

BXE : TSX

Bellatrix
EXPLORATION LTD



Proposed Recapitalization Transaction

MARCH 2019



Advisories

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FORWARD LOOKING STATEMENTS

Certain information contained in this presentation of Bellatrix Exploration Ltd. ("Bellatrix" or the "Company") may contain forward looking statements within the meaning of applicable securities laws. The use of any of the words "continue", "plan", "propose", "would", "will", "believe", "expect", "position", "anticipate", "improve", "enhance" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this document contains forward-looking statements concerning: details of Bellatrix's long term market diversification strategy; Bellatrix's expected strategic advantages, potential improvements on macro conditions and the factors influencing such potential improvements; expectations of additional export capacity out of the Western Canadian Sedimentary Basin; expectations of future natural gas demand and market access capacity; key terms of the recapitalization transaction contemplated herein (the "Recapitalization Transaction") and the effect of its implementation on the holders of Bellatrix's senior unsecured notes (the "Senior Noteholders"), the holders of Bellatrix's convertible debentures (the "Convertible Debentureholders"), the existing shareholders of the Company (the "Existing Shareholders"), and the Company, stakeholder support for the Recapitalization Transaction; the expected reduction in the Company's debt and annual interest payments as a result of the Recapitalization Transaction; the expected maturities of the Company's debt both before and after giving effect to the Recapitalization Transaction; the holding and timing of, and matters to be considered at the meetings of Senior Noteholders, Convertible Debentureholders and Existing Shareholders (the "Meetings") as well as with respect to voting at such Meetings; the Company's intention to reduce its debt and annual interest payments through the implementation of the Recapitalization Transaction; the Company's intention to realign its capital structure and the timing thereof; the capital structure of the Company following the implementation of the Recapitalization Transaction; the expected process for and timing of implementing the Recapitalization Transaction; and the effect of the Recapitalization Transaction on the Company.

Forward-looking statements necessarily involve risks, including, without limitation, risks associated with the ability of the Company to significantly reduce its debt and annual interest payments and the terms of any such reduction; the ability of the Company to realign its capital structure and the timing thereof; the ability of the Company to receive all necessary regulatory, court, third party and stakeholder approvals in order to complete the Recapitalization Transaction; the ability of the Company to satisfy all conditions to completion of the Recapitalization Transaction; the ability of the Company to achieve its financial goals including with respect to the nature of any agreement with its debtholders; the ability of the Company to operate in the ordinary course while undertaking the process to complete the Recapitalization Transaction, including with respect to satisfying obligations to service providers, suppliers, contractors and employees; the ability of the Company to continue as a going concern; the ability of the Company to continue to realize its assets and discharge its liabilities and commitments; the Company's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations); the ability of the Company to stabilize its business and financial condition; the ability of the Company to implement and successfully achieve its business priorities; the ability of the Company to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements; the general regulatory environment in which the Company operates; the tax treatment of the Company and the materiality of any legal and regulatory proceedings; the general economic, financial, market and political conditions impacting the industry and markets in which the Company operates; the ability of the Company to sustain or increase profitability, fund its operations with existing capital and/or raise additional capital to fund its operations; the ability of the Company to generate sufficient cash flow from operations; the impact of competition; the ability of the Company to obtain and retain qualified staff, equipment and services in a timely and efficient manner (particularly in light of the Company's efforts to restructure its debt obligations); and the ability of the Company to retain members of the senior management team, including but not limited to, the officers of the Company.

Events or circumstances may cause actual results to differ materially from those predicted, as a result of the risk factors set out and other known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Bellatrix. In addition, forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect and which have been used to develop such statements and information in order to provide stakeholders with a more complete perspective on Bellatrix's future operations. Such information may prove to be incorrect and readers are cautioned that the information may not be appropriate for other purposes. Although the Company believes that the expectations reflected in such forward looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the assumption that the Company will achieve the expected benefits of the Recapitalization Transaction; the assumption that the Company will be able to satisfy the conditions of the Recapitalization Transaction and close the Recapitalization Transaction on the terms and timing as currently expected; oil and natural gas prices and differentials between light, medium and heavy oil prices, corporate production rates and reserve volumes; the impact of competition; the general stability of the economic and political environment in which Bellatrix operates; the timely receipt of any required regulatory approvals; the ability of the operator of the projects which Bellatrix has an interest in, to operate the field in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Bellatrix to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Bellatrix operates; and the ability of Bellatrix to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Additional information on these and other factors that could affect Bellatrix's operations and financial results are included in reports, including under the heading "Risk Factors" in the Company's annual information form for the year ended December 31, 2018, on file with Canadian and United States securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), through the SEC website (www.sec.gov), and at Bellatrix's website (www.bxe.com). Furthermore, the forward looking statements contained herein are made as at the date hereof and Bellatrix 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 may be required by applicable securities laws.

