TRUE energy inc.

PRESS RELEASE
TRUE ENERGY ANNOUNCES THIRD QUARTER FINANCIAL RESULTS

For Immediate Release
November 18, 2003 – True Energy Inc. ("True") (TSX: TUI) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2003.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2003	**2002**	**2003**	**2002**
FINANCIAL				
($ except per share amounts)				
Revenue	9,731,255	5,030,133	27,242,270	13,167,246
Funds flow from operations*	4,636,978	1,504,576	11,499,348	3,455,741
per share - basic	$0.10	$0.04	$0.25	$0.10
per share - diluted	$0.09	$0.04	$0.24	$0.10
Cash flow from operations	4,636,978	1,504,576	11,499,348	3,279,041
per share - basic	$0.10	$0.04	$0.25	$0.10
per share – diluted	$0.09	$0.04	$0.24	$0.10
Net earnings (loss)	2,365,658	(32,379)	5,110,628	(477,224)
per share - basic	$0.05	$0.00	$0.11	($0.01)
per share - diluted	$0.05	$0.00	$0.11	($0.01)
Capital expenditures, net	4,912,925	18,277,379	12,511,183	16,135,192
Debt, net of working capital			11,447,541	19,812,673
Total assets			55,187,975	44,485,984
Shareholders' equity			32,323,420	18,474,209
Shares outstanding				
basic			54,041,087	45,117,756
diluted			57,081,920	47,740,256
Weighted average shares				
basic			46,411,954	33,616,904
diluted			47,171,565	33,652,354

* funds flow from operations includes prepaid gas revenue

		Three months ended Sept. 30		Nine months ended Sept. 30	
		2003	**2002**	**2003**	**2002**
OPERATIONAL					
Daily Volumes					
Oil and NGLs	(bbls/d)	1,238	728	1,055	727
Natural gas	(Mcf/d)	12,390	9,152	10,182	8,362
Total BOE/d	(6:1)	3,303	2,253	2,752	2,121
Prices					
Oil and NGLs	($/bbl)	26.10	30.86	28.90	27.39
Natural gas – before hedge	($/Mcf)	5.92	3.22	6.86	3.30
Natural gas – after hedge	($/Mcf)	5.93	3.52	6.81	3.41
Combined	($/boe)	32.03	24.26	36.26	22.74
Statistics					
Operating Netback	($/boe)	17.58	11.08	19.35	10.02
Operating Expenses	($/boe)	6.42	6.49	7.72	6.30
General & Administrative	($/boe)	1.56	2.96	2.54	2.80
Royalties as a % of sales		25%	28%	25%	28%

REPORT TO SHAREHOLDERS

We have made significant strides in accomplishing our targets set out for this year. We overcame the second quarter problems caused by the severe wet weather conditions in Saskatchewan, restoring full production and achieving 3,600 boe/d by the end of the third quarter. With two more successful wells drilled so far during the fourth quarter, we can be confident of attaining our anticipated 2003 exit rate production target of 3,800 boe/d.

Our accomplishments to the end of September 2003, include:

- drilling thirty-four (23.1 net) wells with a net 96% success rate;
- increasing average third quarter production to 3,303 boe/d, up from 2,376 boe/d in the second quarter, and exiting the quarter at 3,600 boe/d;
- achieving a net debt to annualized third quarter cash flow ratio of 0.6 times, down from 3.4 times at the beginning of this year;
- generating cash flow from operations of $0.09 per diluted share during the quarter, compared to $0.05 in the prior quarter;
- raising cash flow per diluted share by 140%, to $0.24 from $0.10 for the nine month period;
- recording net earnings of $0.05 per diluted share for the third quarter, compared to $0.03 in the second quarter;
- recording net earnings of $0.11 per diluted share for the nine months, compared to a loss of $0.01 for the corresponding period;
- increasing our undeveloped land inventory to over 200,000 net acres from 150,000 at the end of December.

During the first nine months of 2003, we have drilled and completed thirty-four (23.06 net) wells at a net 96% success rate, identifying seven new pools. During the third quarter we drilled twenty (12.75 net) wells resulting in six (5.25 net) natural gas wells, nine (4.5 net) light oil wells, four (2.0 net) heavy oil wells and one (1.00 net) well which was dry and abandoned. Of the six natural gas wells, one 100% well was at Donalda, Alberta, two 100% wells were drilled at Dodsland, Saskatchewan, two (1.5 net) wells were drilled at Coleville Driver, Saskatchewan and one (0.75 net) well was drilled at Smiley, Saskatchewan. The nine (4.5 net) light oil wells were drilled at Kerrobert, Saskatchewan and the four (2.0 net) heavy oil wells were located at Smiley, Saskatchewan. We also successfully recompleted two 100% Saskatchewan wells for light oil.

Subsequent to the end of the third quarter, we have drilled to date two (2.0 net) horizontal heavy oil wells at Kerrobert. In addition, we are testing a well at Goodwin, Alberta and are currently drilling a potential high-impact exploratory well at Lochend, Alberta (paying 60% to earn a 50% working interest). During the balance of 2003, we expect to drill seven additional gas wells in Alberta and Saskatchewan.

