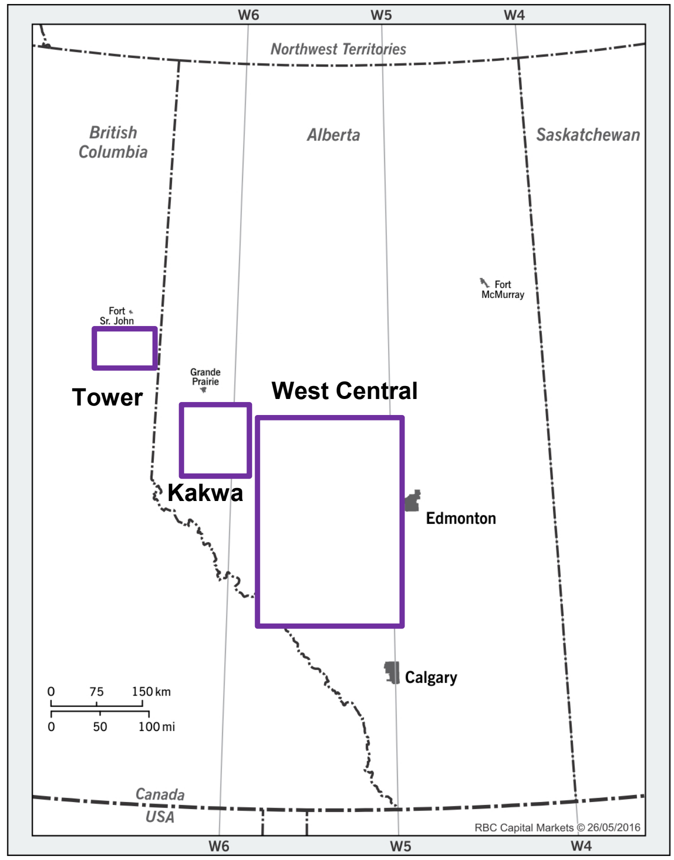
Mosaic Energy

Sale and Investor Solicitation Process

June 2016



MOSAIC | ENERGY LTD

RBC Capital Markets

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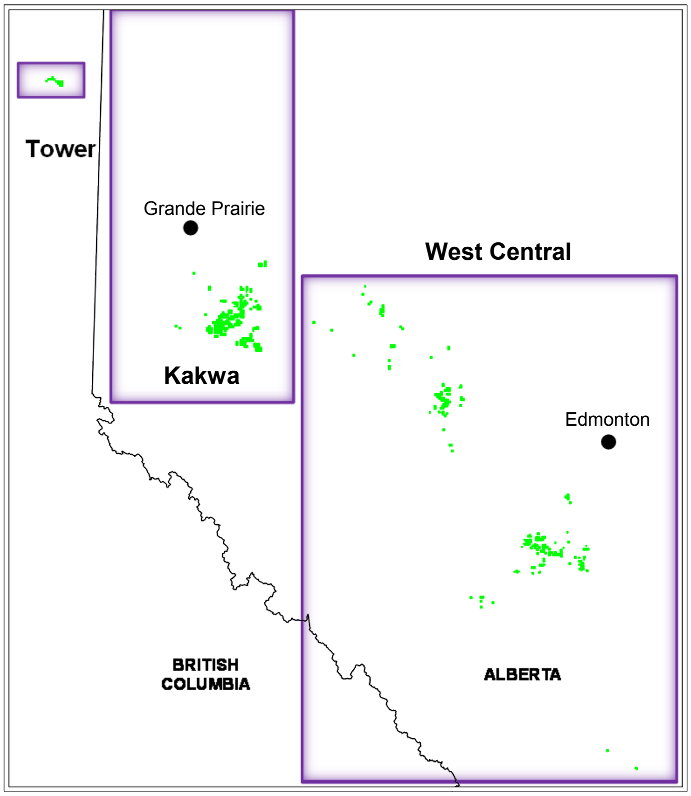
Mosaic Energy – Sale and Investor Solicitation Process

Established production base in the Alberta Deep Basin with near / long term growth opportunities

Asset Overview Map



Note: Northern area of Kakwa also includes 4 sections located north of Grande Prairie

Investment Highlights

- **High working interest, operated lands in three attractive regions of the WCSB**
  - 100,000+ net / 144,000+ gross acres at Kakwa, AB
  - 7,200+ net / 9,700+ gross acres at Tower
  - 67,200+ net / 114,700+ gross acres at West Central AB, centered at Gilby,
- **Established production base in the highly prolific Alberta Montney / Deep Basin**
  - Capable of ~10,400 boe/d (~32 % liquids/oil) with ~5,700 boe/d currently restricted due to infrastructure
  - Ability to add ~4,300 boe/d (IP30, 63% liquids) from 4 Montney wells drilled but not completed (~$10 million of capital required)
- **Scalable Kakwa asset ready for full field commercial development**
  - Top tier economics supported by large OGIP and high liquid yields
  - Montney, Wilrich and Dunvegan horizontal wells generate profitability in today's low commodity price environment
- **Meaningful land position in the emerging NE BC Montney oil trend**
  - Offset activity quickly delineating and de-risking asset base (IP30 >1,000 boe/d)

