

Traverse Energy Announces 2017 Third Quarter Results

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CALGARY, Alberta, Nov. 15, 2017 (GLOBE NEWSWIRE) -- [Traverse Energy Ltd.](#) ("Traverse" or "the Company") (TSX Venture:TVL) presents financial and operating results for the three and nine months ended September 30, 2017.

	Three months ended Sept. 30,		Nine months ended Sept. 30,		
Highlights <i>(unaudited)</i>	2017	2016	2017	2016	
Financial <i>(\$ thousands, except per share amounts)</i>					
Petroleum and natural gas revenue	2,173	1,788	7,814	5,392	
Cash provided by operations	1,081	750	3,573	2,009	
Funds from operations ⁽¹⁾	769	440	3,357	1,319	
Per share – basic and diluted	.01	.01	.04	.02	
Net loss	(538	) (1,115	) (2,039	) (2,579	)
Per share – basic and diluted	(0.01	) (0.01	) (0.02	) (0.03	)
Capital expenditures, net of dispositions	2,024	1,790	7,116	3,739	
Total assets	40,516	38,685	40,516	38,685	
Working capital (deficiency)	(286	) 840	(286	) 840	
Common shares					
Outstanding <i>(millions)</i>	91.7	78.6	91.7	78.6	
Weighted average <i>(millions)</i>	91.7	78.6	89.1	75.0	
Operations <i>(Units as noted)</i>					
Average production					
Natural gas <i>(Mcf/day)</i>	2,289	1,861	2,338	2,118	
Oil and NGL <i>(bbls/ day)</i>	347	322	399	365	
Total <i>(BOE/day)</i>	729	632	789	718	
Average sales price					
Natural gas <i>(\$/Mcf)</i>	2.25	2.46	2.79	2.16	
Oil and NGL <i>(\$/bbl)</i>	53.27	46.17	55.40	41.31	
Netback <i>(\$/BOE)</i>					
Petroleum and natural gas revenue	32.42	30.74	36.29	27.39	
Royalties	(0.82	) (1.02	) (1.32	) (0.79	)
Operating costs	(14.83	) (16.54	) (14.01	) (14.20	)
Transportation costs	(1.69	) (1.72	) (1.75	) (1.72	)
Operating netback ⁽²⁾	15.08	11.46	19.21	10.68	
General and administrative	(3.44	) (3.81	) (3.46	) (3.85	)
Finance income and costs ⁽³⁾	(0.17	) (0.09	) (0.16	) (0.13	)
Funds from operations ⁽¹⁾	11.47	7.56	15.59	6.70	

(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

Activities during the third quarter of 2017 were focused on land acquisition and evaluation in the Duvernay shale basin. The Company has accumulated approximately 64,000 acres (100 sections) of 100% land in this area. In October 2017 the Company drilled a Duvernay horizontal well (100%) in the Chigwell area. The well was drilled to a total measured depth of 4,410 meters. Completion activities are underway for fracture treating of the well later in November. A 2,200 meter horizontal section of the well will be stimulated utilizing 45 plug and perforate stages. Traverse currently holds approximately 28,000 acres (44 sections) of 100% land in the Chigwell area.

During the third quarter, a small 3-D seismic program was completed at Watts to define further development drilling locations. A development well was drilled and cased early in November for potential oil and will be completed later in the month. The initial completion of the Watts exploratory well drilled in the first quarter was unsuccessful. The well will now be completed in uphole zones for potential natural gas.

Undeveloped land holdings in Alberta at September 30, 2017 were 195,100 gross (194,400 net) acres. At September 30, 2017, the Company had a working capital deficiency of approximately \$0.3 million and unutilized credit facilities of \$6.7 million. The Company increased the 2017 exploration budget to approximately \$15 million and in October 2017 completed a private placement of 11,826,000 flow through common shares for gross proceeds of approximately \$5.4 million.

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 completion of wells at Watts and Chigwell. 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:

<i>Unaudited</i>	Three months ended Sept. 30, Nine months ended Sept. 30,			
(\$)	2017	2016	2017	2016
Net cash from operating activities	1,081,124	749,824	3,572,885	2,009,058
Decommissioning expenditures	49,866	24,516	129,233	60,699
Change in non-cash working capital	(361,763)	(334,773)	(345,054)	(750,592)
Funds from operations	769,227	439,567	3,357,064	1,319,165

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 September 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.

For more information, please contact:

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November 15, 2017
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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.

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