



Press Release

For Immediate Release
Calgary, Alberta
October 26, 2015

Canamax Announces Successful Fall Drilling Program, Expanded Capital Program and Operations Update

Canamax Energy Ltd. (“**Canamax**” or the “**Company**”) (TSXV: CAC) is pleased to announce the results from its recent drilling program at its Greater Grimshaw area. This area encompasses properties at Flood Lake, Grimshaw and Grande Prairie.

In its Flood Lake property, the Company successfully drilled and completed one horizontal and six vertical wells and re-entered and completed a previously unstimulated horizontal well. The newly drilled horizontal well was completed in the Montney B zone utilizing new completion techniques used for the first time in this area, which included an increased number of frac stages and reduced proppant volumes per stage. The horizontal well recorded an initial 30-day production rate (“IP30”) of 247 bbl/day of Montney oil plus an additional 136 mcf/d of solution gas (total of 270 boe/d). These production results exceed the Company’s expected IP30 type curve of 125 bbl/day of oil for horizontal wells targeting the Montney A and B zones in the Greater Grimshaw area.

The six vertical wells were completed in the Worsley formation (just above the Montney A and B zones). Based on initial production rates, the Company expects average production from these wells to be slightly below the area IP30 type curve for Worsley vertical wells of 50 bbl/day of Montney oil. However, the placement of these vertical wells has provided further delineation and control points for the Montney B reservoir in Flood Lake.

The new horizontal and vertical wells have now been tied into the Company’s central gathering facilities in Flood Lake with production from these wells placed on stream from mid-September through mid-October. The re-entry horizontal well has been completed in the Montney A zone using the new completion techniques and has just been placed on production. Canamax expects that the production rate from this well will meet or exceed the Company’s IP30 type curve of 125 bbl/d of oil for horizontal wells in the Montney A and B zones in the Greater Grimshaw area.

The results of the fall drilling program provide support for 161 additional drilling locations for Montney oil (91 horizontals and 70 verticals) that have been mapped internally by Canamax in the overall Greater Grimshaw area. Of these internally mapped locations, 15 have been booked as part of the Company’s independent reserves reports at December 31, 2014 and the remainder are unbooked locations (as defined below).

Expanded Capital Program for Q4 2015

Based upon the positive drilling results achieved at Flood Lake, Canamax's Board of Directors has approved the drilling of two additional horizontal wells targeting the Montney B zone at the Company's nearby Grimshaw property. The aggregate costs to drill, complete, equip and tie in these two wells is budgeted at \$2.8 million with drilling scheduled to commence prior to the end of November. There are currently 10 horizontal wells producing from the Montney B at Grimshaw, all of which were completed with an average of 11 large frac stages per well. The Company anticipates that, with the utilization of the new completion techniques (including up to 30 frac stages per well), higher production rates will be achieved for the new wells compared to the historical production rates of the existing Grimshaw wells.

As a result of the current industry environment, drilling and completion costs have been significantly reduced, resulting in improved well economics. Canamax has calculated internally that, at a USD WTI price of \$50, and using current USD/CDN\$ exchange rates and oil differentials and an IP30 rate of 125 bbl/d of oil, a horizontal well payout is expected to be approximately 18 months.

In addition to the two horizontal wells, the Company's Board also approved an additional \$0.5 million of capital related to infrastructure at the Grimshaw property. The aggregate, approved new capital expenditures for Q4 2015 are \$3.3 million, bringing the estimated total capital expenditures for calendar 2015 (excluding property and corporate acquisitions) to approximately \$10.1 million.

Operations Update

As previously announced, Canamax elected to shut-in approximately 400 boe/d of production (primarily natural gas) at Grande Prairie at the beginning of September due to low gas prices at Alliance pipeline receipt points in the area. In addition, a further 100 boe/d (primarily natural gas) continues to be shut-in at Brazeau River due to TransCanada pipeline capacity constraints. Once the TransCanada capacity is restored and Alliance pipeline pricing improves, Canamax expects that the shut-in production will be placed back on stream.