OIL AND GAS METRICS

This presentation contains metrics commonly used in the oil and natural gas industry, such as "finding, development and acquisition ("FD&A") costs", "recycle ratio", "operating netback" and "capital efficiency". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. FD&A costs are used as a measure of capital efficiency. Recycle ratio is a measure for evaluating the effectiveness of a company's reinvestment program and the efficiency of capital investment. Details of how FD&A costs, recycle ratio and operating netback have been calculated are included in the body of this presentation. Capital efficiency is a measure of expected development well capital divided by average first year production results (IP365) from such well and is a measure for evaluating the efficiency of the Company's capital investment. In 2018, the Company completed facilities and equipment investments totalling \$50.3 million including approximately \$2.6 million directly on the Alder Flats Plant as such capital is non-recurring and no further development capital will be required to be spent on the Alder Flats Plant in future years, total FD&A costs are have been presenting in this presentation both including and excluding capital spent directly on the Alder Flats Plant.

NON-GAAP MEASURES

The term "operating netback" does not have standard meanings under Canadian general accepted accounting principles ("GAAP"). Therefore reference to the non-GAAP measure of operating netback may not be comparable with the calculation of similar measures for other entities. Operating netback is calculated by deducting transportation, royalties and operating costs from revenue. Operating netback includes the impact of commodity price risk management contracts. Management believes that operating netback is a key industry benchmark and a measure of operating performance that assists management and investors in assessing the Company's profitability. Operating netback on a per boe basis assists the Company's management and investors in evaluating operating performance on a comparable basis.

INITIAL RATES OF PRODUCTION

References in this presentation to initial production rates or "IP" rates associated with certain wells are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. The Company cautions that such production rates should be considered to be preliminary.

CURRENCY: All dollar amounts in this presentation are Canadian dollars unless otherwise identified.

RESERVE INFORMATION: Unless indicated otherwise, reserve estimates and related future net revenue and other reserves information is derived from Bellatrix's independent reserve report prepared by InSite Petroleum Consultants Ltd. as at December 31, 2018 using forecast prices and costs. For additional information relating to Bellatrix's reserve estimates and related future net revenue as at December 31, 2018 and other oil and gas information see the Company's annual information form for the year ended December 31, 2018, on file with Canadian and United States securities regulatory authorities and which may be accessed through the SEDAR website (www.sedar.com), through the SEC website (www.sec.gov), and at Bellatrix's website (www.bxe.com)

FINANCIAL INFORMATION: Unless otherwise stated, financial information is based upon Bellatrix's audited consolidated financial statements for the years ended December 31, 2018 and 2017.

Bellatrix Overview

BXE:TSX

Bellatrix
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- ✓ Dominant core acreage position in west central Alberta
- ✓ Spirit River represents one of North America's lowest supply cost natural gas plays
- ✓ Consistently deliver top ranked well productivity results

- ✓ Top tier capital efficiencies and cost profile deliver full cycle profitability
- ✓ Asset portfolio provides balance of natural gas and oil/liquids weighted opportunities

HIGH
QUALITY
ASSETS &
ACREAGE

- ✓ Ownership and control of strategic infrastructure including pipelines, compression, and processing facilities
- ✓ Infrastructure control creates significant barriers to competition
- ✓ Alder Flats Phase 2 brings total gross processing capacity to 230 MMcf/d

INFRA-
STRUCTURE
OWNERSHIP &
CONTROL

Bellatrix
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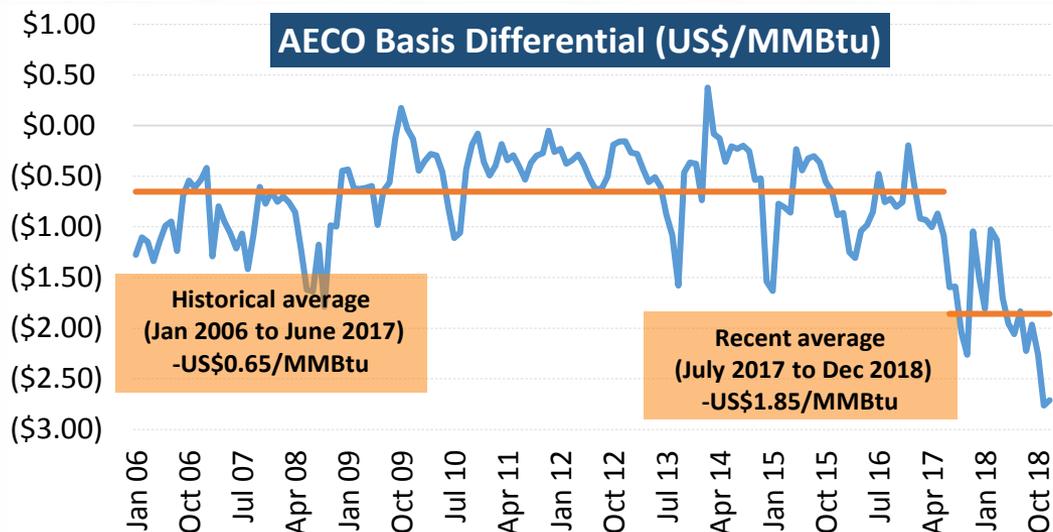
TAKEAWAY
CAPACITY &
MARKET EGRESS

