RMP Energy Reports Second Quarter 2017 Results and Provides Initial Elmworth Production Information

CALGARY, Alberta, Aug. 14, 2017 (GLOBE NEWSWIRE) -- RMP Energy Inc. ("**RMP**" or the "**Company**") (TSX:RMP) today reports its financial and operating results for the quarter ended June 30, 2017, in addition to providing initial production information from its Elmworth Montney asset.

Elmworth Montney Update

In June, the Company commissioned the operational start-up of its wholly-owned and operated Elmworth 2-23 facility ("**2-23 Facility**"). This marks an important corporate milestone as the Company begins to commercialize its multi-year investment in this new and emerging core area. The 2-23 Facility has initial design capacity to handle 1,500 bbls/d of crude oil, 8.2 MMcf/d of natural gas and 7,500 bbls/d of emulsion. Plans are underway to increase the gas compression capacity at the 2-23 Facility.

The 2-23 Facility is presently handling the crude oil, emulsion and natural gas production from two (2.0 net) of RMP's Middle Montney horizontal wells. These two wells, the 3-22-68-3W6 ("**3-22 Well**") and the 4-18-68-2W6 ("**4-18 Well**"), were placed on-production in mid-June. During the first thirty producing days ("**IP30**"), the 3-22 Well produced on average approximately 1,000 boe/d, consisting of approximately 200 bbls/d of light oil, 4.3 MMcf/d of natural gas sales, and 85 bbls/d of expected NGLs yield. The IP30 for the 4-18 Well was approximately 625 boe/d, consisting of 235 bbls/d of light oil, approximately 2.1 MMcf/d of gas, and 40 bbls/d of expected NGLs yield. As a result of complications with downhole equipment during the completion of the 4-18 Well, there is potential that there is not full wellbore contribution to production flow. A workover is planned to investigate and attempt to remove the potential downhole obstruction and future completion operations will be planned and designed in order to mitigate such occurrence.

The Company recently drilled and completed its fourth, 100% working interest Elmworth Montney horizontal well (15-23-68-3W6) ("**15-23 Well**"), from the same surface lease pad as the 2-23 Facility. The horizontal section of the 15-23 Well, with 1,462 metres of lateral length, was shorter than the previous three wells due to working interest land positioning. However, this well was stimulated with a designed increase in both frac intensity (stages) and proppant. The 15-23 Well was recently completed using a 30 stage completion, placing 60 tonnes of proppant per stage with slickwater into the formation. The 15-23 Well is having final production tubing installed and will be tied-in to the 2-23 Facility for production testing.

At Elmworth, the Company holds a large undeveloped land base consisting of 83 (82.5 net) sections (52,800 net acres) of operated acreage, with substantial resource potential. Future asset development of the Middle Montney will be focused on extended reach horizontals with increased frac and proppant intensity. These technical improvements coupled with operational efficiencies in spud-to-on-stream cycle times, emulsion management and infrastructure optimization will provide the key to unlocking the vast potential of the Elmworth Montney fairway.

On July 26, 2017, the Company announced a series of appointments resulting in the formation of a new executive management team ("**New Management Team**"). Each of the new executive management team have a demonstrated track record of operational excellence and long-term shareholder value generation in highly-successful Canadian energy companies. Since their respective appointment on August 1, 2017, the New Management Team continues to undertake a thorough engineering and geotechnical evaluation and assessment of RMP's Elmworth asset in addition to the Company's other assets and operations. The team's extensive Montney experience will be brought to bear on developing the appropriate go-forward business plan in light of the current commodity price environment and prevailing capital market conditions. Details of the Company's updated business plan will be provided in due course.

Second Quarter 2017 Highlights

Second quarter 2017 financial and operating highlights are detailed in the table below. It is noteworthy that the reported second quarter 2017 results do not reflect a full quarter of production and financial contribution from its Elmworth asset given the late-quarter start-up of the 2-23 Facility. Additionally, the reported financial and operating results for the comparative 2016 periods detailed hereafter includes the operations from the Company's previously-owned Ante Creek asset, which was sold mid-fourth quarter of 2016.