Corporate / Financial Overview

Operational Highlights	2015 FY	Q1 2016
	($MM)	*($MM)*
Revenue	**$82.1**	**$20.3**
Cash Flow	**$34.0**	**$6.7**
Capital Expenditures	**$134.7**	**($3.0)**
Net Debt	**$160.0**	**$150.3**
		31-May-16
Bank Line Drawn		**$111.6**
Receiver Borrowings		**$3.0**
Bank Debt		**$114.6**

Tax Pools / Classification	Amount ($MM)
Canadian Exploration Expense	**$2.1**
Canadian Development Expense	**$144.0**
Canadian Oil & Gas Property Expense	**$26.1**
Undepreciated Capital Cost	**$116.6**
Loss Carry Forwards	**$120.0**
Other	**$1.0**
Total	**$409.8**

	Production			Proved			Proved plus Probable			1P	2P
Area	Gas	Liquids	Total	Gas	Liquids	Total	Gas	Liquids	Total	NPV10	NPV10
	(Mcf/d)	*(bbl/d)*	*(boe/d)*	*(Bcf)*	*(MMbbl)*	*(MMboe)*	*(Bcf)*	*(MMbbl)*	*(MMboe)*	*($MM)*	*($MM)*
Kakwa	9,264	604	2,148	329	36	91	530	56	144	687	1,168
Kakwa (est. Behind Pipe)	*22,200*	*2,000*	*5,700*								
West Central AB	11,161	734	2,594	52	3	12	79	5	18	72	105
Total	**42,625**	**3,338**	**10,442**	**381**	**39**	**102**	**609**	**61**	**162**	**759**	**1,273**

Note: Production represents April 2016 estimates; Reserve volumes and values per Sproule 2015YE report

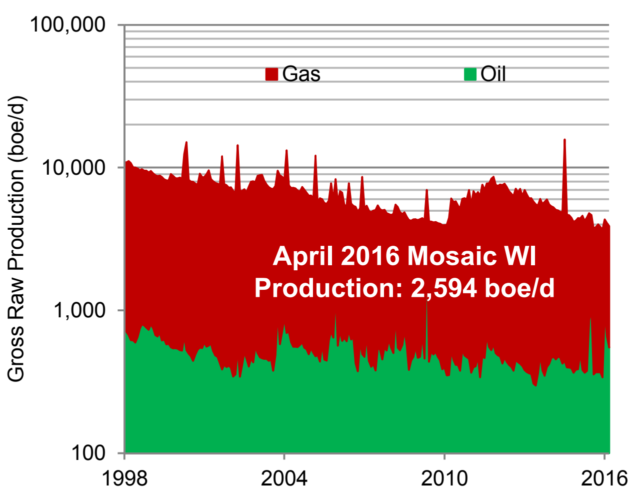
Mosaic Energy – Sale and Investor Solicitation Process

Predictable cash flow with ability to maintain production for several years through low-risk drilling