At September 30, 2003 we had 206,113 net acres of undeveloped land, adding 52,085 net acres to the undeveloped acreage total. In addition, in August, 2003, we entered into a large area farm-in arrangement in the Whitecourt, Alberta area, giving us the exclusive right to explore on over 85,000 acres of land utilizing the farmor's extensive seismic database. Under the terms of the farm-in agreement, we have committed to drill four Mississippian test wells prior to March 15, 2004, each well earning the drilled section subject to a non-convertible gross overriding royalty and also earning 60% of two other sections. The farm-in provides for a rolling option to the end of December, 2004 under similar earning provisions. We have drilled one well to date under the terms of this farm-in, and expect to have drilled one more commitment well prior to year end 2003. During the first quarter of 2004 up to four qualifying wells are scheduled to be drilled, with additional drilling potentially occurring throughout the balance of 2004.

Our record activity levels have yielded strong results. We have reinforced our financial health this quarter with the issue of 3.5 million flow through shares in July and 5.0 million common shares in September at $1.15 per share. Our balance sheet is very strong, allowing for financial flexibility for the first time in recent years. We are finding our operational successes are generating more opportunities, as our drilling prospect inventory grows in both quality and quantity. Continued strong commodity prices will allow True to run an active exploration program. We will continue to balance capital exposure, exploration risk, and project opportunity generation within our operations program to achieve our business strategies. We are excited by the synergy of our management team, the members of whom have now worked together for a year. We believe our accomplishments in that time – a 96 % drilling success rate and a strong balance sheet - attest to the dynamics, commitment and expertise of our team.

We look forward to rewarding our shareholders with continued delivery of positive results, and a very exciting outlook for next year.

Paul R. Baay
President & CEO
November 16, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of financial results as provided by the management of True Energy Inc. ("True" or "The Company") should be read in conjunction with the unaudited interim consolidated financial statements and selected notes for the three and nine months ended September 30, 2003 and 2002 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2002.

Where amounts are expressed on a barrel of oil equivalent basis (BOE), gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel.

Management's Discussion and Analysis contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than cash flow from operations as determined in accordance with Canadian generally accepted accounting principals ("GAAP") as an indicator of the Company's performance. The Company presents cash flow from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share. The consolidated statements of cash flows in the unaudited interim financial statements presents the reconciliation between net earnings and cash flow from operations.

Net Earnings and Cash Flow from Operations

True generated cash flow from operations of $11.5 million for the nine months ended September 30, 2003, up 251% from the $3.3 million produced in the same period of 2002. For the three months ended September 30, 2003, cash flow from operations of $4.6 million grew 208% compared to $1.5 million for the third quarter of the prior year.

Cash Flow From Operations

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Cash flow from operations	$ 4,636,978	$ 1,504,576	$ 11,499,348	$ 3,279,041
Basic	$ 0.10	$ 0.04	$ 0.25	$ 0.10
Diluted	$ 0.09	$ 0.04	$ 0.24	$ 0.10

For the nine months ended September 30, 2003, net earnings were $5.1 million, compared to a loss of $0.5 million for the same period in 2002. Net earnings for the third quarter of 2003 were $2.4 million, up 7406% compared to third quarter 2002 net loss of $0.03 million.

Net Earnings

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Net Earnings	$ 2,365,658	$ (32,379)	$ 5,110,628	$ (477,224)
Basic	$ 0.05	$ 0.00	$ 0.11	$ (0.01)
Diluted	$ 0.05	$ 0.00	$ 0.11	$ (0.01)

Sales Volumes

Sales volumes for the three months ended September 30, 2003 increased to 3,303 boe/d, up over 900 boe/d from the 2,376 boe/d reported for the second quarter of 2003. During the second quarter, production had been adversely affected by extremely wet conditions in Saskatchewan. By the third week of June, after restoring the affected properties to full production, and after bringing on stream new wells drilled during the first half, production reached 3,300 boe/d. During the third quarter of 2003 the Company more than replaced production declines as a result of drilling successes, achieving exit production rates of 3,600 boe/d by the end of September.

		Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Natural gas	(Mcf/d)	12,390	9,152	10,182	8,362
Heavy oil	(Bbls/d)	1,021	571	840	582
Light oil & NGLs	(Bbls/d)	217	157	215	145
Total crude oil & NGLs	(Bbls/d)	1,238	728	1,055	727
Total BOE/d	(6:1)	3,303	2,253	2,752	2,121

For the three-month and nine-month periods, our sales volumes for all three commodities were higher. During the third quarter, our weighting towards natural gas was 63% compared to 68% in the corresponding period.

Sales of natural gas, averaging 12,390 Mcf/d during the third quarter, grew at Druid following a boost in compression, and as a result of successful drilling in the Dodsland, Smiley and Rosevear areas. Currently, we have natural gas wells in the Coleville Driver, Coleville South, Dodsland/Druid and Donalda areas awaiting tie-in during the balance of 2003 and early 2004.

Our third quarter oil and NGL sales volumes averaged 1,238 bbls/d compared to 728 bbls/d during the same period of 2002. By the end of the third quarter of 2003, we were producing at rates of 1,500 bbls/d, following the successful drilling and re-completion of light oil wells at Kerrobert, heavy oil wells at Smiley, and two horizontal heavy oil wells at Kerrobert.

