

CALGARY, ALBERTA--(Marketwired - Apr 14, 2016) - [Traverse Energy Ltd.](#) ("Traverse" or "the Company") (TSX VENTURE:TVL) presents financial and operating results for the year ended December 31, 2015.

Highlights	Three Months Ended December 31 (unaudited)		Year Ended December 31	
	2015	2014	2015	2014
Financial (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	\$ 3,172	\$ 5,508	\$ 12,882	\$ 19,717
Cash provided by operations	1,642	3,473	7,598	10,182
Funds from operations ⁽¹⁾	2,024	3,420	7,262	11,556
Per share - basic and diluted	0.03	0.05	0.10	0.18
Net loss	(3,720)	(6,358)	(2,762)	(4,570)
Per share - basic and diluted	(0.05)	(0.09)	(0.04)	(0.07)
Capital expenditures, before dispositions	3,913	7,725	11,444	30,821
Capital dispositions	-	-	(8,915)	-
Total assets	38,786	44,038	38,786	44,038
Working capital (deficiency)	767	(4,641)	767	(4,641)
Common shares				
Outstanding (millions)	71.9	70.5	71.9	70.5
Weighted average (millions)	71.6	69.6	70.9	65.8
Operations (Units as noted)				
Average production				
Natural gas (Mcf per day)	2,951	3,287	2,865	2,743
Oil and NGL (bbls per day)	563	701	534	518
Total (BOE per day)	1,055	1,249	1,011	975
Average sales price				
Natural gas (\$/Mcf)	2.72	3.96	3.09	4.23
Oil and NGL (\$/bbl)	47.02	66.83	49.54	81.86
Netback (\$/BOE)				
Petroleum and natural gas revenue	32.69	47.94	34.90	55.39
Realized loss on financial derivatives	-	(0.01)	-	(0.62)
Royalties	(0.61)	(4.60)	(1.13)	(7.85)
Operating and transportation expenses	(12.41)	(12.86)	(12.69)	(11.73)
Operating netback ⁽²⁾	19.67	30.47	21.08	35.19
General and administrative	(2.25)	(1.75)	(2.91)	(2.73)
Net finance expense ⁽³⁾	(0.05)	(0.11)	(0.34)	(0.04)
Current income tax	3.49	1.18	1.84	0.04
Funds from operations ⁽¹⁾	20.86	29.79	19.67	32.46

⁽¹⁾ Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. Funds from operations per BOE is funds from operations divided by barrels of oil equivalent production volumes for the applicable period. See Non-IFRS measures.

⁽²⁾ Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation expenses. Operating netback per BOE is the operating netback divided by barrels of oil equivalent production for the applicable period. See Non-IFRS measures.

⁽³⁾ Excludes non-cash accretion.

As a result of a significant decline in the price of oil and gas commodities during 2015, the Company determined that indicators of impairment were present and tested all of its cash generating units ("CGUs") for impairment at both September 30 and December 31, 2015. The recoverable amounts of the Company's CGUs were based on the higher of fair value less costs to sell and value in use ("VIU"). The impairment tests were completed using estimates of VIU consistent with the net present value of the before income tax cash flows from proved plus probable reserves discounted at 10%. For the December 31, 2015 test, the cash flow information was derived from the independent external reserve evaluators report. For the year ended December 31, 2015 total impairment charges of \$6.15 million were recognized in the Oil CGU. The recoverable amount of the Oil CGU at December 31, 2015 was \$31 million. As the recoverable amount of the CGUs are sensitive to a decrease in commodity prices, further impairment could be recorded in future periods. Alternatively, an improvement of commodity prices could reverse any impairment charge recorded to date, less applicable depletion expense.

Non-IFRS measures

Funds from operations

Funds from operations is a measure not defined in IFRS that is commonly used in the oil and gas industry. Funds from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed under the heading "Funds from operations and net loss" within the Company's management's discussion and analysis for the year ended December 31, 2015. Funds from operations per BOE is funds from operations divided by barrels of oil equivalent production volumes for the applicable period. The Company believes that in addition to net income (loss), funds from operations is a useful supplemental measure as it provides an indication of Traverse's operating performance. Funds from operations should not be considered as an alternative to or more meaningful than cash provided by operating activities as determined in accordance with IFRS. Traverse's determination of funds from operations may not be comparable to that reported by other companies. Funds from operations per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share.