- ✓ Long term market diversification strategy in place through 2020
- ✓ Firm transportation over current gross operated natural gas volumes
- ✓ Firm service contracts through owned & 3rd party processing plants
- ✓ Long term fractionation agreements in place for 100% of volumes

Macro Conditions

Macro Conditions	Current Situation	Potential Improvements
AECO basis differential widening	<ul style="list-style-type: none"> • Reflects changes initiated in July 2017 to the operating methodology used by the pipeline operator to regulate the flow of available gas in the market during periods of maintenance • Increased production volumes 	<ul style="list-style-type: none"> • Capacity expansions add over 2.1 Bcf/d of incremental export capacity through 2021, an increase of 19% compared to current capacity levels
Investor sentiment	<ul style="list-style-type: none"> • Weak investor sentiment towards Canadian energy due to government policies and lack of egress 	<ul style="list-style-type: none"> • Upcoming Provincial (Spring 2019) and Federal (Fall 2019) elections • Improving commodity prices for both oil and natural gas • Improved egress and takeaway capacity
Limited access to capital	<ul style="list-style-type: none"> • Debt and equity markets relatively inaccessible for junior / intermediate Canadian E&Ps • Challenged debt refinance market 	<ul style="list-style-type: none"> • Upcoming Provincial (Spring 2019) and Federal (Fall 2019) elections • Improving commodity prices for both oil and natural gas • Improved egress and takeaway capacity

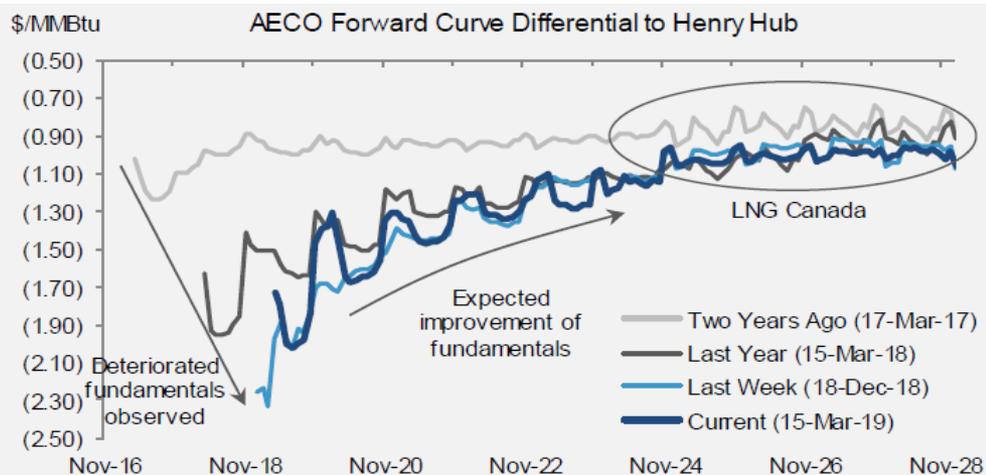
AECO Basis Differential



- The AECO market continues to be negatively impacted by the changes initiated in July 2017
- This changed operating methodology used by the pipeline operator to regulate the flow of available gas in the Alberta market during periods of maintenance
- AECO pricing remains highly discounted from pricing in other North American markets and producing basins

- AECO basis differential is anticipated to narrow back towards historical levels once additional egress capacity is in place, with a material increase in egress capacity expected in 2020

AECO Forward Curve Suggests Improving Basis



AECO Natural Gas Expansion Projects Underway

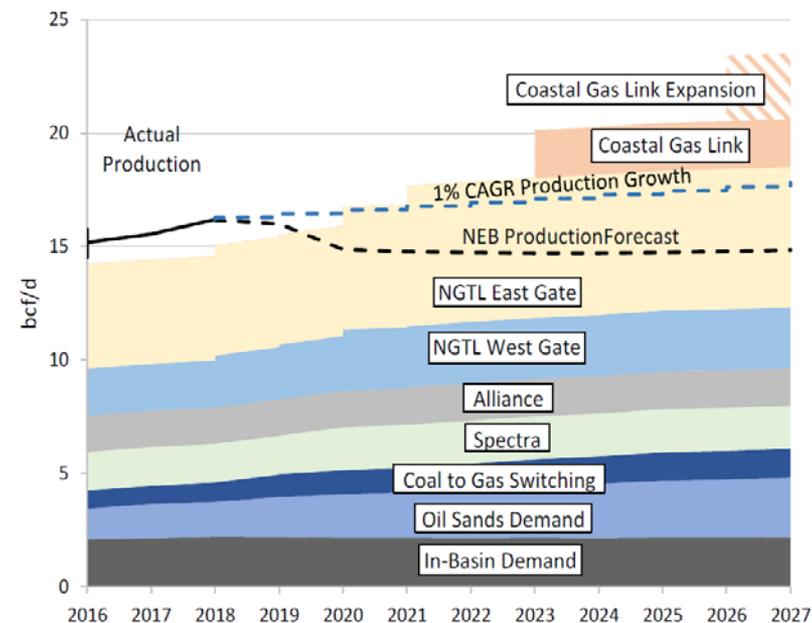
ADDITIONAL EXPORT CAPACITY BEING DEVELOPED OUT OF THE CANADIAN BASIN

Effective Capacity (MMcf/d)	2017A	2018	2019E	2020E	2021E	2022E	2023E	2024E
In Service								
Alliance	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
NGTL - Empress	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
NGTL - McNeill	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
NGTL - AB/BC	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Spectra - T-South	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Total	11,300							
Proceeding								
NGTL - AB/BC		230	350	650	650	650	650	650
NGTL - Empress/McNeill				400	1,280	1,280	1,280	1,280
Spectra - T-South				190	190	190	190	190
Coastal Gaslink								2,100
Total		230	350	1,240	2,120	2,120	2,120	4,220
Capacity Expansion (%)	0%	2%	3%	11%	19%	19%	19%	37%

