

Traverse Energy Announces 2017 Second Quarter Results

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CALGARY, Aug. 16, 2017 - [Traverse Energy Ltd.](#) ("Traverse" or "the Company") (TSX Venture:TVL) presents financial and operating results for the three and six months ended June 30, 2017.

Three months ended June 30, Six months ended June 30,
 Highlights (unaudited) 2017 2016 2017 2016
 Financial (\$ thousands, except per share amounts)
 Petroleum and natural gas revenue 2,615 1,969 5,641 3,604
 Cash provided by operations 1,389 647 2,492 1,259
 Funds from operations (1) 1,147 491 2,588 880
 Per share – basic and diluted .01 .01 .03 .01
 Net loss (1,130) (793) (1,502) (1,464)
 Per share – basic and diluted (0.01) (0.01) (0.02) (0.02)
 Capital expenditures, net of dispositions 1,202 951 5,092 1,949
 Total assets 41,618 39,037 41,618 39,037
 Working capital 1,019 2,215 1,019 2,215
 Common shares
 Outstanding (millions) 91.7 78.6 91.7 78.6
 Weighted average (millions) 89.1 74.4 87.9 73.2
 Operations (Units as noted)
 Average production
 Natural gas (Mcf/day) 2,300 2,293 2,363 2,248
 Oil and NGL (bbls/ day) 384 366 425 388
 Total (BOE/day) 767 748 819 762
 Average sales price
 Natural gas (\$/Mcf) 3.11 1.88 3.05 2.04
 Oil and NGL (\$/bbl) 56.19 47.38 56.29 39.27
 Netback (\$/BOE)
 Petroleum and natural gas revenue 37.44 28.93 38.04 25.99
 Royalties (1.57) (0.53) (1.55) (0.69)
 Operating costs (14.25) (15.19) (13.64) (13.21)
 Transportation costs (1.70) (1.68) (1.78) (1.73)
 Operating netback (2) 19.92 11.53 21.07 10.36
 General and administrative (3.32) (4.17) (3.47) (3.87)
 Finance income and costs (3) (0.19) (0.15) (0.15) (0.14)
 Funds from operations (1) 16.41 7.21 17.45 6.35

(1) Funds from operations represents net cash 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 volume for the applicable period.

(2) Operating netback represents revenue, less royalties, operating and transportation expenses. Operating netback per BOE is the operating netback divided by barrels of oil equivalent production volume for the applicable period.

(3) Excludes non-cash accretion.

Operations Review

In the second quarter of 2017 Traverse incurred \$1.2 million in capital expenditures, relating mainly to well completions, recompletions and artificial lift installation. The 2017 exploration and development program was reduced to \$11 million in July 2017 in response to the current commodity price environment. Traverse has postponed a second development horizontal well at Coyote due to commodity pricing and will be redirecting a portion of the 2017 program to exploratory prospects. Undeveloped land holdings in Alberta at June 30, 2017 were 169,100 gross (168,400 net) acres. At June 30, 2017, the Company had working capital of approximately \$1 million and unutilized credit facilities of \$7 million.

In the Coyote area, one well was recompleted for upper Mannville gas and placed on production. In late April, after delays from spring road bans, the Mannville horizontal well drilled in the first quarter was equipped with artificial lift. The Coyote west exploratory well drilled in the first quarter was production tested resulting in low rates of oil and gas. The well is currently uneconomic and will not be tied in for production.

In the Watts area, an oil well drilled in 2016 was equipped with artificial lift and the exploratory well drilled in the first quarter was fracture treated. The initial zone was abandoned and an up hole zone will be evaluated for natural gas. In July a 3D seismic survey was completed to help delineate future development drilling locations offsetting the successful oil well drilled in the fall of 2016.

In the Turin area, one shut-in oil well was fracture treated in the second quarter. The well is back on production and is currently producing oil at a low rate. Production in the Turin area was shut-in for two weeks during the second quarter for turnaround at a third party facility.

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 the redirection of a portion of the Company's 2017 exploration and development program to exploratory prospects. 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 11, 2017 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.

Non-IFRS financial measures

In this release references are made to certain financial measures (such as funds from operations and operating netback) which do not have standardized meanings prescribed by IFRS and therefore may not be comparable to the calculation of similar measures by other entities. Management uses certain industry benchmarks such as operating netback to analyze financial and operating performance. There are no comparable measures in accordance with IFRS for operating netback. Management believes that in addition to net income (loss), the non-IFRS measures set forth below are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage and liquidity. Investors should be cautioned however, that these measures should not be construed as an alternative to both net income (loss) and net cash from operating activities, which are determined in accordance with IFRS, as indicators of the Company's performance.

Funds from operations

Funds from operations represents net cash from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed below:

Unaudited Three months ended June 30,	Six months ended June 30,
(\$)	2017 2016 2017 2016
Net cash from operating activities	1,389,409 647,474 2,491,760 1,259,234
Decommissioning expenditures	45,609 3,678 79,367 36,183
Change in non-cash working capital	(288,385) (160,361) 16,710 (415,819)
Funds from operations	1,146,633 490,791 2,587,837 879,598

Funds from operations per BOE is funds from operations divided by barrels of oil equivalent production volume for the applicable period. 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

Operating netback represents revenue 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 operating netback is detailed under the heading "Operating netback" within the Company's management's discussion and analysis for the period ended June 30, 2017.

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.

Further details on the Company including the 2016 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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