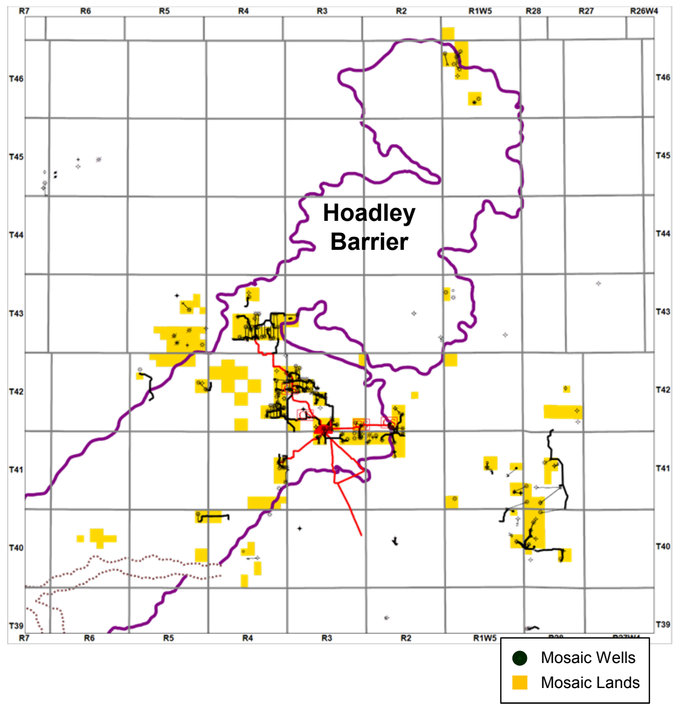
West Central Alberta Asset Overview

- **Predictable, stable cash flow asset**
  - Low decline asset primarily driven by Glauc, Ellerslie, Rock Creek and Pekisko production
- **Ability to maintain production with several years of low-risk drilling inventory**
- **Strategic facility ownership** - 43% working interest in the 01-04-042-03W5 Tidewater operated facility
- **Mosaic has amassed a sizable position in the liquids-rich Duvernay fairway**
  - ~9,400 acres (100% WI) with an option to acquire an additional ~4,400 acres (100% WI)
- Duvernay well performance and capital costs continue to improve and further progress is anticipated at Willesden Green
- Mosaic has drilled a vertical Duvernay land retention well that can be drilled horizontally
  - 13-35-042-05W5 has 35m of gross pay
- Niton consists of Rock Creek gas and the Rock Creek "N" Oil Unit under waterflood

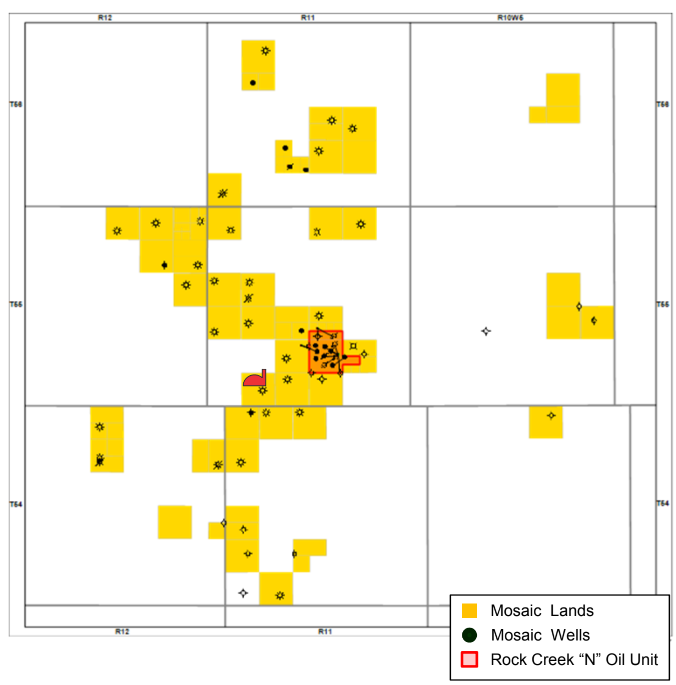
West Central Production History



Gilby



Niton



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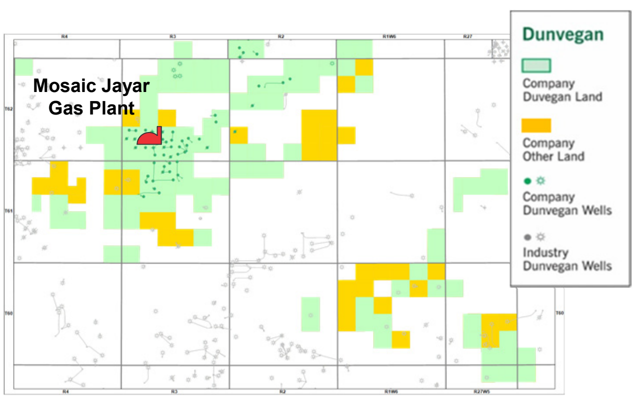
Prolific, stacked play potential targeting the Montney, Wilrich and Dunvegan

Kakwa Asset Overview

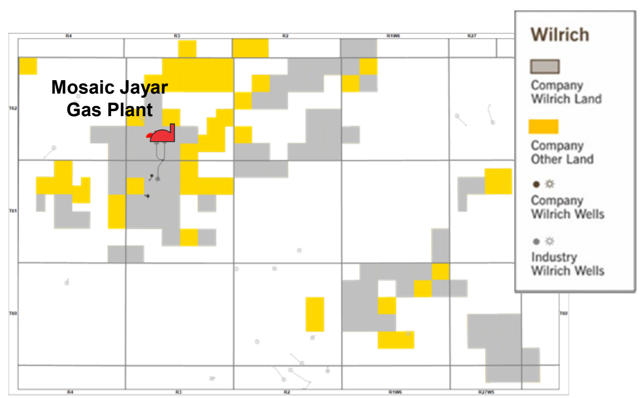
- **Strategically positioned in the heart of the highly prolific Alberta Deep Basin and Montney Liquids Rich fairway**
  - Stacked play potential targeting the Montney, Wilrich and Dunvegan
  - Large inventory of top tier locations in all 3 formations supported by 3D seismic across majority of acreage
- **Mosaic holds ~143,300 gross, contiguous acres within the highly prospective Kakwa area of Alberta**
  - Montney: 37,760 gross acres (84% WI)
  - Dunvegan: 84,303 gross acres (72% WI)
  - Wilrich: 76,943 gross acres (68% WI)
- **Significant operational synergies by sharing surface pads and optimizing infrastructure**