Commodity Prices

Average Prices

		Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
		2003	2002	2003	2002
Natural gas – before hedge	($/ Mcf)	5.92	3.22	6.86	3.30
Natural gas – after hedge	($/ Mcf)	5.93	3.52	6.81	3.41
Crude oil & NGL's	($/ bbl)	26.10	30.86	28.90	27.39
Total	($/ boe)	32.03	24.26	36.26	22.74

For the three months ended September 30, 2003, before accounting for hedges, natural gas averaged $5.92/Mcf, up 84% from the same period in 2002. NYMEX prices during the third quarter of 2003 averaged US$4.90/mmbtu, 54% greater than the US$3.19/mmbtu for the same 2002 period. Partially offsetting this was the US$/ C$ exchange rate, which averaged 0.7250 during the 2003 quarter compared to 0.6402 for the 3rd quarter of 2002. The combination of these two factors caused the Alberta Spot price for the third quarter of 2003 to average C$5.74/mcf, 90% higher than the C$3.02/mcf for same quarter last year. True's natural gas is primarily sold on the daily spot market.

True received $6.86/Mcf during the nine-month period, up 108% from the average of $3.30/Mcf received in 2002. Over this same period NYMEX prices were 73% higher, offset by the exchange rate deteriorating by 11%, resulting in the Alberta Spot price net change being an increase of 81%.

In the third quarter of 2003, average crude oil and NGL prices declined by 15% compared to 2002 to an average of $26.10/bbl, paralleling the slight increased weighting of heavy to light oil during the period along with commodity price changes. During this time frame, in 2003, WTI averaged US$30.21/bbl, up 7% from the US$28.25/bbl in the prior year. After the impact of the changes in the Canadian/US exchange rate, the Edmonton Par price of C$41.31/bbl averaged 5% less compared to $43.49/bbl in 2002. The heavy oil differential during this period widened from C$7.67/bbl in 2002 to average $10.68/bbl during 2003, resulting in a net Bow River price 14% lower in 2003 compared to the same period the prior year.

For the nine months ending September 30, 2003 True received an average price for crude oil and natural gas of $28.90/bbl, 6% more than the $27.39/bbl received during the same period of 2002. During this period WTI increased by 22%, differentials deteriorated by 43% to produce a net Bow River price of C$33.79/bbl, 7% greater than the C$31.61/bbl during the same 2002 period.

We believe commodity prices will respond directly to the weather for the fourth quarter of 2003. Notwithstanding short term volatility - specifically, the sensitivity of prices to the commencement of winter - the Company believes both oil and natural gas prices will be sustained at robust levels in the near term.

Revenue

Revenue for the nine months ended September 30, 2003 was $27.2 million, 107% greater than the $13.2 million generated in the same period in 2002. During the third quarter of 2003, revenue was $9.7 million, up 93% from $5.0 million for the corresponding three months of the previous year. The higher revenue was the result of significantly higher natural gas prices combined with growth in production volumes for both natural gas and crude oil & NGL's.

Revenue ($000s)

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Crude oil & NGLs	2,972	2,067	8,323	5,436
Natural gas	6,747	2,708	19,058	7,476
Natural gas hedge	12	255	(139)	255
Total	9,731	5,030	27,242	13,167

Hedging

True had a natural gas commodity price swap for 3,000 gigajoules per day for the period April 1, 2003 to October 31, 2003 based on an AECO "C" price of Cdn. $6.08 per gigajoule. For the three months ending September 30, 2003, the Company recorded an increase to gas sales of $11,653 and for the nine months ended September 30, 2003, the Company recorded a reduction to gas sales of $138,530 for this transaction. Over the period of the contract, True will have incurred a net cost of less than $60,000.

Royalties

For the nine months ending September 30, 2003, total royalties were $6.9 million, 86% more than the $3.7 million incurred in the same period in 2002. For the three months ended September 30, 2003, the Company paid $2.4 million in royalties, 76% more than in the corresponding quarter of 2002. Royalties as a percentage of pre-hedge sales for the nine and three months ending September 30, were 25% in 2003 compared to 28% in the same periods of 2002. On a per unit basis, royalties have increased reflecting the impact of higher commodity price levels.

Royalties, by Commodity Type ($000's)

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Crude oil & NGL's	649	540	1,764	1,238
Natural gas	1,789	848	5,140	2,480
Total	2,438	1,388	6,904	3,718

Royalties, as a % of Commodity Sales (excluding hedge)

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Crude oil & NGL's	22	26	21	23
Natural gas	27	29	27	32
Total	25	28	25	28

Royalties, by Type ($000s)

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Crown royalties	1,582	884	4,603	2,183
Freehold & GORR	932	536	2,524	1,567
Alberta Royalty Tax Credit	(76)	(32)	(223)	(32)
Total	2,438	1,388	6,904	3,718

The weighting of royalties to gross sales for crude oil and NGL's during 2003 has declined when compared to 2002. For the nine months ending September 30, 2003 average royalty rates are 21% of gross sales compared to 23% in 2002. For the three months ending September 30, 2003, royalty rates for crude oil and NGL's averaged 22%. In comparison, for the same period of 2002, royalties averaged 26% of gross revenues. During these periods, the royalty rate for light oil and NGL's was relatively unchanged, while the Company has enjoyed slight royalty reductions for its heavy oil products. This is due to a freehold mineral tax holiday to the end of 2003 for certain wells drilled in the Coleville South area in 2002 combined with overall lower royalty rates for new Saskatchewan production on-stream after October 1, 2002.

