7G is in the Process of Engaging Stakeholders in Energy Export Project Planning

CALGARY, ALBERTA--(Marketwired - Sep 19, 2016) - Seven Generations Energy Ltd. (TSX:VII) has entered into a development agreement with Vancouver's Steelhead LNG to explore infrastructure development and open new overseas markets for Canadian natural gas. 7G has also acquired a minority ownership interest in Steelhead LNG. This investment was funded using capital that has been designated to support 7G's market access initiatives, which constitutes less than five percent of 7G's 2016 capital budget.

"Over the past few years, we have described the grossly over supplied natural gas markets for Canadian producers and the need to seek out and develop new markets and innovative partnerships, where we can capture premium value for our large liquids-rich natural gas resources. Our development agreement with Steelhead LNG marks a preliminary step among a number of market expansion opportunities that we are looking to develop. It represents an important export initiative that envisions our two companies, plus other Canadian midstream developers, service companies, capital providers, First Nations and communities, coming together to deliver globally competitive, low-cost liquefied natural gas (LNG) and liquefied petroleum gas (LPG) into Pacific markets," said Pat Carlson, 7G's Chief Executive Officer.

Market development through stakeholder service

"This export market development initiative marks the start of a feasibility study to determine how we can achieve long-term and sustainable success through the service of all of our seven stakeholders - those who care about the environment, governments and regulators, communities, business partners and infrastructure customers, suppliers and service providers, employees and shareholders and capital providers," said Carlson, who has joined the board of directors of Steelhead LNG.

"In keeping with our Code of Conduct, we need community members' insight, wisdom and advice during project planning. We need communities' help in finding ways to build projects, such as this Steelhead LNG development and potentially other export projects, that benefit all stakeholders. We have initiated some preliminary engagement with First Nations and community leaders. As with our core Kakwa River Project near Grande Prairie, Alberta, we will add this initiative to our ongoing process of gathering guidance to better understand stakeholder interests so that they are incorporated into this initiative," said Susan Targett, 7G's Senior Vice President.

Please see 7G's Code of Conduct near the end of this news release.

Incremental and beneficial market diversification

"This agreement with Steelhead LNG is not exclusive. We are in discussions with a variety of LNG export proponents and other potential industrial, commercial and residential consumers. We believe they will generate a basket of market expansion opportunities. Each market expansion initiative represents a manageable step towards growing and diversifying markets. We believe that a series of small projects, developed in increments and in service of stakeholders along the development path, will best serve British Columbians, Albertans, Canadians, and all stakeholders," said Marty Proctor, 7G's President & Chief Operating Officer.

Market developments require collaborative efforts of multiple contributors

Market integration that processes and transports liquids-rich natural gas and its products for Asian consumers requires midstream infrastructure, multiple natural gas sources and participant companies to finance the investment. It requires a collective effort to achieve economies of scale and manage the risk that would otherwise be associated with a larger, one-resource-supplier, one-owner project. Beyond this Steelhead LNG initiative, 7G is evaluating several other market integration initiatives that include natural gas combined-cycle electric power generation, petrochemicals derived from either of natural gas or natural gas liquids and other LNG and LPG exports opportunities. Among these opportunities, 7G believes that the largest new market potential could arise from an array of LNG export projects.

7G capital investment remains focused on developing low-supply-cost natural gas

"As Seven Generations pursues market integration initiatives, it's important to know that our core capital investment remains tightly focused on maintaining our identity as one of the lowest-cost suppliers of liquids-rich natural gas. Our intent is to use our large, low-cost natural gas resources to supply and anchor new market integration developments funded from outside sources. The lowest cost developers are generally in the best position to enter into the contracts that will be required to support market expansions that benefit all producers. By being at the forefront of these initiatives, 7G is enhancing market optionality and pursuing a first-mover advantage that we believe will reward our investors appropriately," said Chris Law, 7G's CFO.

