

# MESSAGE TO SHAREHOLDERS



By any measure, 2020 was an extraordinary year. The COVID-19 pandemic created challenges that could not have been predicted and there is no doubt that it will have a lasting impact on how we live and work. Enerplus' staff worked diligently to keep each other and our communities safe as we adapted

our working environment to limit the spread of COVID-19—it was an exceptional commitment, and it was critical to ensuring the continuity of our operations.

The upstream energy industry has experienced significant volatility over the last several years driven by our sector's inevitable price cycles. This volatility was exacerbated in 2020 due to the simultaneous supply and demand shocks stemming from discord among OPEC and a collapse in oil demand due to the pandemic. Against this challenging backdrop, our foundational principles—balance sheet strength, a disciplined capital allocation framework, consistent execution and a clear commitment to environmental, social and governance (“ESG”) initiatives—supported our resilience and helped preserve shareholder value.

We entered 2020 in a position of strength with low financial leverage and a capital plan designed to generate competitive financial returns and support free cash flow growth. However, as commodity prices deteriorated early in the year, it quickly became clear that preserving our balance sheet strength was our priority. We focused on reducing our capital budget, lowering our cost structures, and ensuring safe and reliable operations, including curtailing and restoring production in response to the oil price volatility. Ultimately, we reduced our capital spending by more than 50% from our original plan. As a result, we generated over \$60 million in free cash flow and ended the year with a net debt to adjusted funds flow ratio of 1.0 times—consistent with our long term target. These are meaningful financial achievements in a year where West Texas Intermediate (“WTI”) oil prices averaged below US\$40 per barrel.

Beyond our financial achievements, and something I'm particularly proud of, was our safety performance in 2020. The team delivered our lowest lost time injury frequency in the Company's history; keeping people safe at work is the most important thing we do. We also advanced our ESG initiatives in 2020 through target setting, improved disclosure and stakeholder engagement and alignment. We reduced our greenhouse gas emissions intensity in 2020 by more than 20%, representing important progress as we work towards our long term target of a 50% reduction by 2030, versus our 2019 baseline.

Turning to 2021, we see many reasons to be optimistic. The COVID-19 vaccination efforts globally provide hope of life returning to some sense of normalcy, soon. The outlook for commodity prices is constructive with demand for products increasing as economies emerge from lockdowns, and the WTI benchmark oil price has remained above the US\$50 per barrel mark through the first two months of the year.

In January, we announced the acquisition of Bruin, a private Williston Basin operator. The acquisition offers strong operational synergies to our existing position in the Bakken and will enable us to accelerate free cash flow growth and further support our focus on providing long term, sustainable shareholder returns. Enerplus continues to be in a strong financial position with excellent liquidity and we remain committed to our disciplined strategy.

In recognition of our achievements in 2020 and ambitions for the future, our board of directors and leadership team want to recognize our employees for their effort and dedication, and we thank our shareholders for their continued trust and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ian C. Dundas', written over a horizontal line.

Ian C. Dundas  
President & Chief Executive Officer