For natural gas, the pre-hedge royalty rate during the first nine months of 2003 averaged 27% compared to 32% in the same period in 2002. Similarly, for the three months ending September 30, 2003, royalty rates for natural gas of 27% were marginally lower than the 29% rate in the same quarter of 2002. The addition of the Alberta properties in the Rosevear, Donalda, and Doris areas effective August 1, 2002 brought overall significantly lower royalty rates for natural gas, the effect of savings from gas cost allowance credits and the Alberta Royalty Tax Credit. In addition, the Company enjoyed cost savings from lower royalty rates for Saskatchewan production brought on-stream after October 1, 2002.

With the addition of qualifying Alberta properties in the Rosevear, Donalda and Doris areas, the Company has recorded $223 thousand of Alberta Royalty Tax Credit during the first nine months of 2003, with $76 thousand attributable to the third quarter of 2003. In 2002, only $32 thousand of ARTC was recorded during the nine and three month periods ending September 30.

Operating Expenses

For the nine months ended September 30, 2003, operating costs totaled $5.8 million, up 59% from the $3.6 million recorded in the same period of 2002. For the three month period ended September 30, 2003 $2.0 million of operating costs were incurred, an increase of 45% over the $1.3 million in the same three months in 2002. On a barrel of oil equivalent basis, operating expenses averaged $7.72 for the first nine months of 2003, compared to $6.30 for the same period of 2002. Weather was a significant factor in increasing operating costs during the first half of 2003. True has traditionally had higher operating costs during the winter and spring months compared to the summer months. In 2003, this pattern was more pronounced due to harsher spring break-up conditions than usual. In contrast to the $9.04/boe that True recorded during the second quarter of 2003, the Company has been able to bring unit operating costs down for the third quarter of 2003 to $6.42/boe, marginally lower than the comparable 2002 period. Operating costs for the fourth quarter of 2003 are anticipated to increase over third quarter levels, with the advent of seasonal winter charges combined with property tax charges, but are not expected to exceed $7.50/boe.

Production Costs, by Commodity Type
$000s

	Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
	2003	2002	2003	2002
Crude oil and NGL's	758	598	2,512	1,987
Natural gas	1,193	747	3,290	1,658
Total	1,951	1,345	5,802	3,645

Production Costs per Unit, by Commodity Type

		Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
		2003	2002	2003	2002
Crude oil & NGL's	($/ bbl)	6.65	8.92	8.72	10.01
Natural gas	($/ Mcf)	1.05	0.89	1.18	0.73
Total	($/ boe)	6.42	6.49	7.72	6.30

Operating costs for natural gas properties for the first nine months of 2003 averaged $1.18/Mcf, up from $0.73/Mcf in 2002. For the third quarter of 2003, costs averaged $1.05/Mcf compared to $0.89/Mcf for the same period in 2002. Production from the Doris area was redirected from a partially owned third party operated gas plant to a different facility in late April 2003, resulting in significantly reduced operating costs during the third quarter. Partially offsetting these cost savings during the third quarter of 2003 were fourteen months of underutilized gas processing fees at Rosevear, representing $0.21/Mcf.

For the Company's crude oil and NGL properties, operating costs for both the three and nine month periods ended September 30 declined in 2003 in comparison to 2002. During the third quarter of 2003 True's crude oil and NGL operating costs averaged $6.65/bbl, down $2.27/bbl from the same period in 2002. Spring workover related activities were carried out at the end of the second quarter during 2003, and in the third quarter in the previous year. During this quarter of 2003, True recorded one-time load oil recoveries fees in the Kerrobert area equating to $0.06/bbl. For the nine months ended September 30, operating cost savings from 2002 levels of $1.29/bbl to average $8.72/bbl in 2003, primarily reflecting the economies of scale of a larger production base, even after the impact from the unusually harsh weather-related problems encountered in the first half of 2003.

Operating Netbacks

Operating netbacks for natural gas were significantly higher in 2003 for both the three and nine month periods ending September 30 compared to 2002, the result of higher per unit commodity prices partially offset by increased unit royalty and operating costs.

Field Operating Netbacks
Natural Gas

	Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
$/Mcf	2003	2002	2003	2002
Sales	5.92	3.22	6.86	3.30
Hedge	0.01	0.30	(0.05)	0.11
Royalties	(1.57)	(0.99)	(1.86)	(1.21)
Production expense	(1.05)	(0.89)	(1.18)	(0.73)
Field operating netback	3.31	1.64	3.77	1.47

Operating netbacks for crude oil and NGL's averaged $13.75/bbl during the third quarter of 2003, marginally higher than the $13.65/bbl received for the same period in 2002. Lower commodity prices and corresponding royalties were supported by decreased operating costs. For the nine months ended September 30, operating netbacks were $14.05/bbl, up from the comparative 2002 period. Netbacks reflect higher commodity prices, marginally lower royalties and significantly lower operating costs, despite the inclement spring weather.