Financial Highlights (1)	Three Months Ended June 30,				Six Months Ended June 30,		
(thousands except share and per boe data) (6:1 oil equivalent conversion)	2017	2016	% Change		2017	2016	% Change
Petroleum and natural gas revenue (2)	**9,552**	20,325	(53)		**19,010**	41,936	(55)
Funds from operations (3)	**2,803**	7,429	(62)		**5,201**	16,921	(69)
Per share - basic and diluted	**0.02**	0.05	(60)		**0.03**	0.12	(75)
Net loss	**(2,854)**	(7,779)	(63)		**(5,612)**	(16,042)	(65)
Per share - basic and diluted	**(0.02)**	(0.05)	(60)		**(0.04)**	(0.11)	(64)
Total capital expenditures	**6,516**	17,525	(63)		**31,130**	35,776	(13)
Net debt (4) - period end	**26,814**	104,519	(74)		**26,814**	104,519	(74)
Weighted average basic shares	**151,019,234**	150,970,068	-		**151,003,622**	139,799,271	8
Weighted average diluted shares	**151,019,234**	150,970,068	-		**151,003,622**	139,799,271	8
Issued and outstanding shares (5)	**151,019,234**	150,970,068	-		**151,019,234**	150,970,068	-
Operating Highlights (1)							
Average daily production:							
Natural gas (Mcf/d)	**14,572**	28,779	(49)		**13,382**	32,111	(58)
Crude oil (bbls/d)	**902**	3,307	(73)		**933**	3,764	(75)
NGLs (bbls/d)	**225**	321	(30)		**219**	306	(28)
Oil equivalent (boe/d)	**3,556**	8,425	(58)		**3,382**	9,421	(64)
% Liquids (Oil and NGLs)	**32%**	43%	(26)		**34%**	43%	(21)
Average sales price (2) :							
Natural gas ($/Mcf)	**3.03**	1.60	89		**3.01**	1.87	61
Crude oil ($/bbl)	**56.72**	51.44	10		**59.12**	43.61	36
NGLs ($/bbl)	**42.74**	22.44	90		**43.98**	20.50	115
Oil equivalent ($/boe)	**29.52**	26.51	11		**31.05**	24.46	27
Operating netback (6) ($/boe)	**13.46**	12.78	5		**14.22**	12.71	12
Wells drilled: gross (net)	**-**	3 (3.0)	(100)		**3 (3.0)**	7 (7.0)	(57)

1. Reported financial and operating results for the three and six months ended June 30, 2017 exclude the results associated with the Ante Creek asset whilst the financial and operating results for the three and six months ended June 30, 2016 include the results associated with the Ante Creek asset.
2. Petroleum and natural gas revenue and pricing includes realized gains or losses from risk

management commodity contracts.
3. Funds from operations does not have any standardized meaning prescribed by International Financial Reporting Standards ("**IFRS**"). Please refer to the Reader Advisories hereinafter.
4. Net debt is not a recognized measure under IFRS. Please refer to the Reader Advisories hereinafter.
5. As of August 14, 2017, there are 151,019,234 common shares outstanding.
6. Operating netback is not a recognized measure under IFRS. Please refer to the Reader Advisories hereinafter.

Second Quarter 2017 Commentary

- RMP's average daily production in the second quarter was 3,556 boe/d (weighted 32% crude oil and NGLs). The mid-November 2016 Ante Creek property disposition, along with pared-back drilling activities in 2016, resulted in lower reported second quarter 2017 production in comparison to the second quarter of 2016. Notwithstanding, second quarter 2017 production was 4% higher than the pro-forma, normalized second quarter 2016 production of 3,427 boe/d (excluding volumes attributable to the Ante Creek field). The start-up of the Elmworth 2-23 Facility, which facilitated bringing on-production two (2.0 net) horizontal wells in mid-June, contributed to an 11% increase in the second quarter 2017 corporate production level from the preceding first quarter of 2017.

