CALGARY, ALBERTA--(Marketwired - Mar 3, 2016) - [Trilogy Energy Corp.](#) (TSX:TET) ("Trilogy") is pleased to announce its financial and operating results for the quarter and year-ended December 31, 2015 and provides revised guidance.

Financial and Operating Highlights

- Trilogy added 14.6 MMBoe of proved reserves and 37.5 MMBoe of proved plus probable reserves, including technical revisions.
- Trilogy replaced 144 percent of 2015 produced reserves when compared to total proven reserve additions, and 370 percent when compared to proven plus probable reserves.
- Production decreased in 2015 to 27,775 Boe/d as compared to 35,104 Boe/d in 2014. Reported sales volumes for the fourth quarter of 2015 were lower at 24,171 Boe/d as compared to 25,090 Boe/d for the third quarter.
- Trilogy completed the sale of certain assets in the Kaybob area during the year for net proceeds of approximately $160.5 million ($112 million of this amount was sold in the fourth quarter).
- Capital expenditures in 2015, excluding acquisitions and dispositions, totaled $80.1 million as compared to $426.7 million in 2014. $5.7 million was spent in the fourth quarter as compared to $17.2 million in the third quarter.
- 21 wells (9.0 net) were drilled in 2015 as compared to 85 (53.6 net) in 2014. Zero wells were drilled in the fourth quarter as compared to 8 (1.8 net) wells in the third quarter.
- Finding and development costs (1) in the year were $20.13/Boe (total proved reserves) and $14.09/Boe (proved plus probable reserves).
- Operating expenditures decreased to $93.1 million ($9.18/Boe) in 2015 from $129.3 million ($10.09/Boe) in 2014. $18 million ($8.11/Boe) was spent in the fourth quarter as compared to $21.4 million ($9.28/Boe) for the third quarter.
- Funds flow from operations (1) decreased to $109.3 million for 2015 as compared to $349.4 in 2014. $19.5 million was generated in the fourth quarter as compared to $22.2 million in the third quarter.
- Net debt (1) decreased to $544.2 million at the end of 2015 from $751.6 million at the end of 2014. Capacity under Trilogy's revolving credit facility was approximately $200 million as at year-end.

Reduced capital and operating expenditure levels and the successful disposition of certain properties throughout the year reflect Trilogy's commitment to preserve shareholder value and promote financial sustainability during the depressed commodity price environment.

(1) Refer to Non-GAAP measures in this release and MD&A

Financial and Operating Highlights Table
(In thousand Canadian dollars except per share amounts and where stated otherwise)

	Three Months Ended			Twelve Months Ended		
	December 31, 2015	September 30, 2015	Change %	December 31, 2015	December 31, 2014	Change
FINANCIAL						
Petroleum and natural gas sales	56,730	65,734	(14)	286,161	618,949	(54
Funds flow						
From operations(1)	19,493	22,154	(12)	109,346	349,360	(69
Per share - diluted	0.15	0.18	(12)	0.87	2.75	(69
Earnings						
Income (Loss) before tax	(17,646)	(95,826)	(82)	(177,002)	44,258	(500
Per share - diluted	(0.14)	(0.76)	(82)	(1.40)	0.35	(502
Loss after tax	(19,248)	(70,929)	(75)	(137,658)	(61,011)	123
Per share - diluted	(0.15)	(0.56)	(75)	(1.09)	(0.49)	123
Dividends declared	-	-	-	-	48,417	(100
Per share	-	-	-	-	0.385	(100
Capital expenditures						
Exploration, development, land, and facility	5,599	17,132	(67)	80,928	425,769	(81
Acquisitions (dispositions) and other - net	(111,492)	(44,867)	148	(160,181)	14,232	(1,225
Net capital expenditures	(105,893)	(27,735)	282	(79,253)	440,001	(118
Total assets	1,266,492	1,410,853	(10)	1,266,492	1,618,953	(22
Net debt(1)	544,167	674,247	(19)	544,167	751,603	(28
Shareholders' equity	447,742	464,872	(3)	447,742	572,135	(22
Total shares outstanding (thousands)						
- As at end of period (2)	126,024	126,123	-	126,024	125,854	-
OPERATING						
Production						
Natural gas (MMcf/d)	98	97	1	108	126	(14

