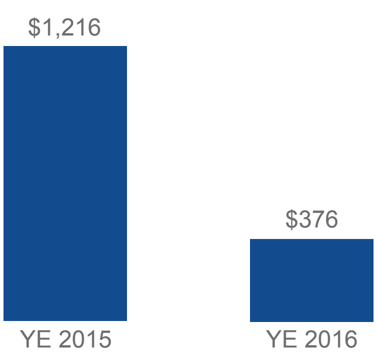
MESSAGE TO SHAREHOLDERS

Ian C. Dundas
President and CEO

2016 was a pivotal year for Enerplus as we successfully navigated an extremely volatile oil market. For the first time since 2003, West Texas Intermediate (WTI) benchmark North American crude oil prices fell below US$30 per barrel. Despite this commodity price weakness, the Company delivered exceptional operational performance and significantly strengthened its financial position. Enerplus is now poised to deliver robust growth from its high quality resource base.

Last year, we moved quickly to improve the financial strength of our business in response to the continued weakness in commodity prices. This included reducing our capital spending and dividend level, continuing to divest of non-core assets, and completing a successful equity financing. The result was an $840 million reduction in our net debt, or almost 70 per cent, year-over-year. In addition, we were successful in significantly reducing our cost structure as a result of internally driven efficiency gains and lower service costs. Compared to our original 2016 forecast, we realized over $100 million in annual cost savings across operating, general and administrative, and interest expenses.

Debt, net of cash & restricted cash[(1)]
C$ millions



[(1)] Net debt at December 31, 2016 is net of cash of $1.3 million and restricted cash of $392.0 million.

Corporate production averaged 93,125 barrels of oil equivalent ("BOE") per day for the year, a reduction from 2015 levels of 13 per cent largely due to non-core divestments as we continue to focus on our larger-scale, higher-margin assets. We directed the majority of our capital spending to our drilling program in the Bakken/Three Forks crude oil shale play in North Dakota where we continue to drill among the most productive wells in the basin. The North Dakota drilling program, along with the Marcellus, were also the key contributors to our proved plus probable ("2P") reserves additions and revisions of 43 million BOE in 2016. These reserves were added at a highly competitive 2P finding and development cost of $4.82 per BOE, including future development costs.

Not only did we meet or exceed all of our financial and operating targets, 2016 was also the best year in our history for safety performance. I am proud of this achievement and Enerplus will continue to dedicate resources to ensuring our operations are performed in a safe and responsible manner. While 2016 was a challenging year in many respects due to workforce reductions and market conditions, our employees stayed focused and made tremendous contributions to our continuing success.

> *"Once again in 2016, we met or exceeded all of our financial and operating targets, including significantly strengthening the balance sheet. With our lower cost structure and improving differential outlook in the Bakken and Marcellus regions, we have seen a step change in the cash flow generating capability and financial sustainability of the business."*
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> *- Ian C. Dundas, President and CEO*

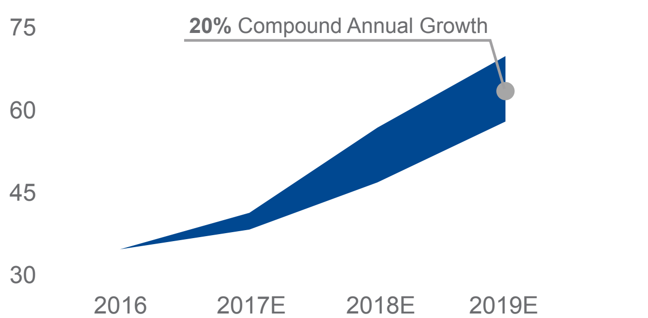
2017 Outlook: Re-establishing Profitable Growth

The reduction in upstream capital expenditure across the global oil and gas industry since 2015, combined with the agreement reached in November 2016 by OPEC to reduce production levels, has helped to provide support to oil prices, however, we expect continued volatility. Enerplus is well positioned to manage through this oil price volatility and deliver profitable production and cash flow growth.

We are in a very strong financial position. We have also protected our capital plans and cash flow through commodity hedging and proactive service contracting. In 2017, we have 67 per cent of our forecast oil production hedged, largely through structures that allow us to participate up to approximately US$60 per barrel WTI. Additionally, we have protected an estimated 75 per cent of our North Dakota capital program from cost escalation.

We plan to spend $450 million of exploration and development capital during 2017, compared to $209 million in 2016, which is projected to drive robust crude oil production growth. The majority of our capital program will once again be directed to our North Dakota project, where we plan to bring the highest number of wells on production since we entered the play in 2009. As we execute our 2017 capital program, we expect to deliver approximately 50 per cent production growth from this asset from the beginning of 2017 through the fourth quarter. Looking further ahead, over the next three years we are projecting a 20 per cent compound annual corporate liquids production growth rate, underpinned by our North Dakota asset.

Annual liquids production outlook[(1)]
Thousand barrels per day



[(1)] Excludes production from assets divested in 2016 and 2017.

While our capital plans are largely focused on North Dakota, our core Canadian waterflood portfolio and Marcellus position are expected to generate meaningful cash flow for our business in 2017. In Canada, we have significantly rationalized our assets around a high-margin portfolio of crude oil waterflood projects. Activity in this area will be focused on optimization and expansion opportunities. In the Marcellus, the improvement in natural gas prices is leading to a moderate return of drilling activity. Well performance continues to be strong in the Marcellus, with longer lateral wells and higher intensity completions further enhancing productivity.

In addition to the success we have had in reducing our cost structure, we are also seeing margin expansion from an improvement in our realized pricing. The historically wider pricing differentials we had been realizing in North Dakota and the Marcellus have narrowed considerably with the continued buildout of pipeline infrastructure in both regions. As a result of this combination of lower costs and improved pricing, the cash flow generating capability of our business is stronger than ever.

In closing, Enerplus is well positioned to generate meaningful value from its high quality resource base. We are in a strong financial position, our capital efficiencies are among the best in the industry, and we have a highly economic drilling inventory. We have diligently protected our cost structures and cash flow, and we have a strong and dedicated team to execute our plan. I would like to thank you for your trust and investment in Enerplus.

Sincerely,

Ian C. Dundas
President and Chief Executive Officer
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