

For Immediate Release  
TSX: TUI

## **True Energy Reports Mid Year Reserves and Production Update**

**Calgary, AB, September 7, 2004 – True Energy Inc. (“True”, “the Company”)** is pleased to announce the results of a mid-year update to its reserves prepared as at July 1, 2004 by Gilbert Laustsen Jung Associates Ltd. (“GLJ”).

### **HIGHLIGHTS**

Highlights of the July 1, 2004 updated reserve report include:

- ✓ A 104% increase in the pre-tax NPV 10% of total proved and probable reserves to \$137.3 million, up by \$70.1 million from \$67.2 million at January 1, 2004;
- ✓ A 60% increase in proved and probable working interest reserves to 11,418 Mboe from 7,127 Mboe at January 1, 2004;
- ✓ A 59% increase in total proved working interest reserves, from 5,185 Mboe to 8,221 Mboe;
- ✓ An increase in the Company’s proved plus probable reserve life index to 6.4 years, based on the trailing quarter’s annualized production, up from 5.2 years at year-end.

### **RESERVES**

At July 1, 2004, the Company’s proved and probable working interest reserves were 11,418 Mboe, an increase of 60% compared to 7,127 Mboe at January 1, 2004. By commodity type, natural gas makes up 70%, heavy oil 25%, and light oil and natural gas liquids the balance. This weighting to natural gas is an increase from 61% at year-end.

During the first half of 2004, True’s proved and probable working interest reserves growth was 5,121 Mboe before production of 830.5 Mboe. Capital expenditures during the first six months amounted to \$24.3 million and the net change in future capital required to bring proved and probable reserves onto production amounted to \$5.1 million. The growth in reserves volumes resulted principally from True’s successful first half drilling program, during which the Company drilled 30.4 net wells with an 86% success rate. In addition, True closed some minor property acquisitions and dispositions during the six-month period.

At July 1, 2004, True’s total proved working interest reserves were 8,221 Mboe, an increase of 59% compared to 5,185 Mboe at January 1, 2004. Proved producing reserves grew 28% to 5,965 Mboe over the first half of this year.

The Company’s reserve life index increased on a proved and probable working interest basis from 5.2 to 6.4 years, and on a proved basis from 3.8 to 4.6 years. The reserve life index is calculated by dividing reserves as at the report date by the production during the trailing quarter, annualized.

The reserve reports were prepared utilizing definitions as set out under National Instrument 51-101, utilizing GLJ's Forecast Prices and Costs as at July 1, 2004 and January 1, 2004. In this press release both "Working Interest" reserves (being working interest reserves, excluding royalty interest reserves before deduction of royalty burdens payable) and "Net Interest" reserves (being working interest reserves and royalties receivable less royalty burdens payable) are disclosed.

**Summary of Oil and Gas Working Interest Reserves<sup>1</sup>**  
**Forecast Prices and Costs**

	As At July 1, 2004					As at Jan 1, 2004
	Natural Gas (mmcf)	Heavy Oil (mdbl)	Light and Medium Oil (mdbl)	Natural Gas Liquids (mdbl)	Total (Mboe, 6:1)	Total (Mboe, 6:1)
Proved						
Developed producing	22,716	1,755	286	138	5,965	4,648
Developed non-producing	7,240	124	-	31	1,362	432
Undeveloped	3,925	226	-	14	894	105
Total proved	33,882	2,105	286	183	8,221	5,185
Probable	13,927	731	79	66	3,197	1,943
Total proved plus probable	47,808	2,836	365	249	11,418	7,127

<sup>1</sup> may not add due to rounding

**Summary of Oil and Gas Net Interest Reserves<sup>1</sup>**  
**Forecast Prices and Costs**

	As At July 1, 2004					As at Jan 1, 2004
	Natural Gas (mmcf)	Heavy Oil (mdbl)	Light and Medium Oil (mdbl)	Natural Gas Liquids (mdbl)	Total (Mboe, 6:1)	Total (Mboe, 6:1)
Proved						
Developed producing	18,893	1,473	309	114	5,045	3,762
Developed non-producing	5,306	113	-	21	1,018	359
Undeveloped	3,286	198	-	11	757	74
Total proved	27,484	1,783	309	147	6,820	4,195
Probable	11,022	613	77	52	2,579	1,557
Total proved plus probable	38,507	2,396	386	199	9,399	5,752

<sup>1</sup> may not add due to rounding

**Net Present Value**

The reserve reports were prepared utilizing GLJ's Forecast Prices and Costs as at July 1, 2004 and January 1, 2004. The increase in net present value is primarily the result of increased volumes, higher commodity prices and reduced operating costs achieved during the past year.

The estimated future net revenues are stated before deducting future estimated site restoration costs, but include the Alberta Royalty Tax Credit, and are reduced for estimated future abandonment costs, the Saskatchewan Capital Tax and estimated capital for future development associated with the reserves.

**Summary of Net Present Values of Future Net Revenue <sup>1</sup>**  
**Forecast Prices and Costs (\$000s)**  
**Before Income Taxes, Discounted at (%/ year)**

	July 1, 2004					January 1, 2004	
	0%	5%	10%	15%	20%	0%	10%
Proved							
Developed producing	103,218	88,260	78,246	71,000	65,455	63,468	50,122
Developed non-producing	27,743	24,771	22,426	20,532	18,969	5,972	3,479
Undeveloped	10,354	8,243	6,709	5,554	4,659	1,515	1,368
Total proved	141,315	121,274	107,381	97,085	89,083	70,955	54,970
Probable	51,006	37,703	29,902	24,791	21,176	21,765	12,248
Total proved plus probable	192,321	158,977	137,283	121,877	110,260	92,720	67,218

<sup>1</sup> May not add due to rounding; future net revenue values do not represent fair value

**CURRENT PRODUCTION**

The Company's current production is approximately 5,500 BOE/d, based on field estimates, weighted approximately 69% toward natural gas. Five (2.3 net) Alberta wells and eighteen (18.0 net) Saskatchewan wells remain to be tied-in over the next ninety days.

**READER ADVISORY**

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 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.

Statements in this document may contain forward-looking information including expectations of future production and components of cash flow and earnings. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. These risks include, but are not limited to; the risks associated with the oil and gas industry, commodity prices and exchange rate changes. Industry related risks could include, but are not limited to; operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. The reader is cautioned not to place undue reliance on this forward looking information.

The reader is further cautioned that the preparation of financial statements in accordance with Generally Accepted Accounting Principles requires management to make certain judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based upon available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The reader is also cautioned that this document contains the term reserve life index, which is not a recognized measure under Generally Accepted Accounting Principles (“GAAP”). Management believes that this measure is a useful supplemental measure of the length of time the reserves would be produced over at the rate used in the calculation. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms such as net income determined in accordance with GAAP as a measure of performance. True’s method of calculating this measure may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

True Energy Inc. is a Calgary-based oil and natural gas exploration and development company. The Company’s shares trade on the Toronto Stock Exchange under the symbol TUI.

For further information, please contact:

Paul R. Baay, President & CEO, (403) 750-1272

or

Joan E. Dunne, Vice President, Finance & CFO, (403) 750-1262

**True Energy Inc.**

2300, 530 – 8<sup>th</sup> Avenue S.W., Calgary, AB T2P 3S8

Tel: (403) 266-8670

Fax: (403) 264-8163

Internet: [www.trueenergy.ca](http://www.trueenergy.ca)