Capacity expansions add over 2.1 Bcf/d of incremental export capacity through 2021, an increase of 19% compared to current capacity levels

Forecasts anticipate the basin will become long egress and domestic demand between Q4/19 and Q1/21

Western Canadian Gas Demand and Market Access

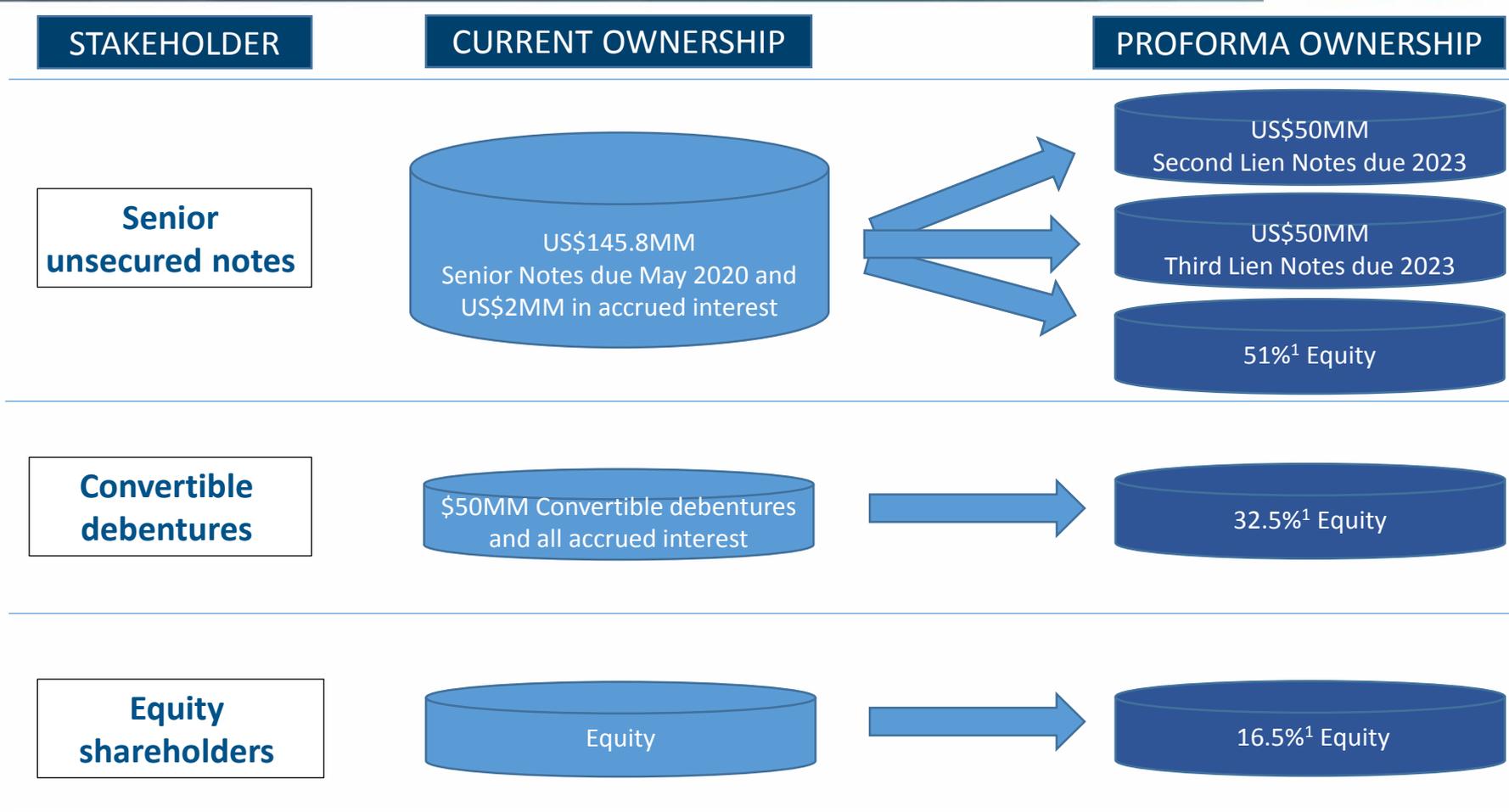


Proposed Recapitalization Transaction Benefits

DESIGNED TO STRENGTHEN FINANCIAL POSITION

- ✓ Total outstanding debt reduced by approximately \$110 million (approximately 23%)
- ✓ Results in no maturity date of any non-revolving debt to 2023
- ✓ Annual cash interests payments reduced by approximately \$12 million (approximately 30%) until December 2021
- ✓ Improves annual cash flow
- ✓ Positions company favorably to utilize existing infrastructure and high value assets to deliver long term sustainable growth for all stakeholders
- ✓ Increases runway to capitalize on Bellatrix's significant reserve value¹

