

Tuscany Energy Ltd. Reports Financial and Operating Results for the Three Months Ended March 31, 2016

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CALGARY, May 31, 2016 - [Tuscany Energy Ltd.](#) (TSX VENTURE:TUS) is pleased to report on its financial and operating results for the three months ended March 31, 2016.

Financial

The three months ended March 31, 2016 has continued to be difficult for energy producers, and the low price for heavy oil in Canada resulted in a decline in Tuscany's financial and operating results.

A 33% decline in production combined with a 45% decline in oil price and a 29% decline in natural gas price resulted in revenues declining by 65% during Q1 2016 to \$934,000 compared with \$2.6 million for Q1 2015. Tuscany reported negative cash flow from operations of \$618,000 for Q1 2016 compared with cash flow from operations of \$509,000 in Q1 2015. Tuscany also has taken an impairment charge of \$3.8 million on the Company's oil assets as price forecasts continued to decline during Q1 2016. As a consequence Tuscany reported a loss of \$5.3 million for the quarter, compared with a loss of \$1.5 million in Q1 2015.

Operations

Due to low heavy oil prices, the Company deferred drilling activities and focused on workovers and repairs of pumps on a number of wells, at both the Macklin and Evesham properties.

In December 2015, the Company drilled a successful exploratory horizontal heavy oil well on a Dina prospect at Winter, Sask. The well was drilled to satisfy Tuscany's flow-through share commitments on shares issued in 2014. The Winter well is a new pool heavy oil discovery that may lead to six offset development wells. The new well produced an average of 67 Bopd in December 2015 and 85.4 Bopd in January 2016 before being shut-in in February until oil prices recover.

Production

The Company reported average production of 586 BOEd for Q1 2016, compared with 876 BOEd in Q1 2015.

Strategic Review Process

The rapid decline in commodity prices and the length of time that prices have remained low have resulted in a very difficult environment for a company of Tuscany's size and financial resources to operate. Declining revenues have resulted in Tuscany reporting negative cash flow and increasing debt.

As a consequence, on December 2, 2015 Tuscany announced that it had engaged a financial advisor to identify and examine strategic alternatives for the purpose of enhancing shareholder value. Such review process is ongoing and may include a number of alternatives including a corporate transaction, consisting of a sale or amalgamation of the Company, an asset sale, an issue of new equity or debt instruments or a combination of any of these. There are no assurances or guarantees that the process will result in a transaction.

Corporate Summary

Three months ended March 31,	2016	2015
<i>(Unaudited, \$ Thousands, unless otherwise indicated)</i>		
Financial		

Oil & gas revenue	934	2,631
Cash flow from (used in) operations ⁽¹⁾	(618)	509
\$ per share, basic and diluted ⁽¹⁾	(0.01)	0.01
Net loss for the period	(5,262)	(1,533)
\$ per share, basic and diluted	(0.10)	(0.03)
Capital expenditures, net of dispositions	118	513
Net debt ⁽¹⁾	(9,877)	(7,211)
Total assets	21,727	31,685
Total shares outstanding at period end	50,637	50,931
Operations		
Production		
Oil and NGLs (Bopd)	417	748
Gas (Mcf)	1,011	784
BOEd (6 Mcf = 1 Bbl)	586	879
Product Prices		
Oil (\$/Bbl)	20.11	36.33
Gas (\$/Mcf)	1.86	2.62

⁽¹⁾ See Non-GAAP Measures in MD&A for the three months ended March 31, 2016.

Tuscany has filed the Interim Unaudited Financial Statements and MD&A for the Three months ended March 31, 2016 on SEDAR at www.sedar.com.

Where amounts are expressed on a barrel of oil equivalent (BOE) basis, natural gas volumes have been converted to barrels of oil on the basis of six thousand cubic feet (mcf) per barrel (bbl). BOE figures may be misleading, particularly if used in isolation. A BOE conversion of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 mcf : 1 bbl, using a conversion on a 6 mcf : 1 bbl basis may be misleading as an indication of value. References to oil in this discussion include crude oil and natural gas liquids (NGLs).

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