Field Operating Netbacks
Crude Oil & NGL's

	Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
$/bbl	2003	2002	2003	2002
Sales	26.10	30.86	28.90	27.39
Royalties	(5.70)	(8.29)	(6.13)	(6.33)
Production expense	(6.65)	(8.92)	(8.72)	(10.01)
Field operating netback	13.75	13.65	14.05	11.05

Overall, operating netbacks for True improved for the three and nine month periods ended September 30, 2003 by 59% and 93% respectively compared to the same periods in 2002. True has enjoyed the benefit of higher commodity prices accompanied by increased per unit royalty costs and higher operating costs per unit during the current year, the product of the unusual spring breakup.

Corporate Field Operating Netbacks

	Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
$/boe	2003	2002	2003	2002
Sales	32.03	24.26	36.26	22.74
Royalties	(8.03)	(6.49)	(9.19)	(6.42)
Production expense	(6.42)	(6.69)	(7.72)	(6.30)
Field operating netback	17.58	11.08	19.35	10.02

General and Administrative

Gross general and administrative costs for the nine months ended September 30, 2003 were $3.1 million compared to $2.2 million for the same period in 2002, reflecting the personnel requirements to administer an increased production base and create exploration opportunities. During the third quarter of both 2003 and 2002 total costs were very similar at $0.9 million.

These total costs are reduced by charges allocated to the Company's capital and operating projects. Total recoveries of general and administrative costs for the three months ended September 30, 2003 were $0.3 million compared to $0.2 million in the same 2002 period. For the nine months ended September 30, 2003, recoveries totaled $0.8 million compared to $0.3 million in the comparable 2002 period. In addition, True capitalizes those direct costs incurred by exploration-focused personnel. Salaries and benefits for field personnel are charged to the related projects in which they are involved. During the third quarter of 2003, True capitalized $120 thousand and for the nine months capitalized salaries and benefits totaling $434 thousand.

On a per unit of production basis, general and administrative expenses for the three months ended September 30, 2003 were $1.56/boe, 47% less than the $2.96/boe incurred in the same 2002 period. For the nine months ending September 30, 2003 general and administrative costs was $2.54/boe, approximately 9% less than in 2002.

General and Administrative Costs
$ 000's

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Gross costs	860	871	3,112	2,180
Capitalized	(120)	(93)	(434)	(225)
Recoveries	(265)	(165)	(767)	(332)
Net costs	475	613	1,911	1,623
Net costs, per unit ($/ boe)	1.56	2.96	2.54	2.80

During the third quarter of 2003, gross general and administrative costs were approximately $0.2 million less than in the second quarter of 2003, with the second quarter of 2003 bearing additional salaries and wage costs of bonuses of $0.1 million. Office rent costs decreased effective July 1, 2003 with the subleasing of office space the Company occupied prior to the office move on February 1, 2003. Total costs for the third quarters of 2003 and 2002 were very similar. Net general and administrative costs of $1.56/boe for the third quarter of 2003 compared to $2.96/boe in the same period of 2002 reflect the increased production base and the increased operations from which costs have been recovered.

On a nine month period, while gross general and administrative costs have increased, so too has the amount the Company capitalizes and recovers from operations. The reduced per unit cost in 2003 compared to 2002 is also directly reflective of the increased production base and the increased operations from which costs have been recovered.

Interest Expense

True recorded $164 thousand of interest expense for the three months ended September 30, 2003 compared to $206 thousand charged in the same period of 2002. For the nine month period ending September 30, 2003 interest expense was $655 thousand, up from $534 thousand in the first three quarters of 2002. In both the nine and three month periods in 2003, prime has been at higher average rates than in the comparable 2002 periods, contributing to the cost of borrowing. These interest costs reflect True's higher debt levels during the first part of 2003 in comparison to 2002. During the third quarter of 2003 the Company reduced its borrowings through the proceeds of two common share issuances. The Company targets maintaining a maximum annualized net debt to historical cash flow ratio of approximately 1.3 times.

In conjunction with the strengthened balance sheet, the Company has re-negotiated the cost of borrowing with its lender, a Canadian chartered bank. In 2002 interest was incurred at the bank's prime rate plus 1% to 1½%. Interest is now payable at the lenders' prime rate plus an applicable margin, as outlined in the lending agreement, which is based on the debt to cash flow ratio. For the third quarter of 2003 this margin was 3/8%. At current debt levels this represents significant savings to the Company.

Interest Costs
$000s, except where noted

		Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Interest expense		164	206	655	534
Interest	($/ boe)	0.54	0.99	0.87	0.92
Net debt at quarter end	($000)	11,448	19,813	11,448	19,813
Debt to periods cash flow ratio annualized		0.6x	3.3x	0.75x	4.5x

Capital Expenditures

Capital expenditures for the nine months ended September 30, 2003 were $12.5 million, compared to $16.1 million for the same period in 2002. For the three months ended September 30, 2003, the Company invested $4.9 million in oil and gas activities compared to $18.3 in the same period of 2002, when Gresham Resources Inc. was purchased for $14.6 million.