Proposed Recapitalization Transaction Overview



**BOTTOM LINE:
 \$110MM IN DEBT REDUCTION AND \$12MM IN ANNUALIZED CASH INTEREST SAVINGS**

Note ¹: Based on undiluted shares outstanding following closing of Recapitalization Transaction

Note: Does not include Credit Facility and existing Second Lien Notes who are unaffected and who have already confirmed their support for the transaction

Transaction Benefits

TRANSACTION REDUCES DEBT BY ~\$110MM AND CASH INTEREST BY \$12MM ANNUALLY

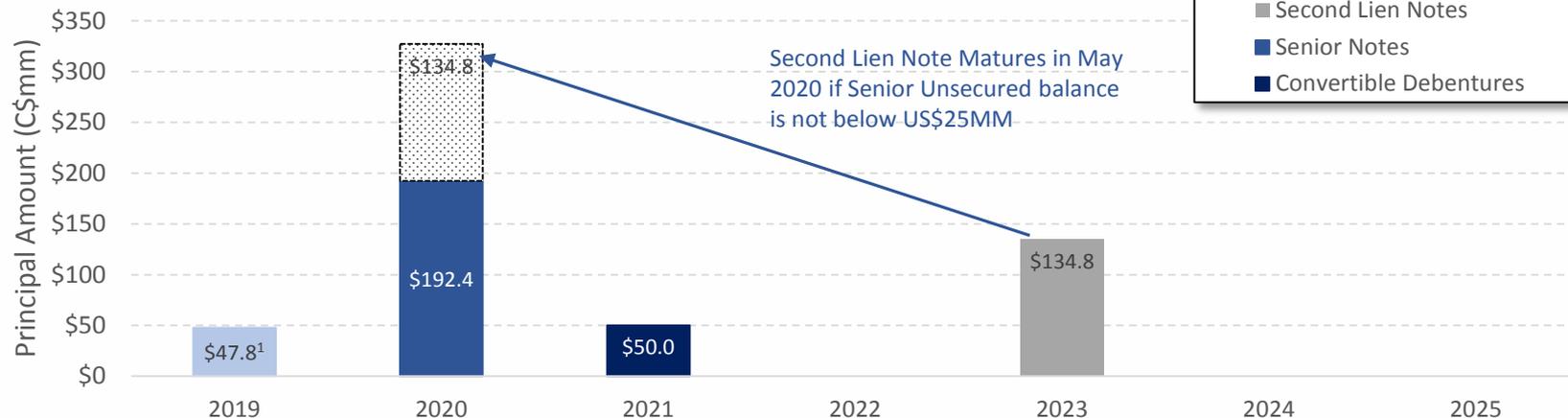
		Current Leverage	Proforma Transaction	Change	
Term Debt					
Senior Unsecured Notes	\$MM	\$192.4	\$0.0	-\$192.4	
Second Lien Notes	\$MM	\$134.8	\$200.8	\$66.0	
Third Lien Notes	\$MM	\$0.0	\$66.0	\$66.0	
Convertible Debentures (face)	\$MM	\$50.0	\$0.0	-\$50.0	
Total term debt	\$MM	\$377.2	\$266.8	-\$110.4	Debt reduced by \$110MM
Estimated annualized cash interest ¹					
Senior Unsecured Notes	\$MM	\$16.4	\$0.0	-\$16.4	
Second Lien Notes	\$MM	\$11.5	\$17.1	\$5.6	
Third Lien Notes	\$MM	\$0.0	\$2.0	\$2.0	
Convertible Debentures (face)	\$MM	\$3.4	\$0.0	-\$3.4	
Total term debt	\$MM	\$31.2	\$19.0	-\$12.1	Cash interest reduced by \$12MM

Note: U.S. denominated debt face value converted at \$1.32 CAD/USD for comparability purposes