Target Formations

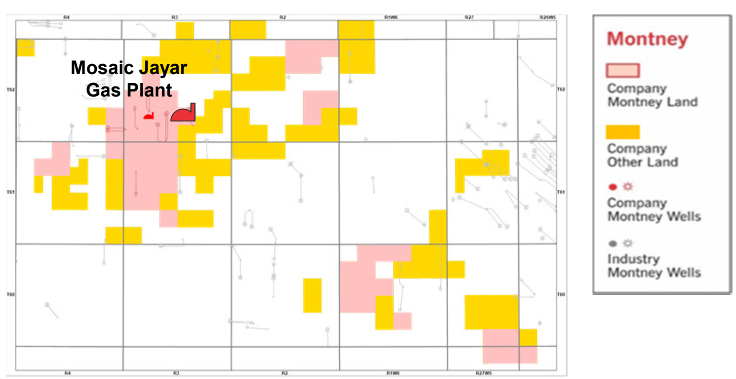
Dunvegan



Wilrich



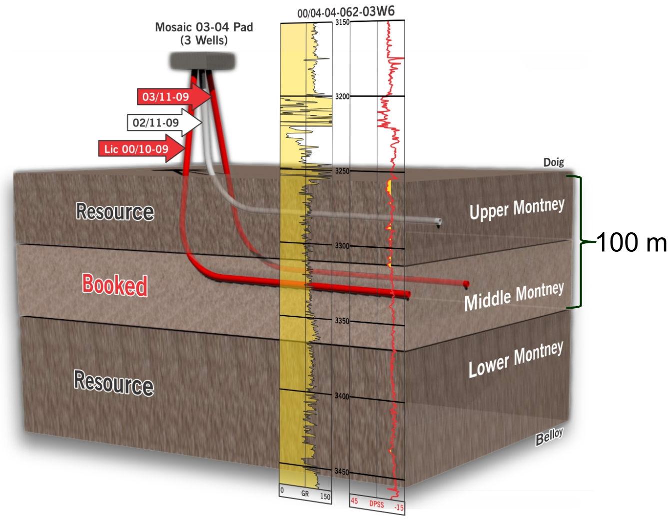
Montney

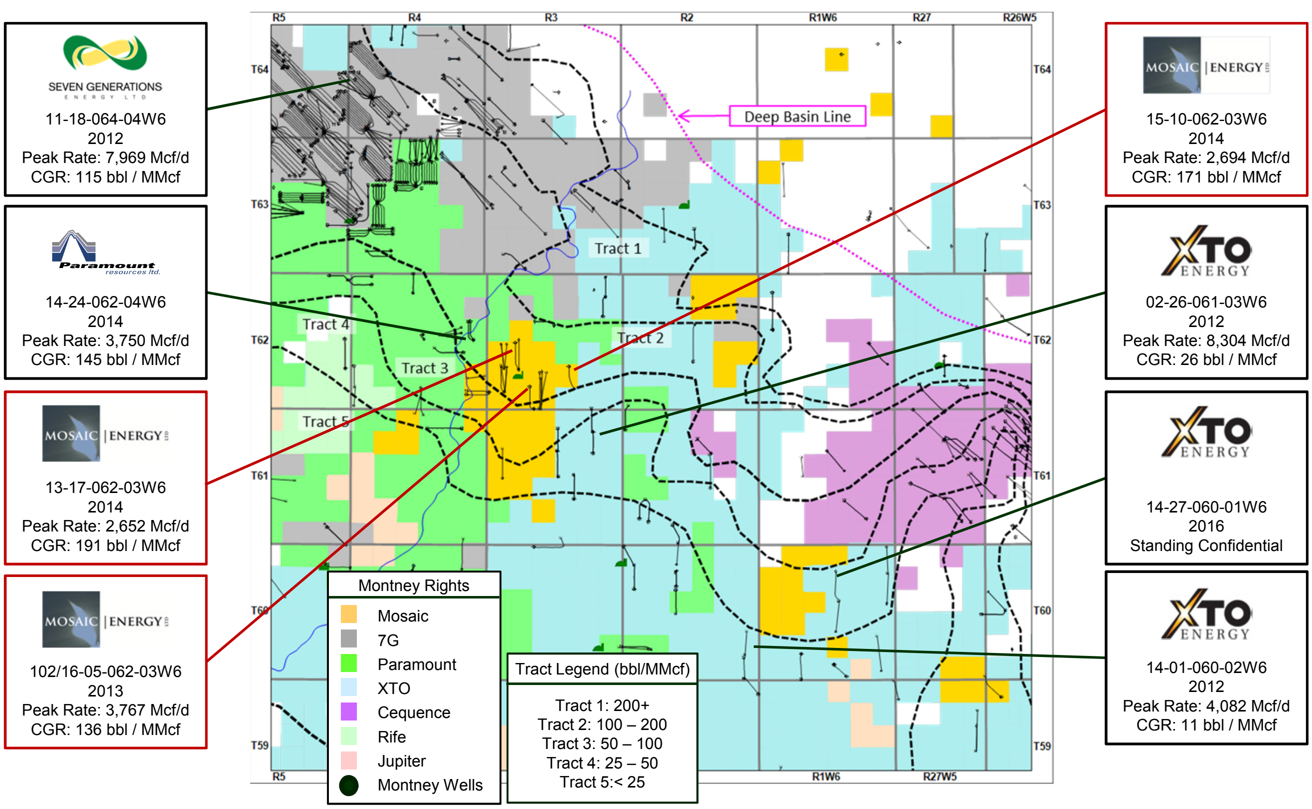


Stacked Montney development has been de-risked by Mosaic and offsetting industry activity

Kakwa – Montney

- **Strategic liquids-rich Alberta Montney position in the Kakwa / Resthaven fairway**
  - Currently ~2,600 boe/d (52 % liquids) of productive capability from the Montney
  - Additional ~4,300 boe/d (IP30, 63% liquids) awaiting completion
- **Large, contiguous, high working interest, operated land base**
  - Highly coveted Montney position with ~31,600 net / ~37,000 gross acres
- **Top tier reservoir with a large inventory of undeveloped locations from multiple horizons**
  - Proven production from Upper and Middle Montney (top 100m)
