

August 11, 2016

## RAGING RIVER EXPLORATION INC. ANNOUNCES SECOND QUARTER 2016 OPERATING AND FINANCIAL RESULTS

CALGARY, ALBERTA – Raging River Exploration Inc. (the “**Company**” or “**Raging River**”) (TSX:RRX) announces its operating and financial results for the three and six months ended June 30, 2016. Selected financial and operational information is outlined below and should be read in conjunction with the unaudited interim financial statements and the related management discussion and analysis (“MD&A”). These filings will be available at [www.sedar.com](http://www.sedar.com) and the Company’s website at [www.rrexploration.com](http://www.rrexploration.com).

### Financial and Operating Highlights

	Three months ended			Six months ended		
	June 30,		Percent Change	June 30,		Percent Change
	2016	2015		2016	2015	
<b>Financial</b> (thousands of dollars except share data)						
Petroleum and natural gas revenue	67,528	73,465	(8)	117,909	128,471	(8)
Funds from operations <sup>(1)</sup>	43,999	49,535	(11)	73,901	83,014	(11)
Per share - basic	0.19	0.25	(24)	0.33	0.43	(23)
- diluted	0.19	0.25	(24)	0.33	0.42	(21)
Net earnings (loss)	5,320	12,145	(56)	(2,534)	12,904	(120)
Per share - basic	0.02	0.06	(67)	(0.01)	0.07	(114)
- diluted	0.02	0.06	(67)	(0.01)	0.07	(114)
Development capital expenditures	38,602	33,417	16	75,982	81,794	(7)
Property and corporate acquisitions	25,125	-	100	25,125	35,729	(30)
Total capital expenditures	63,727	33,417	91	101,107	117,523	(14)
Net debt <sup>(1)(3)</sup>				63,101	99,058	(36)
Shareholders’ equity				826,775	602,539	37
Weighted average shares (thousands)						
Basic	226,231	197,882	14	221,362	194,067	14
Diluted	227,167	201,734	13	221,362	197,754	12
Shares outstanding, end of period (thousands)						
Basic				226,600	198,665	14
Diluted				236,768	211,320	12
<b>Operating</b> (6:1 boe conversion)						
Average daily production						
Crude oil and NGLs (bbls/d)	14,774	12,856	15	14,981	12,863	16
Natural gas (mcf/d)	7,368	2,947	150	7,634	2,795	173
Barrels of oil equivalent <sup>(2)</sup> (boe/d)	16,002	13,347	20	16,253	13,329	22
Netbacks (\$/boe)						
Operating						
Oil and gas sales <sup>(3)</sup>	46.37	60.49	(23)	39.86	53.25	(25)
Royalties	(4.54)	(5.86)	(23)	(3.89)	(5.35)	(27)
Operating expenses	(8.98)	(10.69)	(16)	(8.97)	(11.02)	(19)
Transportation expenses	(1.39)	(1.39)	-	(1.38)	(1.37)	1
Field netback	31.46	42.55	(26)	25.62	35.51	(28)
Realized gain on commodity contracts	0.11	0.37	(70)	0.12	0.97	(88)
Operating netback	31.57	42.92	(26)	25.74	36.48	(29)
General and administrative expense	(1.20)	(1.30)	(8)	(1.23)	(1.33)	(8)
Financial charges	(0.46)	(0.83)	(45)	(0.64)	(0.73)	(12)
Asset retirement expenditures	(0.04)	-	(100)	(0.04)	(0.01)	(300)
Current taxes recovery	0.34	-	100	1.15	-	100
Funds flow netback <sup>(1)</sup>	30.21	40.79	(26)	24.98	34.41	(27)
Net earnings (loss)	3.66	10.00	(63)	(0.86)	5.34	(116)
Wells drilled						
Gross	40	36	11	97	96	1
Net	39.9	36.0	11	96.4	89.3	8
Success	98%	100%	(2)	99%	100%	(1)

(1) See “Non-IFRS Measures.”

(2) Boe conversion ratio for natural gas of 1 Boe: 6 Mcf has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

*(3) Excludes unrealized risk management contracts.*

## **SECOND QUARTER 2016 HIGHLIGHTS**

- Achieved average quarterly production 16,002 boe/d (92% oil) representing an increase of 20% over the comparable period in 2015.
- The Company's exploration and development expenditures were \$38.6 million including \$36.5 million on drilling, completing and equipping activities and \$2.1 million on land. A total of 39.9 net Viking horizontal wells were drilled at a 98% success rate.
- Completed the Forgan land consolidation for cash consideration of \$25.1 million prior to closing adjustments. The property acquisition consisted of 30 net sections of crown land and 100 bbls/d of Viking light oil production. The Forgan lands included approximately 100 net high quality Viking drilling locations.
- On an unhedged basis, the Company generated industry leading operating netbacks of \$31.46/boe and funds flow netbacks of \$30.21/boe.
- Recorded net earnings of \$5.2 million or \$3.66 per boe primarily due to the increase in the Company's realized price and reduction of cash costs.
- Maintained balance sheet strength with second quarter exit net debt of \$63.1 million representing 0.4 times net debt to the second quarter annualized cash flow.

## **SUBSEQUENT TO JUNE 30, 2016**

Following the end of the second quarter, the Company closed the previously announced corporate acquisition of Rock Energy Inc ("Rock"). Total consideration for the transaction is estimated to be \$111 million comprised of the issuance of 3.896 million Raging River common shares and the assumption of approximately \$70 million (unaudited) of net debt and assumed liabilities inclusive of bank debt, estimated working capital deficiency and Rock's expected transaction costs including severance obligations.

