

**SILVERWILLOW ENERGY CORPORATION  
ANNOUNCES ACQUISITION BY VALUE CREATION INC.**

**CALGARY, Alberta** – July 2, 2015 - SilverWillow Energy Corporation (TSXV:SWE) ("**SilverWillow**" or the "**Company**") announces that it has entered into a definitive acquisition agreement (the "**Acquisition Agreement**") pursuant to which Value Creation Inc. ("**Value Creation**") will acquire all of the outstanding common shares of SilverWillow for cash consideration of C\$0.03 per share (the "**Transaction**"). The Acquisition Agreement was negotiated at arm's length between SilverWillow and Value Creation.

The Transaction will be carried out by way of an amalgamation between SilverWillow and a wholly-owned subsidiary of Value Creation. The Transaction will require approval of 66 2/3% of SilverWillow shareholders voting in person or by proxy at a special meeting of SilverWillow shareholders to be called to consider the Transaction (the "**Meeting**"), and a "majority of the minority" as required by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") after excluding the votes cast in respect of SilverWillow common shares held by certain persons as required to be excluded under MI 61-101.

All of the directors and officers of SilverWillow, together with certain shareholders, holding in aggregate 37% of the outstanding common shares, have entered into voting support agreements with Value Creation pursuant to which they have agreed to hold their common shares until the Meeting and to vote in favour of the Transaction at the Meeting.

All of SilverWillow's outstanding stock options have an exercise price above the per share consideration under the Acquisition Agreement and accordingly are "out of the money". As a result, the holders of the outstanding stock options have agreed to terminate all such stock options. It is a condition to the Acquisition Agreement that the aggregate amount payable to executive officers and directors in respect of deferred directors' fees, severance and change of control payments and payments under SilverWillow's deferred share unit and restricted share under plans be not more than C\$400,000. In order to facilitate the Transaction, the directors and officers of SilverWillow have agreed to settle the amounts payable to them for their proportionate share of the C\$400,000 amount. Accordingly, each director and officer has voluntarily agreed to receive at closing only approximately 12% of the amount to which he would otherwise be entitled.

Under the terms of the Acquisition Agreement, SilverWillow has agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or acquisition proposal, subject to the ability of SilverWillow's board of directors (the "**Board of Directors**") to consider and respond to unsolicited proposals in accordance with its fiduciary duties. Each of SilverWillow and Value Creation has agreed to pay the other an amount of C\$500,000 as expense reimbursement in the event that the Acquisition Agreement is terminated in certain circumstances.

Complete details of the terms of the Transaction are set out in the Acquisition Agreement, which will be filed by SilverWillow under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, further information regarding the Transaction will be contained in the information circular in respect of the Meeting which will be filed on SEDAR when it is mailed to shareholders. All shareholders are urged to read the information circular once it becomes available, as it will contain additional information concerning the Transaction. SilverWillow expects to mail the information circular to holders of common shares by end of July 2015 and hold the Meeting in mid-August, 2015. The

parties expect that the Transaction will be completed shortly after the Meeting, subject to satisfaction of all conditions to closing.

As the Company has communicated in its recent quarterly and annual reports, it has faced significant challenges as a result of changes to and uncertainty in the regulatory environment applicable to Canadian oil sands companies generally and in relation to companies with shallow SAGD projects in particular. These challenges have been compounded by challenges arising from restrictions by the Canadian federal government under the *Investment Canada Act* with respect to investments by state-owned enterprises in the Canadian oil sands sector, which may have reduced investments in the sector. These challenges, together with the difficult market conditions arising from the recent decrease in commodity prices, have raised significant questions as to the ability of the Company to develop its projects, and with respect to the viability of the Company as a whole in the long term. These types of challenges have led other companies in the Company's industry sector to seek creditor protection or go entirely dormant.