  - Lower Montney currently being delineated and emerging with significant resource potential
- **Company-owned and operated infrastructure maintains low operating costs**
  - New 50 MMcf/d gas plant with expansion capabilities





Note: Peak rate represents maximum average daily gas rate; CGR sourced from public or internal data

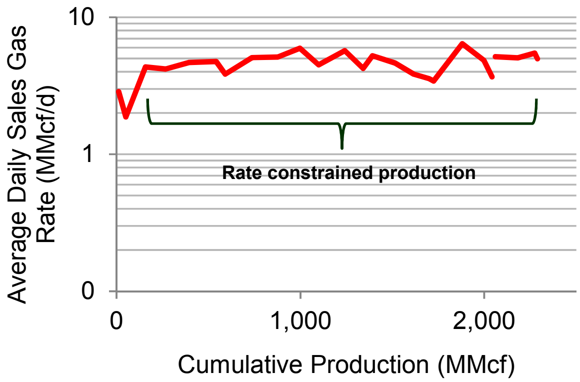
Mosaic Energy – Sale and Investor Solicitation Process

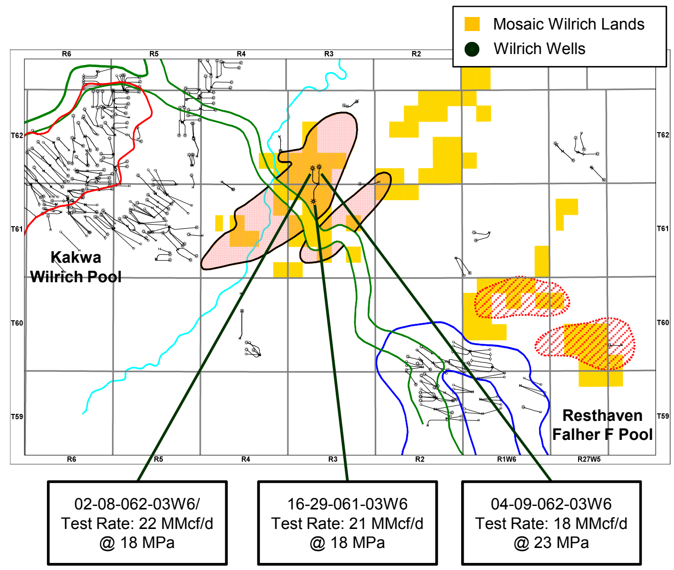
Premier Deep Basin position

Kakwa – Wilrich

- **Proven, prolific Wilrich play on Mosaic lands**
  - 3 horizontals that each tested > 20 mmcf/d
  - Increased confidence through vertical control and comparable performance to offset pools
- **Large remaining inventory of low risk development drilling locations**