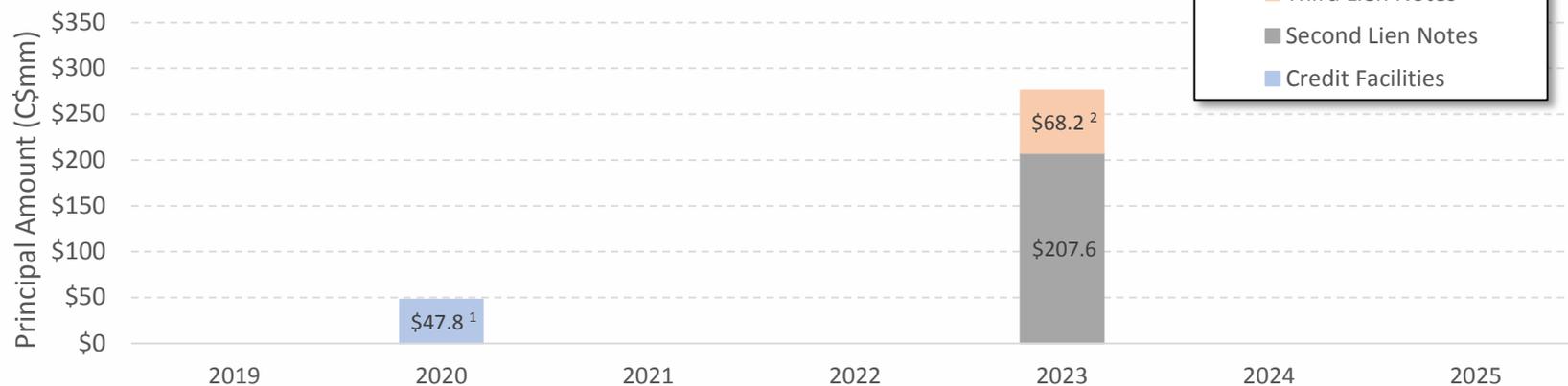
Note 1: Annualized cash interest assumes Third Lien notes paid in kind 9.5% with 3% cash pay interest to December 31, 2021

Debt Maturity Profile

MATURITY PROFILE - DEC 31, 2018



MATURITY PROFILE - PROFORMA



Note: U.S. denominated debt face value converted at exchange rate of \$1.320 CAD/USD for comparability purposes

Note ¹: Credit Facilities represent drawn balances at Dec 31, 2018; excludes letters of credit

Note ²: Reflects principle value at issue. Does not reflect future face value that may result from company electing to pay in kind

Proposed Recapitalization Transaction Support Agreements

✓ Management & Board support

- The Company has been reviewing and exploring alternatives to address its debt levels and its upcoming debt maturities, and recommends the recapitalization transaction, and is pleased with the strong level of stakeholder support for the transaction
- With a meaningful reduction to our outstanding debt obligations and annual interest payments, and resulting improved financial flexibility, Bellatrix will be well-positioned to pursue its business and strategic objectives in the face of the challenging commodity environment facing Western Canadian oil and natural gas producers

✓ Senior Unsecured Note holder support

- Support agreements in place with holders of approximately 90% of the senior unsecured notes

✓ Convertible Debenture holder support

- Support agreements in place with holders of approximately 50% of the convertible debentures

Other Key Terms of Recapitalization Transaction

- The Recapitalization Transaction will be implemented by way of a plan of arrangement under the Canada Business Corporations Act.
- Expected consolidation of common shares as part of Recapitalization Transaction.
- Bellatrix will seek approval of Senior Noteholders, Convertible Debentureholders and Existing Shareholders for Recapitalization Transaction at special meetings expected to be held in May 2019.
- Condition to completion of the Recapitalization Transaction that the Company's existing credit facility (which currently matures on November 30, 2019) be extended for a one-year term on terms substantially similar to those currently in place.
- Existing warrants to purchase common shares held by holders of existing second lien notes would be amended to reduce the exercise price to reflect plan equity value and additional warrants would be issued to such holders, which, together with those warrants currently held by such holders, would be exercisable for common shares of Bellatrix equal to approximately 5% of the number of common shares of Bellatrix to be outstanding immediately following the implementation of the Recapitalization Transaction.
- Conditional on receiving all required approvals including approval of the Toronto Stock Exchange and Court.
- Additional details on the Recapitalization Transaction can be found in the Company's news release dated March 29, 2019.

Operational Performance Scorecard

- ✓ Operating cost reductions → 38% reduction in production expenditures to a record low level of \$6.59/boe in Q4/18 from \$10.57/boe in Q4/16
- ✓ Capital cost reductions → 20% reduction in all-in well costs to under \$3.4 million (drill, complete, equip and tie-in) from ~\$4.2 million in Q4/16
- ✓ Operational performance → 2018 program delivered average IP180 well performance 35% above management expectations
- ✓ Leading peer group F&D cost performance → All-in Proved Developed Producing FD&A \$3.22/boe (\$0.54/Mcfe) in 2018. Proved plus Probable FD&A \$2.05/boe in 2018 and three year average \$3.22/boe. Top decile results.
- ✓ Pre-eminent capital efficient operator in the WCSB → 2018 program delivering capital efficiencies <\$5,000/boe/d on an IP365 basis
- ✓ Prudent downside protection → \$61.8 million in risk management gains in 2017 & 2018
- ✓ Tight project control → Phase 2 brought onstream, on schedule and \$5MM under budget
- ✓ Expanding high value liquids production → corporate liquids weighting increased to 29% in Q4/18 from 25% in Q1/17 while retaining meaningful upside potential to improving natural gas prices