The Company has responded to the difficult circumstances in a manner to protect shareholder value. In March of 2014, the Company launched a process with its financial advisor, RBC Capital Markets, to consider strategic alternatives for the Company and to seek strategic initiatives to enhance the opportunities available to the Company. In addition, in July and August of 2014, the Company significantly reduced its operations, reducing staff down to the executive officers who worked on a part-time basis and agreed to defer payment of severance amounts to which they would otherwise be entitled, and otherwise reduced costs significantly, containing capital spending to those items that would directly advance or add value to its projects. The Company has also written down the value of its assets on more than one occasion to reflect market conditions. Despite these initiatives, market conditions have not improved and the prospects for the Company have grown increasingly challenging as the Company's cash reserves have dwindled and additional sources of new financing appear elusive. Among other issues, certain significant liabilities will become current liabilities beginning in August 2015, such that the Company expects to be in a negative working capital situation at that time.

The Transaction represents a culmination of the lengthy process pursuant to which SilverWillow has sought to protect value for its shareholders and seek strategic alternatives amid the current difficult economic and market conditions. RBC Capital Markets approached numerous parties which would typically be expected to have interest in the Company or its assets. Unfortunately, due to the difficult market circumstances, including market circumstances arising from low commodity prices, entities that would be expected to have some interest in a transaction with the Company have reduced their own capital spending significantly and have not expressed interest in a transaction. Accordingly, after this lengthy review, the proposal received by Value Creation which led to the Acquisition Agreement represented the only actionable opportunity which preserved some value for shareholders. The Board of Directors, after considering advice from its financial advisor with respect to current market conditions and prospects available to the Company, has determined that there is a significant risk that shareholders of the Company may recover no value for their shares absent a transaction that is completed while the Company is still solvent, and have determined to proceed with the Transaction.

Although the Board of Directors is disappointed that the Company could not achieve greater recovery of value for its shareholders, and that the Transaction price per share represents a discount to the current market price, it has determined that the Transaction is the best way forward at this time given the current difficult conditions and limited options available to the Company. The Board of Directors has unanimously approved the Acquisition Agreement and

the Transaction, determined that the Transaction is in the best interests of the Company and its shareholders, and recommends to its shareholders that they vote in favour of the Transaction at the Meeting.

### **About SilverWillow Energy**

SilverWillow Energy is a Calgary, Alberta-based pre-production oil sands company with a portfolio of exploration leases in Canada's Athabasca oil sands. To learn more, please visit [www.swenergy.ca](http://www.swenergy.ca).

For further information, please contact Howard J. Lutley, President and Chief Executive Officer, at (403) 538-7004.

**The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved of the contents of this news release.**

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### ***Cautionary Statements Regarding Forward-Looking Information***

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. The forward-looking information in this news release relates, but is not limited to, statements with respect to the potential acquisition of SilverWillow by Value Creation, the ability of the parties to satisfy conditions to closing, the timing for the dissemination of the information circular for the Meeting and the date of the Meeting, and the prospects for the Company absent the completion of the current Transaction.

The forward-looking information set out in this news release, is based on certain expectations and assumptions regarding, among other things, the ability of the Company and Value Creation to satisfy the conditions to the Transaction, the absence of material adverse changes or other events which may give the parties a basis on which to terminate the Acquisition Agreement, the ability of the parties to complete the preparation of the information circular in respect of the Meeting and hold the Meeting within the time frames indicated, the absence of further changes and further economic conditions which may otherwise effect the parties or the Transaction.

Forward-looking information is subject to known and unknown risks and uncertainties and other factors which may cause actual results, events and achievements to differ materially from those expressed or implied in such forward-looking information. Such risks, uncertainties and factors include, among others, the risks that the parties will not be able to complete the Transaction within the time frame indicated or at all, the risk that events may occur which give rise to a material adverse change or other event which causes a party to terminate the Acquisition Agreement; risks that the shareholders will not approve the Transaction; and risks relating to the

early stage of development of SilverWillow lands; and the general risks associated with exploring for, developing and producing bitumen, including many factors beyond the Corporation's control, and no assurance can be given that the indicated level of bitumen or the recovery thereof will be realized. In general, estimates of bitumen are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates, which have inherent uncertainties.

Additional risks relating to the business and operations of SilverWillow are set forth in the Company's most recent Management's Discussion and Analysis, which are filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

SilverWillow undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward looking information.