Overall corporate production averaged approximately 1,250 boe/d during Q3 2015 reflecting the shut-in production at Grande Prairie and Brazeau River along with short-term production shut-ins at Flood Lake to accommodate the fall drilling program. The Company's current production capability, after taking into account production from the newly drilled wells and existing shut-in production, is in excess of 2,100 boe/d.

Credit Facilities Update

As previously announced, the Company's operating loan limit was increased from \$10 million to \$21 million in July 2015. Based on a recent review by the Company's lender, the \$21 million limit will remain intact until the next review scheduled for January 2016. Canamax exited September 30, 2015 with a small working capital deficit and no draws on its operating loan facility.

About Canamax

Canamax is a Montney oil focused junior oil and gas company with its core assets located in the Greater Grimshaw area of Northwestern Alberta.

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Forward-Looking and Other Cautionary Statements

The Company anticipates remaining disciplined but flexible in respect of its capital expenditures as it monitors drilling and completion results, business conditions, prospective acquisitions and commodity prices through the balance of the year. Where deemed prudent, the Company may make adjustments to its capital expenditure program. Actual spending may vary due to a variety of factors, including drilling and completion results, crude oil and natural gas prices, economic conditions, prevailing debt and/or equity markets, field services and equipment availability, permitting and any future acquisitions. The timing of most capital expenditures is discretionary. Consequently, the Company has a significant degree of flexibility to adjust the level of its capital expenditures as circumstances warrant. Additionally, to enhance flexibility of its capital program, the Company typically does not enter into material long-term obligations with any of its drilling contractors or service providers with respect to its operated crude oil and natural gas properties.

In this press release, “**unbooked locations**” means potential well drilling locations that have been determined internally by the Corporation over the prospective portions of the Corporation’s acreage. These locations are based on established well spacing in the respective areas and mapping by the Corporation’s professional geologists and engineers. Unbooked locations do not have attributed reserves or resources (including contingent and prospective) and unbooked locations are not included in the Corporation’s oil and gas reserves reports that have been prepared by the Corporation’s independent reserves evaluators. Unbooked locations have been identified by management as an estimation of Canamax’s multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Canamax will drill unbooked locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Canamax will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “may”, “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project”, “forecast”, “budgets”, “should”, “will” or similar words suggesting future outcomes or statements regarding an outlook.

Forward-looking information in this press release may include, but is not limited to, comments related to the Company’s capital expenditure program and the capital allocated to the drilling and completions, expected production rates resulting from, and anticipated hydrocarbon composition produced as a result of, the capital expenditures discussed herein (including, without limitation, the IP30 rate for the vertical wells and the re-entered horizontal well in Flood Lake and expected production from the Grimshaw wells to be drilled and completed as part of the Company’s capital expenditure program), payout periods for the horizontal wells, target dates for, and the nature and amounts of, capital expenditures under the Company’s capital expenditure program, drilling locations (including unbooked locations) and the resumption of shut-in production in Grande Prairie and Brazeau River.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Canamax, which include, but are not limited to, the characteristics of the Company’s assets and associated decline rates and production. Although Canamax management considers these expectations and assumptions to be reasonable based on information currently available to it, undue reliance should not be placed on the forward-looking statements because Canamax can give no assurances that they may prove to be correct. Readers are cautioned that the foregoing list is not exhaustive of all expectations and assumptions which have been used.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, including, without limitation, the impact of general economic conditions; the risks inherent in oil and gas operations; marketing and transportation; loss of markets; volatility of commodity prices; currency and interest rate fluctuations; imprecision of reserve estimates; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; 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, 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. Please refer to Canamax’s amended Annual Information Form (“AIF”) dated June 22, 2015 for additional risk factors relating to Canamax. The AIF is available for viewing under the Company’s profile on www.sedar.com.

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.

Financial outlook information contained in this press release about the Company’s prospective cash flows and financial position are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. Financial outlook information contained in this press release was made as of the date of this press release and should not be used for purposes other than for which it was disclosed herein.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein. The securities have not been and will not be registered under the United States Securities

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Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold within the United States or to United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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