2018 Guidance History - A Track Record of Delivering on Expectations

	PREVIOUS 2018 ANNUAL GUIDANCE (APR 3, 2018)	PREVIOUS 2018 ANNUAL GUIDANCE (AUG 2, 2018)	PREVIOUS 2018 ANNUAL GUIDANCE (NOV 1, 2018)	2018 ANNUAL RESULTS	ACTUAL VERSUS PRIOR ³
Production (boe/d)					
2018 Average daily production	34,000 – 35,500	34,000 – 35,500	35,000 – 35,500	35,635	+3% ↑
Production mix (%)					
Natural gas	74	74	74	72	
Crude oil, condi and NGLs	26	26	26	28	+7% ↑
Capital Expenditures (\$MM)					
Total net capital expenditures ¹	\$55 - \$65	\$50 - \$60	\$50 - \$55	\$52	-13% ↓
Expenses (\$/boe)					
Production expense ²	\$7.65 - \$8.00	\$7.65 - \$8.00	\$7.65 - \$7.90	\$7.50	-4% ↓

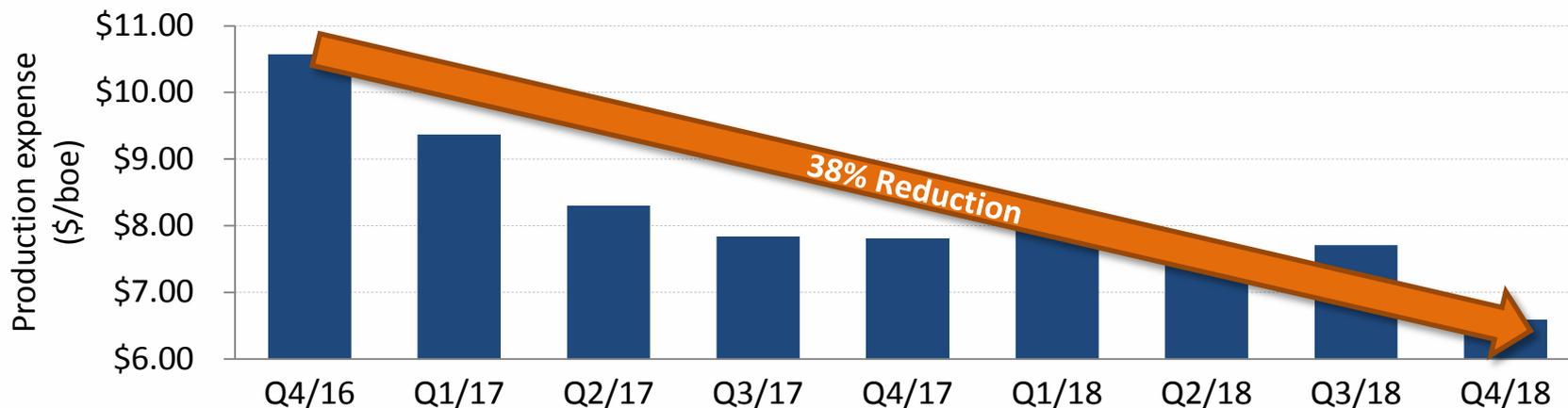
¹ Net capital spending includes exploration and development capital projects and corporate assets, and excludes property acquisitions and dispositions.

² Production expenses before net processing revenue/fees.

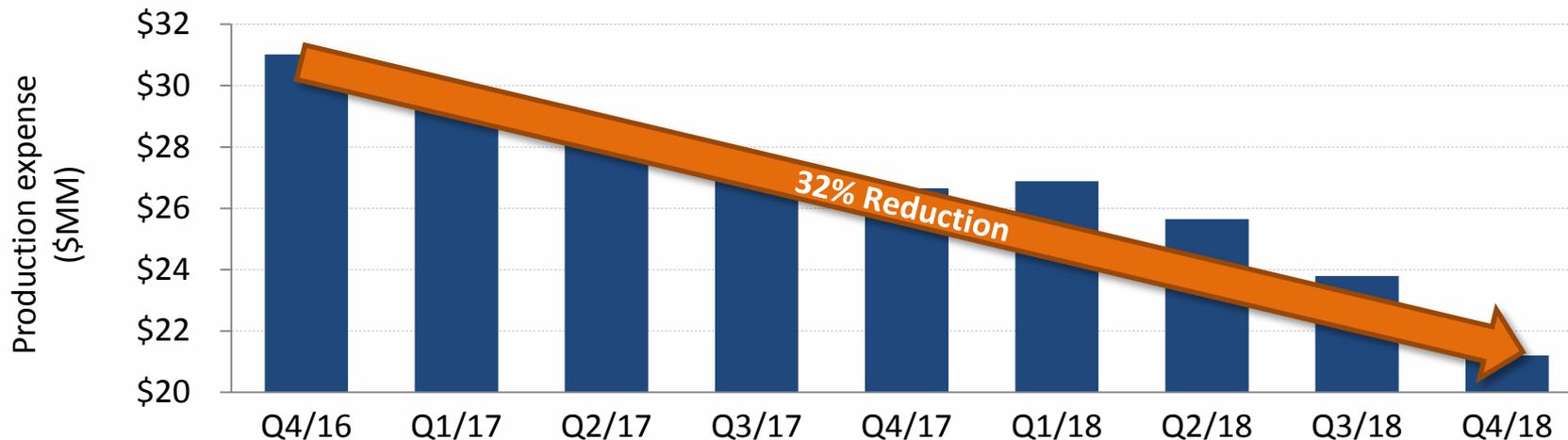
³ Represents actual results compared with midpoint of April 3, 2018 guidance range.