Anchor resource for LNG development

"This arrangement with Seven Generations strengthens the resource capacity of Steelhead LNG, and fortifies our approach to aboriginal and stakeholder engagement. From the earliest days at Steelhead LNG, we have focused on meaningful engagement with the Vancouver Island communities where our potential projects are located, as well with potentially affected aboriginal groups. The Malahat Nation near Mill Bay and Huu-ay-aht First Nations at Sarita Bay have been strong partners and we will continue to collaborate with them as these projects progress. As we move forward, we also look to enhance and expand these aboriginal, business and community relationships. The low-cost, low-emissions ambitions of both companies will be improved by working with business and community members to create solid and sustainable outcomes," said Nigel Kuzemko, Steelhead LNG's CEO.

Cleaner burning Canadian natural gas to accelerate transition to lower carbon economy

Steelhead LNG and 7G believe that helping countries shift away from GHG-intensive energy sources, such as low-quality coal, will reduce global greenhouse gas emissions, which impact the whole world. This is a global priority. Already a leader in producing low-cost natural gas, 7G is investigating how it can export natural gas that has among the lowest carbon intensity of fossil fuels. Canada is well-positioned to meaningfully contribute to this objective, affirming its role as a leading global citizen. Steelhead LNG and 7G are positioning to provide low-cost delivery of cleaner-burning natural gas produced in a responsible manner.

Seven Generations Code of Conduct

We believe that companies have only the rights given to them by society. While people have a natural entitlement to basic rights, corporations are an instrument created by society to provide its needs and ought to have no expectation of basic entitlements other than equitable rights with other corporations, including those wholly owned by a person. We recognize that rights, sufficient to build and operate an energy project, can be granted and taken away by society. Over the longer term, companies can only expect to thrive if they serve the legitimate needs of society in which they exist. To thrive, companies must differentiate, rise above the pack, standout as being among the best with all of their stakeholders. At Seven Generations Energy Ltd., we acknowledge this granted entitlement and accept from our stakeholders a duty to thrive and an understanding of the need to differentiate.

Specifically, in acceptance of this challenge to differentiate with all stakeholders, we acknowledge:

- The need of society for us to conduct our business in a way that protects the natural beauty of the environment and preserves the capacity of the earth to meet the needs of present and future generations;
- The need of Canada, Alberta and British Columbia for us to obey all regulations and to proactively assist with the formulation of new policy that enables our company and our industry to better serve society;
- The need of the communities where we operate to be engaged in the planning of our projects and to participate in the benefits arising from them as they are built and operated;
- The need of our business partners and infrastructure customers to be treated fairly and attentively;
- The need of our suppliers and service providers to be treated fairly and paid promptly for equipment and services provided to us and to receive feedback from us that can help them to be competitive and thrive in their businesses;
- The need of our employees to be compensated fairly and provided a safe, healthy and happy work environment including a healthy work life - outside life balance; and
- The need of our shareholders and capital providers to have their investment managed responsibly and ethically and to earn strong returns.

We see ourselves as being in the service business, serving the needs of our stakeholders. We seek satisfaction for all stakeholders. Differentiation is imperative. We support an open and competitive business environment, recognizing in the competitive world that we envision, only those who best serve their stakeholders can expect the support required to survive for the longer term.

Seven Generations

Seven Generations is a low-supply-cost, high-growth Canadian natural gas developer generating long-life value from its liquids-rich Kakwa River Project, located about 100 kilometres south of its operations headquarters in Grande Prairie, Alberta. 7G's corporate headquarters are in Calgary and its shares trade on the TSX under the symbol VII.

Steelhead LNG

Steelhead LNG is a Vancouver-based energy company focused on LNG project development in British Columbia. Steelhead LNG's management team's experience includes guiding some of the world's leading energy companies and projects, with commercial and technical expertise that spans the entire LNG value chain. From project concept to product delivery, Steelhead LNG is committed to responsibly creating and delivering value for the communities, suppliers and customers that it serves.

Further information about Seven Generations is available on the company's website: www.7genergy.com.