- Petroleum and natural gas ("**P&NG**") revenue amounted to $9.6 million in the second quarter (58% from crude oil and NGL sales). RMP's realized crude oil sales price in the second quarter was $56.72/bbl, which reflects an oil quality discount to the Canadian-dollar converted WTI price of $8.00/bbl, as compared to a $7.37/bbl differential in the comparative second quarter of 2016. The Company's high heat content gas coupled with its gas price hedging resulted in a realized natural gas sales price of $3.03/Mcf in the second quarter, 9% higher than the AECO 5A average price for the same three-month period. As part of its commodity price risk management, a certain component of RMP's natural gas revenue is presently protected from gas price weakness through a fixed swap hedge with 3,000 GJs/d fixed at an AECO 5A price of $3.00/GJ ($3.16/Mcf) through to October 31, 2017.

- P&NG royalties in the second quarter amounted to $440 thousand (4.7% of P&NG revenue excluding realized amounts on risk management contracts), as compared to royalties of $3.7 million (18.4% of P&NG revenue) for the comparative second quarter of 2016. The decrease in the effective royalty rate is attributable to a Crown royalty annual adjustment credit recorded in the second quarter of 2017 resulting from the Crown's annual recalculation and adjustment of its gas cost allowance.

- Field operating costs on an oil equivalent basis were $10.91/boe in the second quarter, a 5% decrease from the field operating expenses of $11.45/boe in the preceding first quarter of 2017. The Company's reported, non-controllable per-unit transportation costs were $3.79/boe in the second quarter of 2017, as compared to second quarter 2016 transportation costs of $3.58/boe. Second quarter 2017 general and administrative expenses ("**G&A**") of $1.3 million were 31% lower than preceding first quarter 2017 amount of $1.9 million, primarily the result of a retiring allowance distributed to a former executive in the first quarter of 2017. Second quarter 2017 G&A was 10% lower than the comparative second quarter 2016 amount of $1.4 million due to reductions in staff compensation levels effective January 1, 2017. RMP presently employs 20 head office personnel and engages the services of two consultants on a part-time basis.

- Funds from operations amounted to $2.8 million ($0.02 per basic share) in the second quarter, a 17% increase over the $2.4 million generated in the preceding first quarter of 2017. The Company's corporate field operating netback was $13.46/boe for the second quarter, an 11% decrease from the first quarter of 2017, primarily the result of lower crude oil prices realized in the second quarter.

- In the second quarter, the Company invested $6.5 million in capital expenditures, with $1.1

million directed to drilling and completions activities and $5.1 million to field facilities and well equipment. The majority of the Company's infrastructure capital investment in the second quarter relates to the finalization of the construction of RMP's Elmworth 2-23 Facility.

- As at June 30, 2017, the Company's net debt amounted to $26.8 million. Bank interest charges on its outstanding bank debt during the second quarter were $257 thousand or $0.79/boe. The next borrowing base re-determination is scheduled for August 31, 2017. The current borrowing base limit with the bank credit facility is $40 million. Under its bank credit facility, there is one prescribed financial covenant, an interest-coverage ratio requirement of at least 3.5 times. At June 30, 2017, the Company's ratio was significantly above this threshold, with interest coverage of 11.7 times. *Please refer to RMP's second quarter 2017 MD&A for details on the calculation of this covenant*.

RMP's interim condensed consolidated financial statements and Management's Discussion and Analysis for the three months ended June 30, 2017 are available on RMP's website at *www.rmpenergyinc.com* within "*Investors*" under "*Financials*". Additionally, these documents will be filed later today on the *System for Electronic Document Analysis and Retrieval* ("**SEDAR**"). After such filing, these documents can be retrieved electronically from the SEDAR system by accessing RMP's public filings under "*Search for Public Company Documents*" within the "*Search Database*" module at *www.sedar.com*.

Abbreviations

bbl or bbls	barrel or barrels	Mcf/d	thousand cubic feet per day
Mbbl	thousand barrels	MMcf/d	million cubic feet per day
bbls/d	barrels per day	MMcf	Million cubic feet
boe	barrels of oil equivalent	Bcf	billion cubic feet
Mboe	thousand barrels of oil equivalent	psi	pounds per square inch
boe/d	barrels of oil equivalent per day	kPa	kilopascals
NGLs	natural gas liquids	GJ	Gigajoule
WTI	West Texas Intermediate	GJ/d	Gigajoules per day

Reader Advisories

Within this news release, any references to test rates, IP30 or initial production rates or declines are useful for confirming the presence of hydrocarbons, however, such rates and declines are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. IP30 is defined as an average production rate over thirty (30) producing cumulative days. Readers are cautioned not to place reliance on such rates in drawing conclusions on future corporate production or in calculating aggregate production for the Corporation.