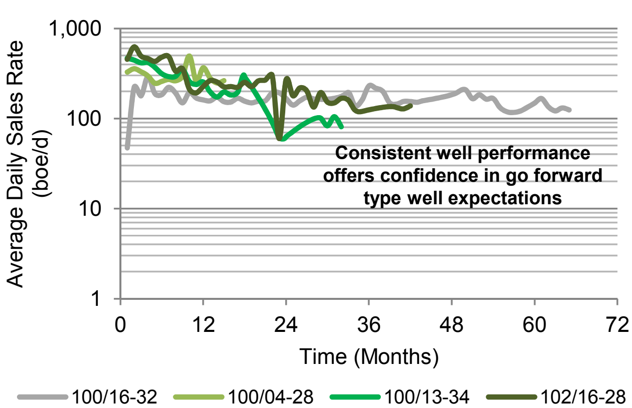
Mosaic Wilrich Hz 04-09-62-03W6

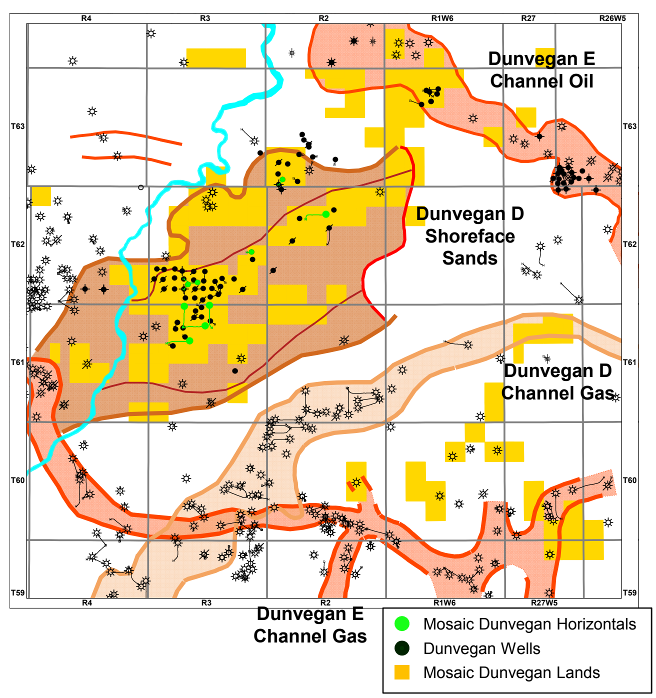




Kakwa – Dunvegan

- **Dunvegan light oil play defined by > 20 area vertical wells and proven by 6 Mosaic horizontals (1 mile laterals)**
- **New royalty regime favorably impacts Dunvegan oil economics**
- **Large remaining inventory of low risk development drilling**

