share consolidation.
- If the Exchange Transaction is not approved, Anderson intends to, pursuant to and in accordance with the terms of the existing indenture governing the Series B Debentures:
 1. redeem the Series B Debentures one year prior to maturity, at the first possible redemption date of June 30, 2016; and
 2. exercise its right to pay both the principal and accrued and unpaid interest on the Series B Debentures in common shares on the redemption date of June 30, 2016.

The Exchange Transaction is being proposed in order to accelerate the completion of the simplification of Anderson's capital structure and to improve the trading liquidity of Anderson's securities.

SUPPORT AGREEMENTS

Approximately 36% of the Series B Debentureholders have signed support agreements pursuant to which they have agreed, among other things, to vote the Series B Debentures beneficially owned or controlled or directed by them, directly or indirectly, in favour of the Exchange Transaction and all matters related thereto at the proposed meeting of the Series B Debentureholders. A significant debentureholder who had indicated they would be voting against the proposal presented in December 2015 has now signed a support agreement to vote in favour of this Exchange Transaction.

PRICE USED FOR THE EXCHANGE TRANSACTION

The exchange price of \$0.00565616 per common share underlying the proposed Exchange Transaction is consistent with the price used to repay Anderson's Series A convertible debentures that matured on January 31, 2016 (the "Series A Debentures"). If the Exchange Transaction is not approved, the share price used to repay the Series B Debentures on June 30, 2016 will be calculated pursuant to and in accordance with the terms of the existing indenture.

ADVANTAGES OF THE PROPOSAL

Management and the Board of Directors of Anderson (the "Board") believe that the Exchange Transaction is in the best interests of all stakeholders, and provides a number of benefits including the following:

- Accelerates the simplification of Anderson's capital structure, making Anderson more attractive to external parties (both investors and industry participants);
- Provides an earlier platform for liquidity to all stakeholders relative to waiting for a future share consolidation some time after the June 30, 2016 redemption date provided for under the terms of the existing indenture;
- Provides the last interest payment, in common shares under either scenario, earlier than it would otherwise occur under the terms of the existing indenture;
- Sets the exchange price to be used for the conversion and makes this price less subject to manipulation; thereby creating certainty with respect to the dilution caused by the exchange of the Series B Debentures to common shares;
- Allows a share consolidation to be voted on at the next annual meeting of shareholders, saving the time and expense of calling a separate meeting at some later time in the year;
- Treats the Series B Debentureholders the same as the previous holders of the Series A Debentures;
- Reduces financial risk for the Company in a difficult economic environment; and
- Ensures the Company is positioned to take advantage of any improvements in the economic environment by eliminating Anderson's remaining debt of \$46.0 million and reducing the associated interest burden, resulting in a stronger balance sheet and better cash flows with which to enhance its net asset value.

Following the repayment of the Series A Debentures on January 31, 2016, management and the Board believe that waiting for the June 30, 2016 redemption date to repay the Series B Debentures will not materially change the overall value of the ownership interest that will be offered to the Series B Debentureholders and will just further delay the ability of the Company to move forward successfully. The Exchange Transaction is being proposed for the benefit of both the Series B Debentureholders and the current

shareholders, who will have the opportunity to share in a stronger entity with potential future liquidity options and alternatives.

ANDERSON PRO FORMA THE PROPOSAL

Assuming the Exchange Transaction is approved, Anderson will have the following attributes:

- High quality Cardium asset base;
- Production of approximately 2,000 barrels of oil equivalent per day (44% oil and liquids) in the fourth quarter of 2015;
- Over 100 gross light oil horizontal potential drilling opportunities identified in the Cardium and Glauconite zones (over 90% in the Cardium zone);
- Positive working capital and no debt; and
- One class of security holder.

BACKGROUND TO THE PROPOSAL

The Series A Debentures in the principal amount of \$50.0 million matured on January 31, 2016 and the Series B Debentures in the principal amount of \$46.0 million mature on June 30, 2017. The Series B Debentures are redeemable at the option of the Company on or after June 30, 2016.

The dramatic decrease in commodity prices has impacted the Company's options with respect to repayment of these debentures when they become due. The Company will not have sufficient funds to settle the Series B Debentures with cash.

The Company has the option to settle all or a portion of the outstanding Series B Debentures (including accrued and unpaid interest) through the issuance of common shares by giving notice of such intent to the Series B Debentureholders not more than 60 days and not less than 40 days prior to the redemption date.

The current economic environment remains very challenging in terms of low commodity prices, the uncertainty related to economic and environmental policy changes that may result from new provincial and federal governments in Canada, the uncertainty related to the magnitude and duration of the TransCanada Pipelines Ltd. ("TCPL") restrictions of natural gas volume receipts in Alberta that is impacting production from both gas and oil wells, geopolitical risks and challenging economic conditions throughout the world.

While the Company is currently undrawn on its \$31 million bank line, the amount of the available bank line was established in May 2015 with better commodity prices than those prevailing today. The Company's next review of its bank lines is scheduled for May 2016 and with today's commodity prices and outlook, the available bank lines could be reduced. Cash on hand and available bank lines will be needed to continue to develop the Company's Cardium light oil base.

