



## **BLACK SWAN ENERGY ANNOUNCES STRATEGIC INFRASTRUCTURE, TRANSPORTATION AND MARKETING ARRANGEMENTS**

Calgary, Alberta, September 26, 2018 – Black Swan Energy Ltd. (“Black Swan”) is pleased to announce that it has entered into a definitive agreement with a subsidiary of AltaGas Ltd. (together with its subsidiaries, “AltaGas”) whereby AltaGas will acquire 50% ownership in certain existing and future natural gas processing plants of Black Swan (the “Aitken Creek Processing Facilities”). In addition, upon completion of the acquisition, AltaGas and Black Swan will enter into a long term agreement for the use by Black Swan of the AltaGas processing capacity on a cost of service basis at the Aitken Creek Processing Facilities, as well as transportation and marketing agreements. Black Swan will continue to operate the Aitken Creek Processing Facilities.

The 50/50 infrastructure joint venture, combined with existing and new AltaGas owned and operated liquids handling infrastructure, will provide a value proposition that includes gas processing, liquids handling, field fractionation and propane export via the AltaGas Ridley Island Propane Export Terminal (“RIPET”). Propane delivered to RIPET will receive Far East Index (“FEI”) pricing and Black Swan retains the option to increase these committed volumes through further plant expansions. FEI prices currently offer a premium to North American propane markets. Black Swan will retain an option to continue to market its butane and condensate products independently. The combined effect of these agreements will facilitate development of Black Swan’s core area at Aitken while accessing premium liquids markets to increase netbacks.

The long term processing agreement for the Aitken Creek Processing Facilities will be underpinned by a reserve dedication and area of mutual interest encompassing approximately 30% of the Black Swan Montney lands, as well as a priority of fill arrangement for AltaGas capacity ownership in the facilities.

The transportation and marketing arrangements will provide Black Swan long term liquids handling through the AltaGas North Pine field fractionation facility (“North Pine”), as well as corresponding propane marketing arrangements. The initial term of the commercial arrangements is 15 years (which are subject to customary renewal rights) while also providing an option to expand the various commercial arrangements through additional natural gas processing investments.

The transaction is anticipated to close in early October 2018, subject to satisfaction of customary closing conditions.

### Raw gas processing

Under the terms of the commercial arrangements, AltaGas will acquire 50% ownership in Black Swan's existing 110 MMcf/d (inlet nameplate capacity) North Aitken Creek Gas Plant and in Black Swan’s 100 MMcf/d (inlet nameplate capacity) Aitken Creek Gas Plant, which is currently under construction. Black Swan’s existing infrastructure is comprised of centralized compression, dehydration, refrigeration and sour gas removal at the North Aitken Gas Plant and includes sales gas lines with connections to Alliance and Enbridge. AltaGas will have the option to participate in two additional plant phases including the potential for enhanced liquids recoveries which could more than double the NGL output of the Aitken Creek Processing Facilities.

The investments in the Aitken Creek Processing Facilities by AltaGas includes \$136 MM in 2018 and an estimated \$50 MM in Q4/2019. The Aitken Creek Processing Facilities will have an estimated 210 MMcf/d (gross) operational capacity with the potential for future expansions to increase processing capacity up to 360 MMcf/d (gross).

#### Liquids handling and field fractionation

Black Swan will enter into a long term NGL transportation agreement that includes existing and new AltaGas owned and operated infrastructure. The existing infrastructure that will be utilized by Black Swan includes the AltaGas liquids pipelines from Townsend to North Pine and fractionation and terminaling at North Pine. The new infrastructure includes liquids pipelines from North Aitken Creek to Townsend and liquids handling at Townsend.

David Maddison, President & CEO, commented that Black Swan is excited to move ahead with the addition of AltaGas as an experienced, investment grade strategic joint venture partner as part of our infrastructure development. This commercial co-ownership arrangement provides for long term access to diversified markets and enhances Black Swan's balance sheet as the company advances development of its strong position in the North Montney. He noted: "Black Swan sees this transaction as being supportive of our sustainable low cost structure as the company continues to deliver strong results from our Montney development program. Since 2012 the company has established production from approximately 60 horizontal liquids-rich Upper Montney wells with an average estimated ultimate recovery of 9.1 Bcf per well."

#### Corporate Update

Black Swan delivered average production of 25,768 boe/d (21% liquids) in Q2/2018 which represented a 100% increase over the same quarter of 2017. During the first half of 2018 Black Swan delivered \$47 MM of cash flow and \$34 MM of adjusted net earnings. Production to date in Q3/2018 has averaged approximately 26,500 boe/d and the company remains on track to meet prior guidance of 26,000 – 26,500 boe/d for the year with \$90-\$95 MM of cash flow.

Black Swan is a private-equity backed company headquartered in Calgary, Alberta. For additional details relating to production and development activities please refer to Black Swan's most recent corporate presentation which is available at [www.blackswanenergy.com](http://www.blackswanenergy.com).

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