Operating netback

Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. This benchmark as presented does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating and transportation costs. Operating netback per BOE is the operating netback divided by barrels of oil equivalent production volume for the applicable period. The calculation of Traverse's netback is detailed under the heading "Operating netback" within the Company's management's discussion and analysis for the year ended December 31, 2015.

BOE equivalent

The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Additionally, 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 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

Operations review

Traverse's capital program in 2015 was reduced in response to the commodity price environment. Traverse spent \$7.3 million on drilling and completion activities in 2015 with a total of 4 wells drilled (4 net), resulting in three oil wells and one natural gas well. Equipping and facility expenditures of \$3.2 million in 2015 related to well equipping and tie-ins at Coyote and Turin and construction of a sales gas pipeline at Coyote to a nearby gas plant.

In the first half of 2015, Traverse drilled one well west of the existing Coyote production resulting in the discovery of a new natural gas pool. The well was tied in to the Coyote facilities, extending the existing pipeline infrastructure to the west. The gas zone was temporarily suspended and the Ellerslie zone was completed and placed on production. Facility work at the Coyote battery consisted of installing a 2,500 barrel tank for oil storage and a gas compressor to reduce field operating pressures. Activity on the Turin property included workovers of three existing wellbores resulting in minor natural gas production additions. In the Hanna area, the Company re-entered an existing wellbore which was abandoned after testing minor hydrocarbons and water.

In the third quarter, Traverse drilled one vertical and one horizontal well. The horizontal well was the first horizontal well drilled into an upper Mannville zone, previously delineated by wells drilled into the Coyote Ellerslie pool. The well was drilled to a total depth of 2,510 metres, including a 1,140 metre horizontal section and was fracture treated in 22 stages. The well was placed on production in mid-August as a flowing oil well and produced 38,600 BOE (55% oil and natural gas liquids) to December 31, 2015. A vertical well, equipped with larger production casing to allow for a future horizontal leg, was drilled approximately 5 miles west of the existing Coyote production. The well was completed in a new Mannville pool and produced oil and gas at low rates. The well is currently shut in and the horizontal leg will be drilled when commodity prices improve.

In the fourth quarter, Traverse drilled its second horizontal well into the upper Mannville zone at Coyote. The well was drilled to a total depth of 2,565 metres, including a 1,200 metre horizontal section and was fracture treated in 24 stages. The well was placed on production in November and has produced 16,100 BOE (62% oil and natural gas liquids) to December 31, 2015. Traverse completed a two mile sales gas pipeline from its Coyote battery to a nearby gas plant to accommodate additional solution gas volumes from recent drilling and future development. In October, downhole gas separators were installed in the two existing Ellerslie horizontal wells resulting in increased production performance. The Alberta Energy Regulator granted GPP (good production practice) and issued a holding for increased well density in the Coyote Ellerslie pool which allows for future development with horizontal wells.

At Turin in the fourth quarter, Traverse tied in one natural gas well for production. In addition, two standing wellbores (100%) near the Traverse battery were acquired. One well was completed as a potential oil well. Both wells will be further evaluated in 2016.

In June, Traverse sold its royalty interest in the Brazeau area of Alberta for cash proceeds of approximately \$8.9 million. The royalty property contributed a total of 22 BOE/day during the year ended December 31, 2015 (2014 - 98 BOE/day).

Undeveloped land holdings in Alberta at December 31, 2015 totalled 180,800 gross (180,100 net) acres with an average working interest of 99%. At December 31, 2015, the Corporation had working capital of \$0.8 million and an undrawn credit facility of \$10 million.

In November 2015, Traverse announced an initial exploration and development program for 2016 of \$12 million. Due to the commodity price environment, Traverse curtailed drilling activities in the fall of 2015 which has resulted in a decline in production volumes. Production in the first quarter of 2016 is anticipated to be 775 BOE/day which, combined with the depressed commodity prices, has reduced projected cash flow. Traverse has reduced the 2016 program to \$10 million and drilling activities have been delayed to the second half of 2016. Traverse will continue to monitor the commodity environment and adjust activity accordingly.

Forward-looking information

This news release contains forward-looking information which is not comprised of historical fact. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes: the Company's statements with respect to further exploitation and drilling in the Coyote area and further evaluations at Turin. This forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward looking information. The Company's Annual Information Form filed on April 14, 2016 with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describes the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Further details on the Company including the 2015 year end audited financial statements, the related management's discussion and analysis and Annual Information Form are available on the Company's website (www.traverseenergy.com) and SEDAR.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of the content of this release.

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