Reader Advisory

This news release contains certain forward-looking information and statements that involves various risks, uncertainties and other factors. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "plans", and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: 7G's ability to capture premium value for its large liquids-rich natural gas resources; ability to deliver globally competitive, low-cost LNG and LPG into Pacific export markets; market potential for LNG exports; potential to generate jobs, build communities and cultivate widespread benefits for Canadians; market access and market integration opportunities and potential development projects; ability to diversify markets and suppliers; planned capital investment on market access initiatives and 7G's core investment focus; ability to use large natural gas resources without significant capital investment to supply and anchor market integration developments; expectation of ability to receive superior terms for project financing with the dedication of substantial resources to a project; ongoing stakeholder engagement and 7G's ability to generate long-life value from the Kakwa River Project.

With respect to forward-looking information contained in this news release, assumptions have been made regarding, among other things: future oil, natural gas liquids and natural gas prices; 7G's ability to market production of oil, natural gas and natural gas liquids successfully to customers; receipt of regulatory approvals and third party consents and agreements required in connection with the proposed development projects; 7G's ability to obtain qualified staff and equipment in a timely and cost efficient manner; 7G's future production levels; the applicability of technologies for 7G's reserves; future capital investments by 7G; future funds from operations from production; future sources of funding for 7G's capital program; 7G's future debt levels; geological and engineering estimates in respect of 7G's reserves and resources; the geography of the areas in which 7G is conducting exploration and development activities; the access, economic and physical limitations to which 7G may be subject from time to time; the impact of competition on 7G; and 7G's ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in the forward-looking information as a result of the possible failure of 7G and Steelhead LNG to successfully develop the infrastructure necessary for the LNG and LPG export projects, as well as the risks and risk factors that are set forth in 7G's Annual Information Form dated March 8, 2016 ("AIF"), which is available on SEDAR at www.sedar.com, including, but not limited to: volatility in market prices and demand for oil, natural gas liquids and natural gas and hedging activities related thereto; general economic, business and industry conditions; variance of 7G's actual capital costs, operating costs and economic returns from those anticipated; risks related to the exploration, development and production of oil and natural gas reserves and resources; negative public perception of pipeline development, LNG and LPG development, oil sands development, oil and natural gas development and transportation, hydraulic fracturing and fossil fuels; actions by governmental authorities, including changes in government regulation, royalties and taxation; the management of 7G's growth; the availability, cost or shortage of rigs, equipment, raw materials, supplies or qualified personnel; the absence or loss of key employees; uncertainty associated with estimates of oil, natural gas liquids and natural gas reserves and resources and the variance of such estimates from actual future production; dependence upon compressors, gathering lines, pipelines and other facilities, certain of which 7G does not control; the ability to satisfy obligations under 7G's firm commitment transportation arrangements; uncertainties related to 7G's identified drilling locations; the concentration of 7G's assets in the Kakwa area; unforeseen title defects; Aboriginal claims; failure to accurately estimate abandonment and reclamation costs; changes in the interpretation and enforcement of applicable laws and regulations; terrorist attacks or armed conflicts; natural disasters; reassessment by taxing authorities of 7G's prior transactions and filings; variations in foreign exchange rates and interest rates; third-party credit risk including risk associated with counterparties in risk management activities related to commodity prices and foreign exchange rates; sufficiency of insurance policies; potential for litigation; variation in future calculations of certain financial measures; sufficiency of internal controls; impact of expansion into new activities on risk exposure; risks related to the senior unsecured notes and other indebtedness, including: potential inability to comply with the covenants in the credit agreement related to 7G's credit facilities and/or the covenants in the indentures in respect of 7G's senior secured notes; seasonality of 7G's activities and the Canadian oil and gas industry; weather related risks, fires and natural disasters, and extensive competition in 7G's industry.

Seven Generations Energy Ltd. is referred to herein as Seven Generations and 7G.

Steelhead LNG Limited Partnership and its affiliates are collectively referred to as Steelhead LNG.

Contact

Investor Relations
Chris Law, Chief Financial Officer
Brian Newmarch, Vice President, Capital Markets
403-767-0752
bnewmarch@7genergy.com
Media Relations
Alan Boras, Director, Communications
and Stakeholder Relations
403-767-0772
aboras@7genergy.com
http://www.7genergy.com/
Seven Generations Energy Ltd.
Suite 300, 140 - 8th Avenue SW
Calgary, AB T2P 1B3