Oil (Bbl/d)	4,675	5,227	(11	) 5,577	8,326	(33
Natural gas liquids (Boe/d)	3,175	3,779	(16	) 4,214	5,706	(26
Total production (Boe/d @ 6:1)	24,171	25,090	(4	) 27,775	35,104	(21
Average prices before financial instruments						
Natural gas ($/Mcf)	2.81	3.41	(18	) 3.14	4.98	(37
Crude Oil ($/Bbl)	48.21	52.23	(8	) 53.07	89.17	(40
Natural gas liquids ($/Boe)	36.59	29.78	23	35.52	56.69	(37
Average realized price	25.51	28.48	(10	) 28.23	48.31	(42
Drilling activity (gross)						
Gas	-	8	(100	) 16	35	(54
Oil	-	-	-	5	50	(90
Total wells	-	8	(100	) 21	85	(75

(1) Funds flow from operations and net debt are non-GAAP terms. Please refer to the advisory on Non-GAAP measures below.

(2) Excluding shares held in trust for the benefit of Trilogy's officers and employees under the Company's Share Incentive Plan. Includes Common Shares and Non-voting Shares. Refer to the notes to the interim consolidated financial statements for additional information.

Outlook

The past year was challenging operationally and financially; significantly lower realized oil and gas prices combined with unscheduled pipeline outages ultimately led to a year-over-year decline in funds flow from operations, from $349 million in 2014 to $109 million in 2015.

Asset quality with disciplined cost structures and balance sheet liquidity ultimately equate to value creation for all stakeholders. Trilogy's Kaybob asset is very well established; it has been accumulated by Trilogy and its predecessors over the past 25 years and Trilogy believes it would not be possible to duplicate. Trilogy's management believes that many of the cost improvements it has made over the past year are permanent and will ultimately strengthen Trilogy and position it to be more profitable in the long term. Through strategic assets dispositions, Trilogy believes it has enough liquidity to not only withstand the current commodity price cycle, but to continue to pursue its growth objectives through its Montney and Duvernay land positions once commodity prices improve. With low commodity prices, Trilogy has been able to renegotiate its operating and capital cost structures and, as a result, they have improved significantly. As long as the current commodity price environment continues, Trilogy is committed to capital spending equal to or less than funds flow from operations in order to preserve liquidity on its balance sheet which, at year end, is approximately $200 million.

Additional Information

Trilogy's Annual Report, including the Company's Audited Annual Consolidated Financial Statements as at and for the year-ended December 31, 2015, Management's Discussion and Analysis, and the Review of Operations can be obtained at http://media3.marketwire.com/docs/1045360a.pdf.These reports will also be made available at a later date through Trilogy's website at www.trilogyenergy.com and SEDAR at www.sedar.com.

About Trilogy

Trilogy is a petroleum and natural gas-focused Canadian energy corporation that actively develops, produces and sells natural gas, crude oil and natural gas liquids. Trilogy's geographically concentrated assets are primarily, high working interest properties that provide abundant low-risk infill drilling opportunities and good access to infrastructure and processing facilities, many of which are operated and controlled by Trilogy. Trilogy's common shares are listed on the Toronto Stock Exchange under the symbol "TET".

Non-GAAP Measures

Certain measures used in this document, including "adjusted EBITDA", "consolidated debt", "finding and development costs", "funds flow from operations", "operating income", "net debt", "operating netback", "payout ratio", "recycle ratio" and "senior debt" collectively the "Non-GAAP measures" do not have any standardized meaning as prescribed by IFRS and previous GAAP and, therefore, are considered Non-GAAP measures. Non-GAAP measures are commonly used in the oil and gas industry and by Trilogy to provide Shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. However, given their lack of standardized meaning, such measurements are unlikely to be comparable to similar measures presented by other issuers.