Cost Reductions Achieved

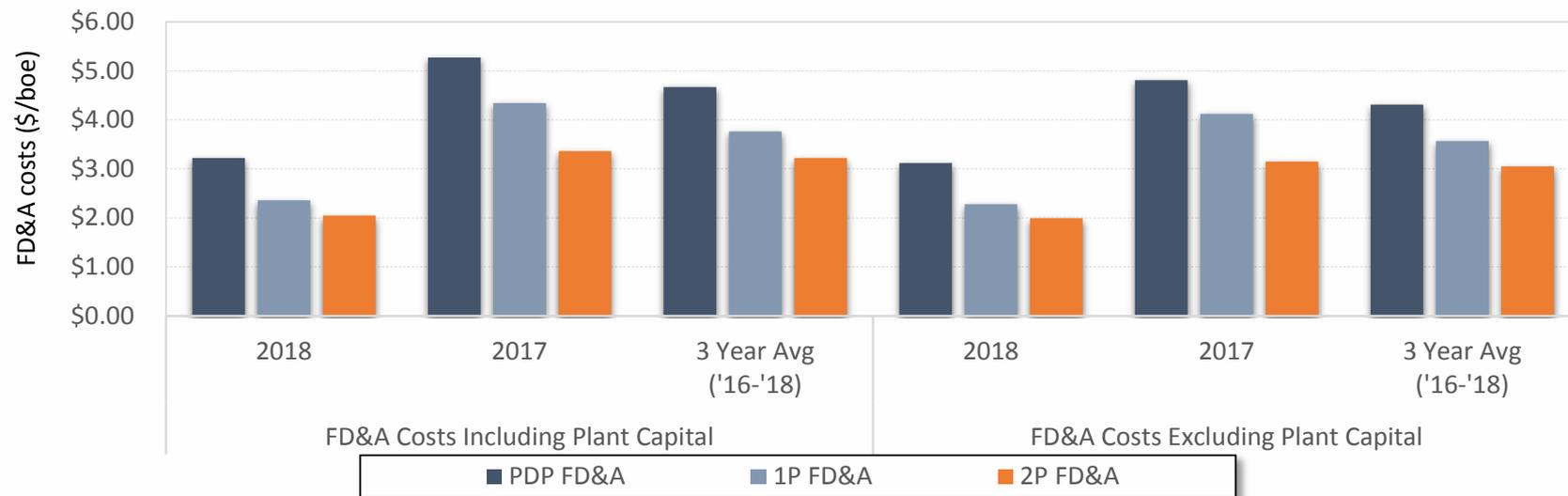
38% REDUCTION IN PRODUCTION EXPENSES (\$/BOE)



32% REDUCTION IN PRODUCTION EXPENSES (\$MM)



A Track Record of Low Cost FD&A Performance



		FD&A Costs Including Plant Capital			FD&A Costs Excluding Plant Capital		
		2018	2017	3 Year Avg ('16-'18)	2018	2017	3 Year Avg ('16-'18)
PDP FD&A	\$/boe	\$3.22	\$5.27	\$4.67	\$3.12	\$4.81	\$4.31
1P FD&A	\$/boe	\$2.36	\$4.34	\$3.76	\$2.28	\$4.12	\$3.57
2P FD&A	\$/boe	\$2.05	\$3.36	\$3.22	\$1.99	\$3.15	\$3.05
PDP Recycle Ratio	x	2.64x	1.71x	1.82x	2.73x	1.88x	1.97x
1P Recycle Ratio	x	3.61x	2.08x	2.26x	3.73x	2.19x	2.38x
2P Recycle Ratio	x	4.15x	2.68x	2.64x	4.28x	2.86x	2.78x

Finding, Development and Acquisition ("FD&A") costs are used as a measure of capital efficiency. FD&A presented above has been calculated based on exploration, development capital and acquisition capital spent in the applicable period including changes in future development capital ("FDC") (both including and excluding capital spent on the Alder Flats Plant) divided by the change in reserves for that period including revisions for that same period. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during the year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for the year. Recycle ratio calculates operating netback divided by FD&A costs. Operating netback is calculated by deducting transportation, royalties and operating costs from revenue and includes the impact of commodity price risk management contracts.

Corporate Information



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Chairman

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Brent A. Eshleman, P.Eng

Lynn Kis, P.Eng

Keith E. Macdonald, CPA, CA

Thomas E. MacInnis, B.Comm, MBA

Steven J. Pully, CPA, CFA

Murray B. Todd, B.Sc., P.Eng.

Keith S. Turnbull, B.Sc., CPA, CA

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President & CEO

Max Lof, CFA
Executive Vice President & CFO

Charles R. Kraus, Esq.
*Executive Vice President, General
Counsel & Corporate Secretary*

Garrett Ulmer, P.Eng
Chief Operating Officer

Steve G. Toth, CFA
*Vice President, Investor Relations &
Corporate Development*

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Computershare Trust Company of Canada

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EXCHANGE LISTING

The Toronto Stock Exchange - BXE

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Moody's Investor Service Inc.
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