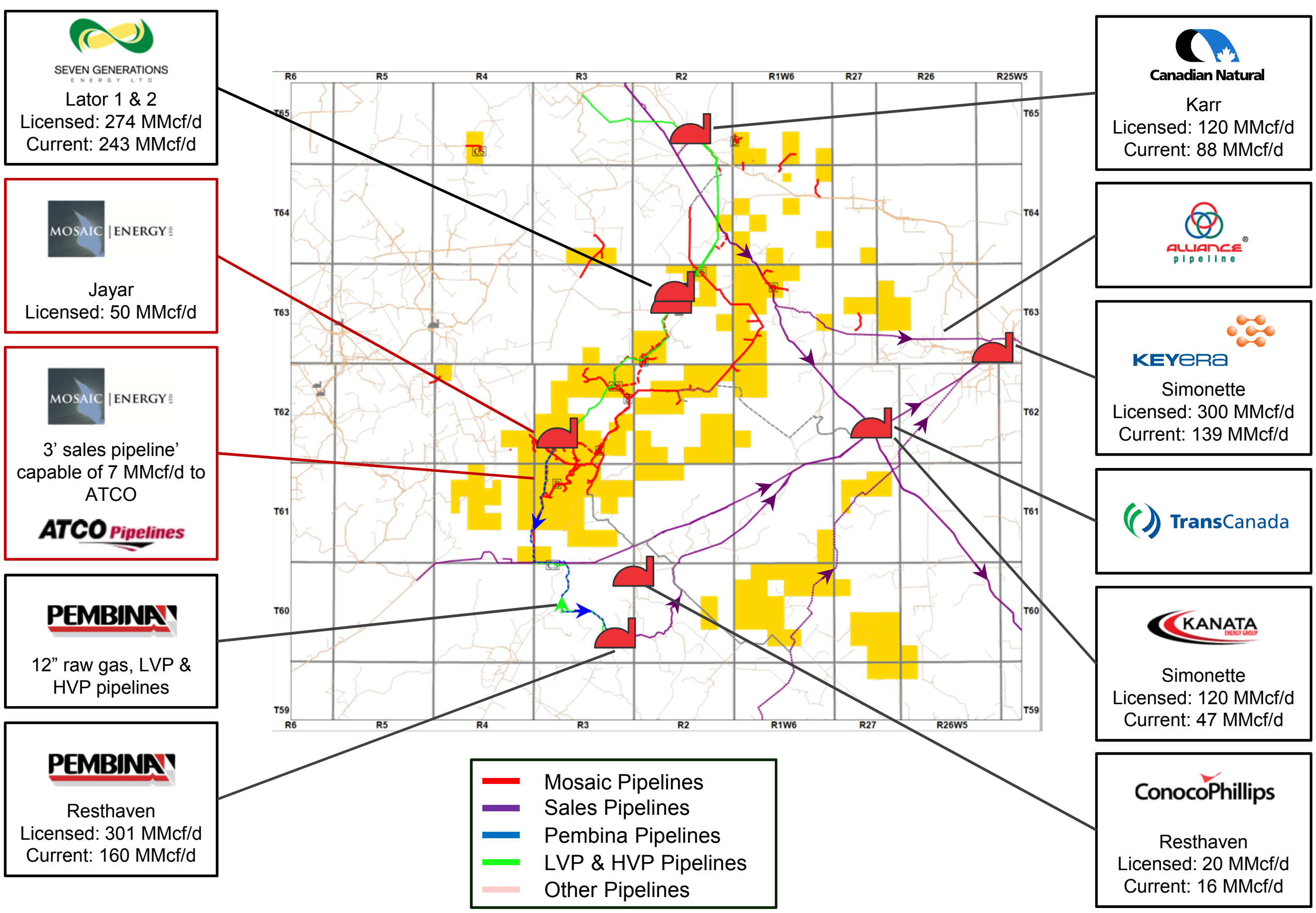




Control of infrastructure with ability to access several natural gas outlets

Kakwa – Infrastructure Solution

- **100% owned and operated 50 MMcf/d strategic natural gas facility at 06-08-062-03W6**
  - Condensate production is LACT connected to the Pembina pipeline system
  - Amine unit for removal of trace sour gas content
  - 100% owned and operated water disposal at 6-8 plant site
  - Existing plant site allows for facility expansion and production growth
- **Transportation agreements**
  - Firm service in place for 50 MMcf/d on TCPL and increasing in April 2018 to 100 MMcf/d
- **Several egress options available in the greater Kakwa region**
  - A number of access points into the TCPL gas gathering system provides takeaway optionality including via an existing Pembina pipeline & gas processing plant and take-or-pay servicing contract
  - 21 mile (34 km) pipeline right-of-way has been surveyed and acquired to connect gas to the Alliance system as an alternative to TCPL; 12" pipe procured
  - Ability to flow gas to near-by existing third party gas plants with minimal capital expenditures