The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as *"seek", "anticipate", "budget", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would"* and similar expressions. More particularly and without limitation, this news release contains forward-looking information relating to: RMP's drilling and completion plans, estimates of production including initial middle Montney horizontal wells at Elmworth and commodity composition related thereto, estimates of production flow of RMP's 4-18 Well and workover plans and the potential impact thereof, anticipated production testing of RMP's 15-23 Well and the timing thereof, the design capacity of and plans to increase gas compression at RMP's 2-23 Facility and the resource potential of RMP's Elmworth assets.

With respect to forward-looking statements contained in this news release, RMP has made assumptions regarding, but not limited to: conditions in general economic and financial markets; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labor; availability of drilling and related equipment; timing and amount of capital expenditures; the impact of increasing competition; the price of crude oil and natural gas; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; available pipeline capacity; that the Company will have the ability to develop the Company's properties in the manner currently contemplated; that the Company will be able to drill, complete and tie-in wells in the manner and on the timing described herein; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Company's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; obtaining required approvals of regulatory authorities; unexpected drilling results; the Company is unable to achieve its objectives; that the anticipated resource potential in the Elmworth area is not achieved; changes in capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties, including hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; the lack of availability of qualified personnel; uncertainties associated with estimating oil and natural gas reserves; and ability to access sufficient capital from internal and external sources. Many of these risks and uncertainties and additional risk factors are described in the Company's Annual Information Form which is available at www.sedar.com.

The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that the Company will derive from them. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements.

In this news release RMP has adopted a standard for converting thousands of cubic feet ("**mcf**") of natural gas to barrels of oil equivalent ("**boe**") of 6 mcf:1 boe. Use of boes may be misleading, particularly if used in isolation. The boe rate is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.

This news release contains certain oil and gas metrics, including *field operating netback* (or *operating netback*) or *net debt* or *funds from operations*, which do not have standardized meanings or standard methods of calculation nor are recognized measures under International Financial Reporting Standards ("**IFRS**") and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. *Field operating netback* or *operating netback* refers to realized wellhead revenue less royalties, operating expenses and transportation costs per barrel of oil equivalent. The Company believes that this financial netback measure is useful supplemental information to analyze operating performance and provide an indication of the results generated by the Company's principal business activities. Investors should be cautioned that this measure should not be construed as an alternative to other measures of financial performance as determined in accordance with IFRS. *Net debt* refers to outstanding bank debt less deferred charge plus working capital deficiency (or minus working capital surplus), excluding unrealized amounts pertaining to risk management contracts. *Net debt* is not a recognized measure under IFRS and does not have a standardized meaning. The Company's method of calculating net debt may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies.

As an indicator of the Company's performance, the term *funds from operations* contained within this news release should not be considered as an alternative to, or more meaningful than, cash flow from operating, financing or investing activities, as determined in accordance with IFRS. This term is not a recognized measure, does not have a standardized meaning nor is it a financial measure under IFRS. *Funds from operations* is widely accepted as a financial indicator of an exploration and production company's ability to generate cash which is used to internally fund exploration and development activities and to service debt. RMP believes this measure is widely used by shareholders and investors in the valuation, comparison and investment recommendations relating to RMP and its peer companies within the natural gas and crude oil exploration and production industry. As disclosed within this news release, *funds from operations* represents cash flow from operating activities before: decommissioning obligation cash expenditures, changes in non-cash working capital from operating activities and non-cash changes in deferred charge. The Company presents funds from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share.

For more information, please contact:
RMP ENERGY INC.

Rob Colcleugh
Chief Executive Officer
(403) 930-6333
rob.colcleugh@rmpenergyinc.com

Dean Bernhard
Vice President, Finance and Chief Financial Officer
(403) 930-6304
dean.bernhard@rmpenergyinc.com