

Trilogy Energy Corp. Announces Financial and Operating Results for the Three and Nine Months-Ended September 30, 2013, Updates 2013 Guidance, and Provides 2014 Guidance

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CALGARY, ALBERTA--(Marketwired - Nov 7, 2013) - [Trilogy Energy Corp.](#) (TSX:TET) ("Trilogy") is pleased to announce its financial and operating results for the three and nine months-ended September 30, 2013. In addition, Trilogy is providing updated 2013 guidance and guidance for 2014.

FINANCIAL AND OPERATING HIGHLIGHTS

- Reported sales volumes for the third quarter of 2013 averaged 31,211 Boe/d, representing a decrease of 16 percent over the prior quarter. The decrease in production was attributed primarily to field maintenance occurring at Trilogy operated and several non-operated facilities.
- Oil and natural gas liquids sales volumes represented 42 percent of total sales volumes in the quarter and 44 percent year to date in 2013 (39 percent year to date in 2012).
- Funds flow from operations ⁽¹⁾ was lower at \$54.2 million as compared to \$88.1 million for the previous quarter (\$222.6 versus \$161.4 year to date 2013 over 2012).
- Realized oil prices increased 16 percent over the prior quarter (12 percent year to date 2013 over 2012)
- Net capital expenditures totaled \$100 million for the third quarter of 2013 as compared to \$57 million in the prior quarter (\$327 million year to date). In total 21 (14.8 net) horizontal wells were drilled in the quarter.
- Trilogy finished completion operations on a step-out well on the western side of the Kaybob Montney oil pool. This well could result in the western expansion of the existing pool boundary as previously identified.
- Trilogy and its partners completed drilling operations on 2.2 net Duvernay horizontal wells to maintain Trilogy's Duvernay land position and to continue the commercial development of this emerging shale play. Trilogy also elected to participate for its 30 percent working interest in a second four-well pad operated by a third-party targeting the same formation.
- Dividends declared to Shareholders totaled \$12.4 million or 13 percent of cash flow from operating activities (prior quarter - 15 percent).
- Subsequent to the quarter, Trilogy's lenders reaffirmed its Revolving Credit Facility borrowing base at \$650 million.
- Subsequent to the quarter, Trilogy entered into an agreement with a syndicate of underwriters, on a bought deal basis, to sell 7,020,000 common shares, at a price of \$28.50 per common share for gross proceeds of approximately \$200 million. The equity issuance closed on October 21, 2013.

(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			Nine Months Ended September 30		
	September 30, 2013	June 30, 2013	Change %	2013	2012	Change %
FINANCIAL						
Petroleum and natural gas sales	135,342	159,366	(15)	437,378	320,476	36
Funds flow						
From operations ⁽¹⁾	54,165	88,160	(39)	222,613	161,412	38
Per share - diluted	0.45	0.73	(39)	1.86	1.39	34
Earnings						
Earnings (loss) before tax	(10,936)	25,826	(142)	29,233	(15,567)	(288)
Per share - diluted	(0.09)	0.22	(142)	0.24	(0.13)	(288)
Earnings (loss) after tax	(9,454)	20,017	(147)	20,207	(13,815)	(246)
Per share - diluted	(0.08)	0.17	(147)	0.17	(0.12)	(240)

Dividends declared	12,398	12,351	-	37,036	36,701	1
Per share	0.105	0.105	-	0.315	0.315	-
Capital expenditures						
Exploration, development, land, and facility	99,754	57,035	75	326,245	272,749	20
Acquisitions (dispositions) and other - net	135	18	650	333	1,528	(78)
Net capital expenditures	99,889	57,053	75	326,578	274,277	19
Total assets	1,543,399	1,509,213	2	1,543,399	1,364,815	13
Net debt ⁽¹⁾	784,606	719,171	9	784,606	628,692	25
Shareholders' equity	488,999	504,165	(3)	488,999	491,768	(1)
Total shares outstanding (thousands)						
- As at end of period ⁽²⁾	118,053	117,841	-	118,053	116,494	1
OPERATING						
Production						
Natural gas (MMcf/d)	109	125	(13)	117	121	(3)
Oil (Bbl/d)	8,592	11,680	(26)	10,594	8,606	23
Natural gas liquids (Boe/d)	4,530	4,644	(2)	4,746	4,235	12
Total production (Boe/d @ 6:1)	31,211	37,209	(16)	34,828	33,004	6
Average prices before financial instruments						
Natural gas (\$/Mcf)	3.14	3.95	(21)	3.54	2.29	54
Crude Oil (\$/Bbl)	102.30	88.20	16	89.30	80.10	11
Natural gas liquids (\$/Boe)	55.58	48.73	14	51.01	47.85	7
Average realized price	47.13	47.07	-	46.00	35.44	30
Drilling activity (gross)						
Gas	10	2	200	17	22	(41)
Oil	11	8	38	49	33	48
Total wells	21	10	70	66	55	13

(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

Trilogy has continued to develop its land position and technical expertise in large, tight liquid- rich gas and oil resource plays in the Deep Basin. The Company believes that it has accumulated a large inventory of high quality horizontal drilling prospects that should provide the opportunity to grow annual production, replace produced reserves and maintain a meaningful dividend for its shareholders. Given developments through the first three quarters of the year and the expected facility down time through the balance of the year, Trilogy is adjusting its annual estimated guidance for 2013 as follows:

-- Average production	35,000 Boe/d (~44% oil and NGLs)
-- Average operating costs	\$10.50/Boe
-- Capital expenditures	\$400 million

Trilogy's net debt continued to increase through the third quarter as production was curtailed due to both scheduled and unscheduled maintenance at variance plants in the Kaybob and Grande Prairie areas. Trilogy closed its \$200 million equity financing on October 21, with the funds being initially used to reduce bank debt and to ultimately fund a portion of the 2014 capital program. For 2014 and beyond, Trilogy believes it is well positioned with debt capacity from its revolving credit facility.

Trilogy is forecasting modest production growth in 2014 as a large portion of the Company's capital spending will be allocated to the Duvernay play, which is not expected to add significant production or cash flow until late 2014 at the earliest. Notwithstanding the short term production impact in 2014, Management believes the allocation of capital to the Duvernay will facilitate Trilogy's long term growth objectives and is a prudent investment of capital at this time. Trilogy is planning a 2014 capital budget of \$375 million, of which approximately \$150 million will be allocated to the Duvernay to drill approximately 11 net wells, \$135 million will be directed towards drilling 30 Montney oil wells and related facilities and the remaining \$90 million will be earmarked for the Dunvegan oil, Nikanassin oil and Montney gas plays. Trilogy is providing the following annual estimated guidance for 2014:

-- Average production	36,000 Boe/d (~45% oil and NGLs)
-- Year-end exit production rate	40,000 Boe/d
-- Average operating costs	\$9.00/Boe
-- Capital expenditures	\$375 million

In the current commodity price environment, Trilogy expects to manage its balance sheet through production replacement, prudent asset management and the continued control over most of its operations. As a growth-oriented corporation, Trilogy must remain flexible in order to respond to volatility in commodity prices. The remainder of 2013 may finally see some stability in natural gas prices as supply and demand forces in North American natural gas markets continue to balance. Trilogy believes it can manage its assets prudently through the remainder of 2013 and into 2014 as its production base maintains a balanced liquids to natural gas composition. Trilogy is confident in its strategy, its high quality assets and the proven expertise of its employees.

ADDITIONAL INFORMATION

A copy of Trilogy's September 30, 2013 quarterly report to Shareholders, including Management's Discussion and Analysis and unaudited interim consolidated financial statements and related notes can be obtained at http://media3.marketwire.com/docs/1107tet_report.PDF. This report 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 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, 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 "finding and development costs", "funds flow from operations", "operating income", "net debt", "operating netback", "payout ratio" and "recycle ratio" 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.

"Finding and development costs" refers to all current year net capital expenditures, excluding property acquisitions and dispositions with associated reserves, and including changes in future development capital on a proved and 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.

"Funds flow from operations" refers to the cash flow from operating activities before net changes in operating working capital. The most directly comparable measure to "funds flow from operations" calculated in accordance with IFRS is the cash flow from operating activities. "Funds flow from operations" can be reconciled to cash flow from operating activities by adding (deducting) the net change in operating working capital as shown in the consolidated statements of cash flows.

"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. "Net debt" is calculated as current liabilities minus current assets plus long-term debt. The components described for "operating income", "operating netback" and "net debt" can be derived directly from Trilogy's consolidated financial statements.

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

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: expected average production volumes and the relative content of crude oil, natural gas, and natural gas liquids therein; production exit rates; projected average operating costs; future capital expenditures and the relative allocation and timing thereof; ability to replace reserves; sustainability of dividend payments; the potential extent of the Kaybob Montney oil pool; and Trilogy's plans for future development of the Duvernay Shale play. 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; current reserves estimates; 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 Duvernay Shale Gas development program and the Dunvegan oil program; continuity of the mutually beneficial NGL recovery agreement with Aux Sable Canada LP and pricing thereunder; assumptions regarding royalties and expenses and the continuity of government incentive programs and their applicability to Trilogy; operating and other costs; currency exchange and interest rates; expected timelines and budgets being met; budget allocations and capital spending flexibility; access to capital markets and other sources of funding for Trilogy's planned operations and expenditures; estimates of deferred tax amounts, tax assets and tax pools; the ability of Trilogy and its partners to achieve drilling, completion construction and other operational results consistent with our expectations; 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 oil and natural gas 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 and transportation 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 of oil, natural gas and natural gas liquids prices, 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 and associated by-products and market demand; risks and uncertainties involving geology of oil and gas deposits; risks inherent in Trilogy's marketing operations, including credit risk; 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; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; 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 repay debt; Trilogy's ability to secure adequate product transmission and transportation on a timely basis or at all; Trilogy's ability to enter into or

renew leases; health, safety and environmental risks; the ability of Trilogy to add production and reserves through development and exploration activities; 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, 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 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 33:1 ("Value Ratio"). The Value Ratio is obtained using the Q3 2013 average realized oil price of \$102.30 (CAD/Bbl) and the Q3 2013 average realized natural gas price of \$3.14 (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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