Capital Expenditures
$000s

	Three Months ended Sept. 30, 2003	2002	Nine Months ended Sept. 30, 2003	2002
Lease acquisitions & retention	853	253	1,486	504
Geological & geophysical	127	91	569	760
Drilling & completion costs	3,237	1,694	8,015	3,695
Facilities & equipment	512	848	1,709	1,376
Exploration & development	4,729	2,886	11,779	6,335
Acquisitions	-	4	184	205
Corporate acquisitions	-	15,173	-	15,173
Head office expenditures	184	213	548	365
Total expenditures	4,913	18,276	12,511	22,078
Dispositions	-	1	-	(5,943)
Net capital expenditures	4,913	18,277	12,511	16,135

During the first nine months of 2003, True spent $8.0 million drilling and completing thirty-four (23.06 net) wells at a net 96% success rate. Of this, $3.2 million was invested during the third quarter of 2003 to drill twenty (12.75 net) wells. The Company also successfully recompleted two 100% Saskatchewan wells for light oil.

At September 30, 2003 the Company had 206,113 net acres of undeveloped land, adding 52,085 net acres to their undeveloped acreage total. In addition, in August, 2003, the Company entered into a large area farmin arrangement in the Whitecourt, Alberta area committing to drill four wells prior to March 15, 2004. Subsequent to the end of the third quarter, the Company has drilled one well under the terms of this farm-in, and expects to have drilled one more commitment well prior to year end 2003, and the two remaining qualifying wells during the first quarter of 2004.

Subsequent to the end of the third quarter, True has drilled two (2.0 net) horizontal heavy oil wells, is testing a well at Goodwin, Alberta and is currently drilling a potential high-impact exploratory well at Lochend, Alberta (paying 60% to earn a 50% working interest). During the balance of 2003, the Company expects to drill seven additional gas wells in Alberta and Saskatchewan. True expects to spend approximately $7 million during the fourth quarter of 2003, although some winter access projects may be brought forward from 2004 into late 2003, depending on when freeze up occurs. Currently, the Company anticipates spending $17 million on oil and gas exploration and development in 2004.

Depletion, Depreciation and Site Restoration

Depletion, depreciation and site restoration expense for the first nine months of 2003 totaled $5.5 million compared to $3.9 million during 2002. For the three months ended September 30, 2003, depletion, depreciation and future site restoration was $2.1 million compared to $1.5 million for the same period of 2002. The depletion and depreciation rate for the third quarter of 2003 averaged $7.06/boe, and $7.31 for the nine month period. The calculation for depletion and depreciation expense is based on management's estimate of proven reserves as at September 30, 2003.

Depletion, Depreciation and Site Restoration Costs
$000's, except where noted

	Three Months ended Sept. 30,		Nine Months ended Sept. 30,	
	2003	2002	2003	2002
Depletion	1,260	758	3,171	1,944
Depreciation	776	697	2,045	1,755
Future site restoration	108	82	273	234
Total	2,144	1,537	5,489	3,933
Per unit ($/ boe)	7.06	7.41	7.31	6.79

Income Taxes

Capital taxes paid by the Company are in respect of the Federal Large Corporations Tax and the Saskatchewan Capital Tax. For the nine months ended September 30, 2003 the provision for capital taxes is estimated at $0.5 million, 80% greater than the same period in 2002. For the three months ended September 30, 2003 the capital tax provision was $0.2 million. The total long term liability for capital taxes is $0.6 million as at the end of the third quarter of 2003. The significant increase in capital taxes during the current year reflects the growth in the balance sheet of the Company combined with the charges levied against the increased gross sales generated on Saskatchewan assets.

For the nine months ended September 30, 2003, True has also recorded a current income tax recovery of $0.2 million reflecting recovery of prior over-estimation of taxes of a predecessor corporation.

During 2003, there have been substantively enacted changes to the federal and Alberta income tax rates and to deductions for resource income, reducing the rate on resource income, providing for the deduction of crown royalties and eliminating the resource allowance over a five year period. For True, the impact of these reductions was offset by the future tax provision of the third quarter 2003 flow through share issuance. For the nine months ended September 30, 2003, the provision for future income taxes was $1.1 million, with total tax pools of approximately $41 million.

Liquidity and Capital Resources

At the end of the year 2002, True had a net debt position of $19.9 million. On June 30, 2003, True had drawn $16.5 million on its revolving line of credit and had a working capital deficit of $4.1 million for total net debt of $20.6 million. By September 30, 2003, True's bank line draw was reduced to $7.6 million with a working capital deficit of $3.8 million, or net debt of $11.4 million. The reduction in overall net indebtedness is due to cash flow from operations combined with the issuance of 8.5 million shares at $1.15 per share during the third quarter.

On April 25, 2003, the terms of the demand revolving credit facility were revised to increase the authorized borrowing amount to $22,800,000 reducing by $1,200,000 per month commencing April 30, 2003. Interest was payable at the bank's prime rate plus one and a quarter percent. On July 7, 2003, the terms of the demand revolving credit facility were revised to change the authorized borrowing amount to $20,000,000. The availability under the facility was not subject to monthly reductions, but was subject to an interim review by September 30, 2003, and an annual review by May 31, 2004. Interest was payable at the lenders' prime rate plus an applicable margin, as outlined in the lending agreement, based on the debt to cash flow ratio. On October 20, 2003 the terms of the July 7, 2003 agreement were amended to establish the next interim review date to January 31, 2004. No other terms or conditions were changed.

