Trilogy Energy Corp. Provides Operational Update on Montney Oil Pool, Duvernay Activity and Production Update

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CALGARY, ALBERTA--(Marketwired - Sep 26, 2013) - Trilogy Energy Corp. (TSX:TET) ("Trilogy" or the "Company") is pleased to announce that it has recently finished completion operations on the step out well Trilogy Hz Kaybob 9-10-64-19W5 (the "9-10 well") on the western side of the Kaybob Montney oil pool, and also that it has plans to participate for its 30 percent working interest in two four well pads targeting Duvernay production.

Kaybob Montney Oil Pool Expansion

Trilogy fracture stimulated the 9-10 well on September 16, 2013. The fracture stimulation included 27 stages along the horizontal length of approximately 2,018 meters. Over the duration of the production test, the well recovered all of the completion load fluid and is currently flowing at an average oil rate of 438 Bbl/d, 0.9 MMcf/d of natural gas and 104 Bbl/d of water, at tubing pressure of 2,200 kPa. Trilogy is encouraged by these early results and believes that they support the potential that the pool extends beyond the previously identified boundaries. Additional work will be required to completely evaluate the reserves ultimately expected to be recovered from the pool and to confirm that these results support continued expansion plans.

Trilogy rig released the eastern step out well located at 16-29-63-17W5 (the "16-29 well") on September 26, 2013, which was drilled to evaluate additional acreage on the eastern margin of the Kaybob Montney oil pool. The 16-29 well is expected to be completed and evaluated through October and November. With a successful completion, the well should be on production in the first quarter of 2014.

Duvernay Activity Update

In the third quarter of this year, Trilogy completed drilling operations on the Duvernay horizontal well located at 1-24-61-22W5 and moved the drilling rig to the next location at 13-33-57-18W5. Both of these operations were drilled to maintain Trilogy's Duvernay land position. Following the 13-33-57-18W5 drill, the rig will move to 16-28-58-18W5 to drill a vertical well that is expected to preserve a 14 section block.

Also in the third quarter, Trilogy elected to participate for its 30 percent working interest in a four well pad operated by a third-party targeting the Duvernay formation. The average cost to drill and complete these wells, net of certain technical expenses, was approximately $12 million per well. The four lateral legs were each approximately 2,000 metres in length and were completed in approximately 100 fracture intervals in approximately 17 stages. The four wells were production tested in August at an average rate of 1,940 Boe/d per well (3.4 MMcf/d of natural gas and 1,366 Bbl/d of condensate), yielding an average condensate gas ratio of approximately 400 Bbl/MMcf. Each well was flow tested for approximately 53 hours with average flowing pressures between 13 and 24 MPa. The four well pad is expected to be tied in during September and placed on production in late October 2013. The following table summarizes some of the production test data for the four horizontal Duvernay wells. Initial production rates from these wells will differ from the production tests and will be a function of processing and compression capacity, liquids handling capabilities, and flowing pressure required to optimize liquid recovery.

	Cum Gas	Cum Condensate	Last Gas Rate	Last Condensate Rate	Condensate Gas Ratio	Tubing Pressure	Flowing time
	MMcf	Bbl	MMcf/d	Bbl/d	Bbl/MMcf	MPa	Hours
Well #1	5.8	2,202	3.7	1,370	375	16	51
Well #2	6.6	2,546	3.5	1,581	445	13	62
Well #3	7.5	2,394	3.4	1,219	358	20	54

Well #4	6.2	2,572	3.1	1,294	414	24	46
Average	6.5	2,428	3.4	1,366	398.0	18.3	53.3

Trilogy also has plans to participate for its 30 percent working interest in a second four well pad located approximately 2 miles west of the first multi-well pad discussed above. Drilling operations have been completed and completion operations are expected to begin in early October, with first production in December. The estimated cost to drill, complete, equip and tie-in this pad is approximately $12 million per well.

These two multi-well pads are located on the same joint interest land block where Trilogy and its partner drilled two wells in 2012. These two wells were brought on production in August 2013, producing for approximately 28 days before being shut in due to maintenance work at the Keyera Simonette gas plant. The two joint wells were flowing at restricted condensate (48-54 degree API) rates of approximately 500 Bbl/d each, with associated gas production. It is anticipated that these wells will be back on production when the maintenance work at the Simonette plant is completed at the end of September.

Trilogy has approximately 125 net sections of prospective lands in the volatile oil area and 75 net sections of land in what Trilogy interprets to be the gas condensate area of the play.

With the additional capital spending related to this Duvernay activity and costs associated with previously unbudgeted activity, Trilogy will be reviewing its capital expenditure plans for the balance of the year and providing further guidance when its operating and financial results are released in November.

Production Update

Through the month of September, Trilogy's production has been impacted by various plant outages in the Kaybob and Grande Prairie areas, including the Trilogy operated Kaybob North Gas Plant which processes a large portion of Trilogy's production. Trilogy had contingency plans to redirect the impacted production to the SemCAMS K3 Plant, however an unexpected plant outage at that plant necessitated those volumes being curtailed through September. These plant outages will reduce third quarter volumes to approximately 31,000 Boe/d. We expect the Company will resume normal production levels in the fourth quarter. The additional capital projects described above will not have a significant impact on the average annual production rate, as the new wells are expected to come on production late in the current year; however these additional wells are expected to increase the exit rate for the year.