"Adjusted EBITDA" refers to "Funds flow from operations" plus cash interest and tax expenses and certain other items that do not appear individually in the line items of the Company's financial statements.

"Consolidated debt" generally includes all long-term debt plus any issued and undrawn letters of credit, less any cash held.

"Finding and development costs" refers to all capital expenditures and costs of acquisitions, excluding expenditures where the related assets were disposed of by the end of the year, and including changes in future development capital on a proved or proved plus probable basis. "Finding and development costs per Barrel of oil equivalent" ("F&D $/Boe") is calculated by dividing finding and development costs by the current year's reserve extensions, discoveries and revisions on a proved or proved plus probable reserve basis. Management uses finding and development costs as a measure to assess the performance of the Company's resources required to locate and extract new hydrocarbon reservoirs.

"Funds flow from operations" refers to the cash flow from operating activities before net changes in operating working capital as shown in the consolidated statements of cash flows. Management utilizes funds flow from operations as a key measure to assess the ability of the Company to finance dividends, operating activities, capital expenditures and debt repayments.

"Operating income" is equal to petroleum and natural gas sales before financial instruments and bad debt expenses minus royalties, operating costs, and transportation costs. "Operating netback" refers to Operating income plus realized financial instrument gains and losses and other income minus actual decommissioning and restoration costs incurred. Operating income and operating netback are used by management to measure operating results of discrete oil and gas properties' performance without reference to capital and organizational structure and corporate and general administrative costs.

"Net debt" is calculated as current liabilities minus current assets plus long-term debt. Management utilizes net debt as a key measure to assess the liquidity of the Company.

"Payout ratio" refers to dividends divided by cash flow from operations. This measure assists in providing a more complete understanding of the Company's ability to fund future dividends to Shareholders from cash flow from operations.

"Recycle ratio" is equal to "Operating netback" on a production barrel of oil equivalent for the year divided by "F&D $/Boe" (computed on a proved or proved plus probable reserve basis as applicable). Management uses this metric to measure the profitability of the Company in turning a barrel of reserves into a barrel of production.

"Senior debt" is generally defined as "Consolidated debt" but excluding any indebtedness under the Senior Unsecured Notes. Investors are cautioned that the Non-GAAP measures should not be considered in isolation or construed as alternatives to their most directly comparable measure calculated in accordance with IFRS, as set forth above, or other measures of financial performance calculated in accordance with IFRS.

Forward-Looking Information

Certain information included in this news release constitutes forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "budget" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this news release pertain to, without limitation: Trilogy's commitment to preserve shareholder value and promote financial sustainability during the depressed commodity price environment; statements regarding management's intention to live within cash flow, manage its balance sheet and control capital spending; continuation of cost improvements realized during 2015; and, projections regarding the liquidity of Trilogy to enable Trilogy to pursue its growth objectives in the future.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. Such assumptions include: current commodity price forecasts for petroleum, natural gas and natural gas liquids (including condensate); cash flow consistent with expectations; current reserves estimates; credit facility availability and access to sources of funding for Trilogy's planned operations and expenditures; current production forecasts and the relative mix of crude oil, NGLs and natural gas therein; geology applicable to Trilogy's land holdings; the extent and development potential of Trilogy's assets (including, without limitation, Trilogy's Kaybob area Montney oil and gas assets, the Gething oil pool and the Duvernay Shale Gas play, among others); assumptions regarding royalties and expenses and the continuity of royalty regimes and government incentive programs and their applicability to Trilogy; operating and other costs; currency exchange and interest rates; expected timelines and budgets being met in respect of drilling programs and other operations; budget allocations and capital spending flexibility; ability of Trilogy to service its debt and repay its debt when due; estimates of deferred tax amounts, tax assets and tax pools; estimates and projections in respect of the application of tax laws; the ability of Trilogy and its partners to achieve drilling, completion construction and other operational results consistent with our expectations (including in respect of anticipated production volumes, reserves additions and NGL yields); general business, economic, and market conditions; the ability of Trilogy to obtain equipment, services and supplies in a timely manner to carry out its activities; the ability of Trilogy to market its crude oil, natural gas and natural gas liquids successfully to current and new customers; the timing and costs of pipeline, storage and facility construction and expansion facility run-times; the ability to secure adequate product processing, transmission, transportation, fractionation and storage capacity on acceptable terms and the timely receipt of required regulatory approvals: among others.