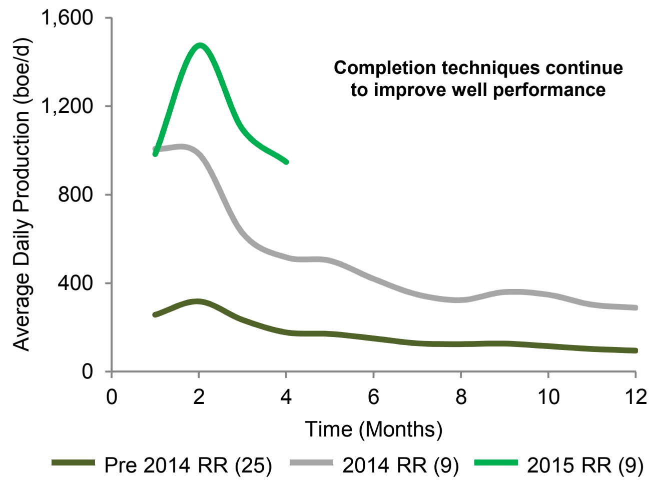


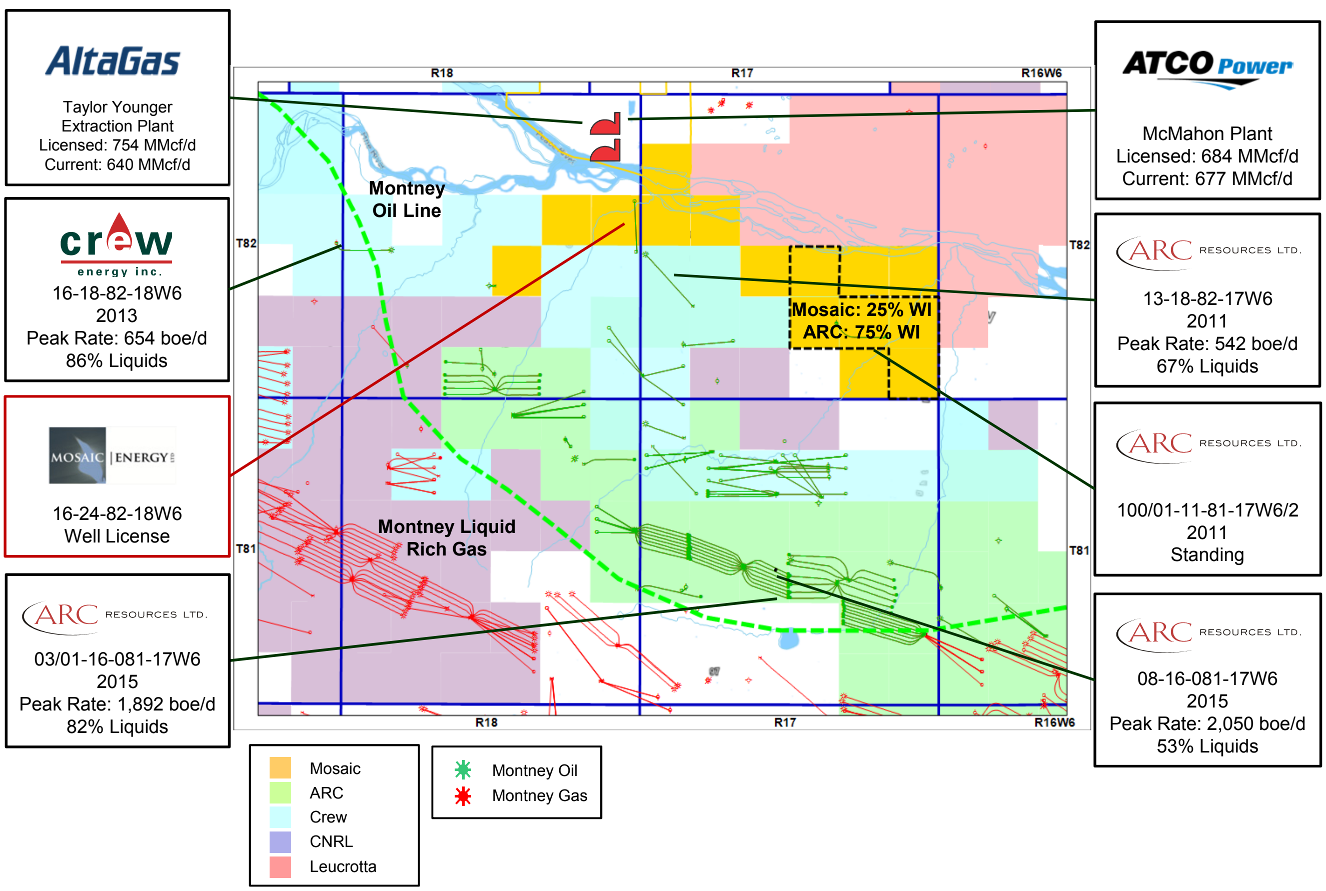
Impressive offset results from the emerging NE BC Montney oil window at Tower

Tower Asset Overview

- **High working interest position directly offsetting recent industry drilling results**
  - 7,200 net / 9,700 gross Montney acres (75 % WI)
  - Active operators include ARC, Crew and Leucrotta
- **Recent well performance data indicates optimization of completion techniques**
  - ARC's 2015 program included 9 wells and demonstrated an average peak rate of 1,475 boe/d
  - The 2015 program represented a 46% increase above the 2014 peak rate and 365% increase above the 2013 and older wells

Offsetting ARC Tower Montney





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Mosaic Energy – Sale and Investor Solicitation Process

Process Information and Timeline

- **Process:** Mosaic is soliciting proposals for the sale of its Assets as described within this document and the Virtual Data Room ("VDR").
- **Confidentiality Agreement:** to receive a confidentiality agreement ("CA") feel free to contact any RBC representative listed below.
- **Confidential Information:** access to confidential information will require execution of a CA. Potential bidders will receive access to the virtual data room ("VDR") containing technical and financial information.
- **Management Presentations:** Management presentations will be conducted by Mosaic personnel in Calgary
- **Inquiries:** All inquiries and requests shall be submitted or directed to the RBC individuals listed. Mosaic, EY, their subsidiaries, affiliates and employees are not to be contacted directly. Please direct all questions to the RBC representatives listed below.

July 2016

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August 2016

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September 2016

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Open VDR Management Presentation Bid Deadlines Holidays

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