The Board hired Cormark Securities Inc. ("Cormark") in March 2015 to assess the Company's options with respect to the convertible debentures. Anderson and Cormark thoroughly investigated and exhausted a variety of financial and strategic alternatives, including the sale of the Company, production royalty structures and alternative financing vehicles, as well as extensions or other amendments to the terms of the debentures. As part of that process, a data room with confidential data was opened generating a significant amount of interest in Anderson from a broad group of counterparties. However, with the complexity of Anderson's capital structure and the challenging conditions in commodity pricing and capital markets, the process failed to generate any acceptable proposals. The complexity of Anderson's capital structure was also identified as a concern in Anderson's prior strategic alternatives process.

In December 2015, the Company mailed a proposal to both the Series A and Series B debentureholders to exchange all of the debentures for common shares. The proposal would have minimized the number of common shares to be issued on the exchange. The proposal did not receive sufficient support from the debentureholders. Therefore, the Company proceeded with the repayment of the Series A Debentures and all accrued and unpaid interest through the issuance of 9.171 billion common shares at an exchange price of \$0.00565616 effective on the maturity date of January 31, 2016.

The Company now has 9.344 billion common shares outstanding and the recent trading price of the common shares is \$0.005 per share. Following the exchange of the Series B Debentures for common shares, the Company is expected to have in excess of 17.7 billion common shares outstanding. Due to the number of shares outstanding, management and the Board believe that a share consolidation will be required to improve the trading liquidity of the common shares. In addition, it will be easier to pursue the sale of the Company or the merger of the Company with other industry participants if the market capitalization of the Company is supported by more liquid trading reflecting the underlying value of the Company. Therefore, management and the Board believe it is in the best interests of the Company and its stakeholders to proceed with the exchange of the remaining Series B Debentures and the proposal for a common share consolidation as soon as possible with a view to improving trading liquidity and to putting the Company in the best position to take advantage of any turnaround in the industry.

KEY STEPS IN THE EXCHANGE TRANSACTION

Anderson expects to hold a meeting of the Series B Debentureholders to consider the Exchange Transaction on April 1, 2016. Pursuant to the existing indenture, an extraordinary resolution approving the Exchange Transaction is required to be passed at a meeting of the Series B Debentureholders in which the holders of not less than 25% of the principal value of the Series B Debentures outstanding are present in person or by proxy. The resolution must be passed by 66 2/3% of the votes.

The Exchange Transaction will not require any action by shareholders and is not subject to any shareholder vote.

The Exchange Transaction is subject to approval by the Toronto Stock Exchange.

Further information about the Exchange Transaction and the meeting of Series B Debentureholders will be provided in an information circular expected to be distributed to Series B Debentureholders in the coming weeks, as well as in other Anderson continuous disclosure filings available on SEDAR (www.sedar.com), on the Company's website (www.andersonenergy.ca) or from the Company on request.

FORWARD-LOOKING STATEMENTS

Certain statements in this news release including, without limitation, management's business strategy and assessment of future plans and operations; benefits of the Exchange Transaction and the impact of the Exchange Transaction on Anderson and its capital structure, financial position, liquidity and net asset value, including that the Exchange Transaction will create a financially stronger company and better allow for the pursuit of its business and operational goals; growth potential of Anderson's asset base; improved liquidity of Anderson's common shares; the results of the annual review of Anderson's bank facility; Anderson's common share interests assuming the completion of the Exchange Transaction; Anderson's ability to implement its plans relating to the Exchange Transaction; anticipated dates and information relating to the Series B Debentureholder meeting, the closing of the Exchange Transaction and the shareholder meeting to propose a share consolidation; Anderson's intentions if the Exchange Transaction is not approved; impact of changes in commodity prices, TCPL outages and other economic conditions on the Company; commodity price outlook; and general economic outlook may constitute "forward-looking information" within the meaning of applicable securities laws and necessarily involve risks and assumptions made by management of the Company including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodity prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; adequate weather to conduct operations; sufficiency of budgeted capital, operating and other costs to carry out planned activities; wells not performing as expected; failure to realize the anticipated benefits of acquisitions and farm-ins; delays resulting from or inability to obtain required regulatory approvals; changes to government regulation; availability of third-party transportation and processing facilities; ability to access sufficient capital from internal and external sources; ability of Anderson's common shares to remain listed on the TSX; the receipt, in a timely manner, of regulatory and Debentureholder approval in respect of the Exchange Transaction; the plans of Series B Debentureholders and other counterparties related to the Exchange Transaction; the expected costs of the Exchange Transaction; and other factors, many of which are beyond the Company's control. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and management's future course of action would depend on its assessment of all information at the time. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and readers should not place undue reliance on the assumptions and forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Anderson's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or at Anderson's website (www.andersonenergy.ca).

The forward-looking statements contained in this news release are made as at the date of this news release and the Company 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 may be required by applicable securities laws.

CONVERSION MEASURES

Production volumes and reserves are commonly expressed on a barrel of oil equivalent ("BOE") basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. Although the intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants, BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one 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 recent years, the value ratio based on the price of crude oil as compared to natural gas has been significantly higher than the energy equivalency of 6:1, and utilizing a conversion of natural gas volumes on a 6:1 basis may be misleading as an indication of value.

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