Although Trilogy 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 Trilogy can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Trilogy and described in the forward-looking statements or information. These risks and uncertainties include, but are not limited to: fluctuations in oil, natural gas, condensate and other natural gas liquids and commodity prices; the availability of financing; the ability to generate sufficient cash flow from operations and other sources of financing at an acceptable cost to fund Trilogy's exploration, development and construction plans and meet current and future obligations and repay debt; foreign currency, exchange rates and interest rates; volatile economic and business conditions; the ability of management to execute its business plan; the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil, natural gas, condensate and other natural gas liquids and market demand; the ability of Trilogy to add production and reserves through development and exploration activities and
acquisitions; risks and uncertainties involving geology of oil and gas deposits; risks inherent in Trilogy's marketing operations, including credit risk and the risk that Trilogy may not be able to enter into suitable arrangements for the sale of its crude oil, natural gas and gas liquids on acceptable terms or at all; the uncertainty of reserves estimates and reserves life; the uncertainty of estimates and projections relating to future production, NGL yields, costs and expenses; uncertainty in amounts and timing of royalty payments and applicability of and change to royalty regimes and government incentive programs including, without limitation, the Natural Gas Deep Drilling Programs and the Drilling Royalty Credit Program and the application of the Modernized Royalty Framework that the Government of Alberta intends to implement; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; Trilogy's ability to secure adequate product transmission, transportation, fractionation and storage capacity on a timely basis or at all; the possibility Trilogy will not commence or complete a process to evaluate opportunities with respect to its Duvernay shale assets in the near future or at all; Trilogy's ability to enter into or renew leases; health, safety and environmental risks; weather conditions; the possibility that government policies, regulations or laws, including without limitation those relating to the environment and taxation, may change; imprecision in estimates of product sales, commodity prices, capital expenditures, tax pools, tax shelters, tax deductions available to Trilogy; changes to and the interpretation of tax legislation and regulations applicable to Trilogy, and timing and amounts of reversals of temporary differences between assets and liabilities recognized for accounting and tax purpose; the possibility that regulatory approvals may be delayed or withheld; risks associated with existing and potential future lawsuits and regulatory actions against Trilogy; uncertainty regarding aboriginal land claims and co- existing local populations; hiring/maintaining staff; the impact of market competition; and other risks and uncertainties described elsewhere in this document or in Trilogy's other filings with Canadian securities authorities.

The forward-looking statements and information contained in this news release are made as of the date hereof and Trilogy undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Refer to Trilogy's Management's Discussion and Analysis for additional information on forward-looking information.

Oil and Gas Advisory

This document contains disclosure expressed as "Boe", "MBoe", "Boe/d", "Mcf", "Mcf/d", "MMcf", "MMcf/d", "Bcf", "Bbl", and "Bbl/d". All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil (6:1). Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

For Q4 2015, the ratio between Trilogy's average realized oil price and the average realized natural gas price was approximately 17:1 ("Value Ratio"). The Value Ratio is obtained using the Q4 2015 average realized oil price of $48.21 (CAD$/Bbl) and the Q4 2015 average realized natural gas price of $2.81 (CAD$/mcf). This Value Ratio is significantly different from the energy equivalency ratio of 6:1 and using a 6:1 ratio would be misleading as an indication of value.

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