On July 24, 2003 the Company issued 3.5 million flow-through common shares pursuant to a bought-deal private placement offering at a price of $1.15 per share for gross proceeds of $4.0 million. The Corporation is committed to renounce $4.025 million of Canadian Exploration Expense in 2003 to the subscribers of these shares. The Corporation has until December 31, 2004 to incur the qualifying expenditures. Based on the current forecasts of operations for 2003 and 2004, the Company is confident this obligation will be met. On September 17, 2003 the Company issued 5.0 million common shares pursuant to a bought-deal private placement offering at a price of $1.15 per share for gross proceeds of $5.75 million.

The Company expects to be able to fund its capital expenditure program for the balance of 2003 and 2004 using cash flow from operations and forecasted credit facilities. If cash flows are other than projected, capital expenditure levels will be adjusted to meet the targeted ratio. The Company's practices of continually monitoring spending opportunities in comparison to expected cash flow levels allows for adjustments to the capital program as required. True anticipates year end 2003 net debt to be approximately $15 million.

At September 30, 2003 the Company had 54,041,087 common shares outstanding, and 3,040,833 options outstanding at an average exercise price of $0.83 per share. As at November 14, 2003 total common shares issued and outstanding were 54,044,420 and 3,114,000 options were outstanding at an average price of $0.83 per share.

Reader Advisory

Statements in this document may contain forward-looking information. 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. The reader is cautioned not to place undue reliance on this forward looking information.

TRUE ENERGY INC.
CONSOLIDATED BALANCE SHEETS
at September 30, 2003 and December 31, 2002

	September 30, 2003 (unaudited)	December 31, 2002 (audited)
ASSETS		
Current Assets		
Accounts receivable	$ 6,756,192	$ 7,699,237
Deposits and prepaids	598,983	853,208
	7,355,175	8,552,445
Property, plant and equipment	47,832,800	40,537,151
	$ 55,187,975	$ 49,089,596
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 11,168,001	$ 11,249,520
Bank debt	7,634,715	17,195,471
	18,802,716	28,444,991
Capital taxes payable	624,600	686,430
Future site restoration and abandonment costs	1,103,474	830,474
Future income taxes payable	2,333,765	-
Shareholders' equity		
Share capital	46,533,215	38,448,124
Deficit	(14,209,795)	(19,320,423)
	32,323,420	19,127,701
	$ 55,187,975	$ 49,089,596

See accompanying selected notes to consolidated financial statements.

TRUE ENERGY INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the periods ended September 30, 2003 and 2002
(unaudited)

	Three months ended Sept. 30, 2003	Three months ended Sept. 30, 2002	Nine months ended Sept. 30, 2003	Nine months ended Sept. 30, 2002
REVENUE				
Petroleum and natural gas sales	$ 9,731,255	$ 5,030,133	$ 27,242,270	$ 13,167,246
Royalties, net of Alberta royalty tax credit	2,438,051	1,388,264	6,904,044	3,718,272
	7,293,204	3,641,869	20,338,226	9,448,974
EXPENSES				
Production	1,951,267	1,345,154	5,801,594	3,645,391
General and administrative	474,835	612,730	1,910,531	1,623,317
Interest on debt	163,968	205,700	654,847	533,532
Depletion, depreciation and site restoration	2,144,135	1,536,955	5,488,534	3,932,965
	4,734,205	3,700,539	13,855,506	9,735,205
EARNINGS (LOSS) BEFORE TAXES	2,558,999	(58,670)	6,482,720	(286,231)
TAXES				
Current taxes (recovery)	(14,859)	(63,876)	(186,611)	(63,876)
Capital taxes	208,200	37,585	458,703	254,869
Future income tax	-	-	1,100,000	-
	193,341	(26,291)	1,372,092	190,993
NET EARNINGS (LOSS)	2,365,658	(32,379)	5,110,628	(477,224)
Deficit, beginning of period	(16,575,453)	(19,986,931)	(19,320,423)	(19,542,086)
Deficit, end of period	$ (14,209,795)	$ (20,019,310)	$(14,209,795)	$ (20,019,310)
Net earnings (loss) per share				
basic	$ 0.05	$ (0.00)	$ 0.11	$ (0.01)
diluted	$ 0.05	$ (0.00)	$ 0.11	$ (0.01)

See accompanying selected notes to the consolidated financial statements.