With lower natural gas prices forecasted for the balance of the year, Trilogy has continued to allocate capital towards oil and condensate rich gas projects, which are expected to increase the oil and natural gas liquids component of the Company's production to approximately 50 percent at year-end.

About Trilogy

Trilogy is a growing 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 low-risk, high working interest properties that provide abundant 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".

OIL AND GAS ADVISORY

This news release contains disclosure expressed as "Boe", "Boe/d", "Mcf/d", "MMcf/d", "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. 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 Q2 2013, the ratio between Trilogy's average realized oil price and the average realized natural gas price was approximately 22:1 ("Value Ratio"). The Value Ratio is obtained using the Q2 2013 average realized oil price of $88.20 (CAD/Bbl) and the Q2 2013 average realized natural gas price of $3.95 (CAD$/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.

Forward-Looking Statements Advisory

In the interests of providing Trilogy Shareholders and potential investors with information regarding Trilogy, certain information included in this news release constitutes forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "continue", "estimate", "propose", "budget", "forecast", "outlook", "may", "will", "could", "potential", "target" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this news release include but are not limited to statements pertaining to:

- Trilogy's drilling and development plans with respect to the Kaybob Montney oil pool and the Duvernay shale development including the nature, timing, costs and benefits of such plans;
- statements regarding the extent of the Kaybob Montney oil pool and estimates of Trilogy's prospective Duvernay land holdings;
- future production levels including anticipated initial rates, average daily volumes, timing and content thereof;
- projected capital expenditures and the relative allocation thereof and
- projections regarding commodity prices during 2013.

Statements regarding "reserves" or "resources" are forward-looking statements as they involve the implied assessment, based on estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, an can be profitably produced in the future.

Such forward-looking statements are based on a number of assumptions regarding, among other things: future crude oil, natural gas and natural gas liquids supply and prices; future power prices; general business and economic conditions; current production forecasts and the relative content of crude oil, natural gas and natural gas liquids therein; geology applicable to Trilogy's land holdings; the ability of Trilogy and its partners to obtain drilling and operational results consistent with expectations; the extent and development potential of Trilogy's assets including, without limitation, the Kaybob Montney oil pool and Duvernay shale development; current reserves estimates; the timing and costs associated with planned development and construction projects; the ability of Trilogy to obtain equipment, services and supplies in a timely and cost effective manner to carry out its activities; the timing and costs of plant turnaround and pipeline and storage facility construction and expansion and the ability of Trilogy to secure adequate product processing, transmission and transportation and to market oil, natural gas and other products successfully to current and new customers; the timely receipt of regulatory approvals; assumptions regarding operating and other costs, expenses and royalties and the continuation of government royalty regimes and incentive plans; assumptions regarding capital expenditures and the relative allocation thereof, budget allocations and capital spending flexibility; projected capital investment levels and the successful and timely implementation of capital projects; well economics; cash flow consistent with expectations; Trilogy's ability to repay debt as planned; the ability of Trilogy to obtain financing and access to capital markets on acceptable terms; credit facility increases consistent with expectations; assumptions based on current guidance; currency, exchange and interest rates; the continuation of assumed tax regimes, estimates of deferred tax amounts, tax assets and tax pools; the extent of Trilogy's liabilities; and the continuity of the mutually beneficial agreement with Aux Sable Canada LP; among others, which may prove to be incorrect. 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. Readers are cautioned not to place undue reliance on forward-looking statements included in this news release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual results to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: fluctuation in oil, natural gas and natural gas liquids prices, foreign currency, exchange rates, interest rates and market demand; 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 and natural gas; risks and uncertainties involving geology of oil and gas deposits including, without limitation, the Kaybob Montney oil and Duvernay shale developments; the uncertainty of reserves estimates and reserves life; imprecision in estimating future production and the composition thereof, the uncertainty of estimates and projections relating to costs and expenses; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; Trilogy's ability to secure adequate product processing, transmission and transportation on a timely basis or at all; potential disruptions or unexpected technical difficulties in designing, developing or operating new, expanded or existing facilities, including third party operated facilities; the ability to generate sufficient cash flow from operations and other sources to meet current and future obligations, including costs of anticipated projects and repayment of debt; the ability of Trilogy to add production and reserves through development and exploration activities; uncertainties as to the availability and cost of financing, including Trilogy's ability to extend its credit facility on an ongoing basis; Trilogy's ability to enter into or renew leases and obtain regulatory approvals in a timely manner or at all; the possibility that government programs, policies, regulations or laws relating to royalties, incentive programs or the environment may change, including risks related to the imposition of moratoriums; imprecision in estimates of product sales, tax pools, tax shelters and tax deductions available to Trilogy; changes to and the interpretation of tax legislation; risks inherent in Trilogy's marketing operations, including credit and other financing risk; the outcome and effects of any future acquisitions and dispositions; risks associated with existing and potential future lawsuits and regulatory actions against Trilogy; health, safety and environmental and security risks; uncertainties and risks associated with decommissioning and reclamation; environmental, regulatory and compliance risks including those potentially associated with greenhouse gasses and hydraulic fracturing; uncertainty regarding aboriginal land claims and co-existing local populations; uncertainty regarding results of third party industry participants' objections to Trilogy's development plans; weather and general economic and business conditions and other risks and uncertainties described elsewhere in this document or in Trilogy's other filings with Canadian securities authorities.

The forward-looking statements 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 required by applicable securities laws.

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