## **LMR UPDATE**

On June 20, 2016, the Alberta Energy Regulator increased the Liability Management Ratio ("LMR") threshold for license transfers to 2.0. In Alberta, Raging River currently has a LMR of 10.4. The Company does not expect that with its current LMR there will be any impediments to future acquisition opportunities.

Raging River continually monitors its Licensee Liability Rating ("LLR") in Saskatchewan, although no similar threshold on license transfers has been imposed in Saskatchewan. The Company's LLR in Saskatchewan is 5.5.

## **2016 GUIDANCE AND OPERATIONS UPDATE**

The integration of Rock's assets with Raging River's assets following the completion of the acquisition has progressed smoothly. All operations have been incorporated into Raging River's existing platform and we anticipate completing the four standing Viking horizontal wells that were part of the acquisition prior to the end of August.

The board of directors has determined that it is prudent to maintain our operational momentum by maintaining the current budget (excluding the recent acquisition of Rock) of \$220 million consisting of \$195 million of development expenditures in addition to \$25 million of acquisitions. The board remains very comfortable with the balance sheet strength under a variety of oil prices. Financial model sensitivities have been run inclusive of flat US\$40/bbl WTI model. If oil prices were to average US\$40/bbl WTI for the balance of 2016, our exit net debt would be approximately \$170 million representing approximately 1.0 times debt to trailing annualized fourth quarter cashflow.

Despite persistent heavy rainfall through July and early August quarter to date we have drilled 30 (26.2 net) and completed 26 (22.7 net) wells inclusive of eight long lateral wells. The eight longer lateral wells are in various stages of completion and we anticipate having initial production results from them by the end of September. The weather delays experienced have resulted in a slightly slower ramp-up of production in August. Based on field estimates our current production level is approximately 18,500 - 19,000 boe/d. We remain on track to meet our second half production guidance of 19,750 boe/d and exit guidance of 20,500 boe/d.

It is anticipated that a total of 80 - 90 wells will be drilled during the third quarter representing the most active quarter in Raging River's history.

## OUTLOOK

It has been 25 months since crude oil prices began their precipitous fall. During that time we have continued to stick to our core values of prudent balance sheet management and production per share growth. Although no one can accurately predict the short or long term pricing for oil we have established our Company as a premier oil producer that can sustain itself on cashflow at US\$40 - 45/bbl WTI and achieve double digit per share growth at US\$50/bbl WTI.

Additional corporate information can be found in our corporate presentation on our website at [www.rreexploration.com](http://www.rreexploration.com)

## FOR FURTHER INFORMATION PLEASE CONTACT:

RAGING RIVER EXPLORATION INC.  
Mr. Neil Roszell  
President and Chief Executive Officer  
Tel: 403-767-1250; Fax: 403-387-2951

RAGING RIVER EXPLORATION INC.  
Mr. Jerry Sapieha, CA  
Vice President, Finance and Chief Financial Officer  
Tel: 403-767-1265; Fax: 403-387-2951

*FORWARD LOOKING STATEMENTS: This press release contains forward-looking statements. More particularly, this press release contains statements concerning Raging River's expectations regarding, plans and timing of execution of capital activities, expected timing of completing the four standing Viking horizontal wells on Rock lands prior to the end of August, expectations of 2016 exit net debt and expected exit net debt to trailing annualized fourth quarter 2016 cash flow ratio, expected second half 2016 average production and 2016 exit production, the expectation that with Raging River's current LMR there will be no impediments to future acquisition opportunities, and the expectations of the Company's ability to maintain itself and grow on a per share basis based on different commodity price assumptions. In addition, the use of any of the words "guidance", "initial", "scheduled", "can", "will", "prior to", "estimate", "anticipate", "believe", "potential", "should", "unaudited", "forecast", "future", "continue", "may", "expect", "project", and similar expressions are intended to identify forward-looking statements. The forward-looking statements contained herein are based on certain key expectations and assumptions made by the Company, including but not limited to expectations and assumptions concerning the success of optimization and efficiency improvement projects, the availability of capital, current legislation, receipt of required regulatory approval, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, Raging River's growth strategy, general economic conditions, availability of required equipment and services, prevailing equipment and services costs and prevailing commodity prices. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration*

or development projects or capital expenditures; as the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Refer to Raging River's most recent Annual Information Form dated March 15, 2016, on SEDAR at [www.sedar.com](http://www.sedar.com), and the risk factors contained therein.

The forward-looking statements contained in this press release are made as of the date hereof and the Company 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.

**FUTURE ORIENTED FINANCIAL INFORMATION:** Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Raging River as of the date hereof. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information as to the anticipated results of its proposed business activities for 2016 has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

**NON-IFRS MEASURES:** This document contains the terms "funds from operations" (or "cash flow"), "net debt", "field netback", "operating netback" and "funds flow netback", which do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures by other companies. Management uses funds from operations to analyze operating performance and leverage. Management believes "net debt" is a useful supplemental measure of the total amount of current and long-term debt of the Company. Mark-to-market risk management contracts are excluded from the net debt calculation. Management believes "field netback", "operating netback" and "funds flow netback" are useful supplemental measures of firstly, the amount of revenues received after royalties and operating and transportation costs, secondly, the amount of revenues received after royalties, operating, transportation costs and realized gain (loss) on derivatives, and thirdly, the amount of revenues received after royalties, operating, transportation costs, realized gain (loss) on derivatives, general and administrative costs, financial charges and asset retirement obligations. Additional information relating to certain of these non-IFRS measures, including the reconciliation between funds from operations and cash flow from operating activities, can be found in the MD&A.

**BARRELS OF OIL 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 on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a 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.

**DRILLING LOCATIONS:** This press release discloses certain drilling locations associated with the Company's acquisition of certain assets in the Forgan area of Saskatchewan. Such drilling locations are considered unbooked locations as they do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations may have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.