TRUE ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the periods ended September 30, 2003 and 2002
(unaudited)

	Three months ended Sept. 30, 2003	Three months ended Sept. 30, 2002	Nine months ended Sept. 30, 2003	Nine months ended Sept. 30, 2002
Operations				
Net earnings (loss)	$2,365,658	$ (32,379)	$ 5,110,628	$ (477,224)
Charges not involving cash:				
Depletion, depreciation and site restoration	2,144,135	1,536,955	5,488,534	3,932,965
Future income tax	-	-	1,100,000	-
Capital tax	127,185	-	(199,814)	-
Prepaid contract revenue	-	-	-	(176,700)
Cash flow from operations	4,636,978	1,504,576	11,499,348	3,279,041
Change in non-cash working capital	1,372,465	142,511	(585,793)	(1,351,472)
	6,009,443	1,647,087	10,913,555	1,927,569
Financing				
Issuance of common shares	10,000,000	-	10,079,066	3,040,300
Share issue costs	(685,854)	(204,662)	(760,210)	(350,671)
Decrease in bank debt	(8,815,326)	(2,396,861)	(9,560,756)	(8,735,940)
	498,820	(2,601,523)	(241,900)	(6,046,311)
Investing				
Additions to property, plant and equipment	(4,912,925)	(3,281,671)	(12,511,183)	(7,057,170)
Proceeds on sale of property, plant and equipment	-	-	-	5,917,687
	(4,912,925)	(3,281,671)	(12,511,183)	(1,139,483)
Change in non-cash working capital	(1,595,338)	4,236,107	1,839,528	5,258,225
	(6,508,263)	954,436	(10,671,655)	4,118,742
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	$ -	$ -	$ -	$ -

See accompanying selected notes to consolidated financial statements.

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2003 and 2002 (unaudited)

1. BASIS OF PRESENTATION:

The interim consolidated financial statements of the Company have been prepared by management in accordance with the accounting policies generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2002. The disclosures provided below are incremental to those included with the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in the Company's annual report for the year ended December 31, 2002.

2. ACQUISITIONS:

On July 31, 2002, the Company acquired all of the issued and outstanding shares of Gresham Resources Inc. pursuant to the plan of arrangement on the basis of 1.4 common shares of the Company for each outstanding share of Gresham. After giving effect to this transaction, the Company had 45,117,756 common shares issued and outstanding. The acquisition was accounted for using the purchase method and was effective July 31, 2002 being the date the majority of Gresham shares were taken up and exchanged for True shares.

The net assets acquired and consideration given were:

Net assets acquired:	
Property, plant and equipment	$15,173,392
Working capital	1,349,495
Future site restoration and abandonment	(100,890)
Debt	(8,925,000)
	$ 7,496,997
Consideration:	
Issued 12,232,654 shares of True Energy valued at $0.60 per share	$7,319,313
Acquisition costs	177,684
	$7,496,997

3. BANK DEBT:

On April 25, 2003, the terms of the demand revolving credit facility were revised to increase the authorized borrowing amount to $22,800,000. Furthermore, the availability under the facility is subject to reductions of $1,200,000 per month commencing April 30, 2003. Interest is payable at the bank's prime rate plus one and a quarter percent. Security is provided by a general assignment of book debts of the Company, a $10,000,000 floating charge debenture over all assets of the Company, a fixed charge over certain producing petroleum and natural gas reserves at Smiley and first floating charge supplemental debentures of $80,000,000. A standby fee is charged on one half of one percent on the undrawn portion of the credit facility.

On July 7, 2003, the terms of the demand revolving credit facility were revised to change the authorized borrowing amount to $20,000,000. The availability under the facility is not subject to monthly reductions, but is subject to an interim review by January 31, 2004, and an annual review by May 31, 2004. Interest is payable at the lenders' prime rate plus an applicable margin, as outlined in the lending agreement, based on the debt to cash flow ratio.

4. CAPITAL STOCK:

Authorized:

Unlimited number of voting Common Shares

Unlimited number of non-voting First Preferred Shares

Issued:

	Number of Shares	Amount
Common shares:		
Balance December 31, 2002	45,134,421	$ 38,448,124
Issued on exercise of stock options	406,666	304,066
Issued for cash on private placement	5,000,000	5,750,000
Flow-through shares issued for cash on private placement	3,500,000	4,025,000
Share issue costs, net of future income taxes		(274,093)
Tax effect of flow-through shares		(1,719,882)
Balance September 30, 2003	54,041,087	$ 46,533,215

As at September 30, 2003, the Company has commitments to renounce $4,025,000 of Canadian Exploration Expense deductions in 2003 to the subscribers of flow-through shares issued during the year.

The following table summarizes the changes in stock options outstanding for the nine months ended September 30, 2003:

	Options	Weighted-Average Exercise Price
Outstanding at Dec. 31, 2002	2,529,166	$ 0.77
Cancelled	(184,167)	0.73
Granted	1,102,500	0.91
Exercised	(406,666)	0.75
Outstanding at September 30, 2003	3,040,833	$ 0.83

5. SUPPLEMENTAL CASH FLOW INFORMATION:

	2003	2002
Cash paid:		
Interest	$ 654,847	$ 533,532
Taxes (net of refunds)	(270,216)	135,997
Non-cash investing and financing activities:		
Issue of common shares on acquisition of Gresham		7,319,313
Net assets acquired on acquisitions		7,419,705

6. STOCK BASED COMPENSATION:

The Company accounts for its stock based compensation plan using the intrinsic value method. Under this method, no costs are recognized in the financial statements for share options granted to employees or directors when the options are issued at market value. Canadian generally accepted accounting principles require disclosure of the impact on net earnings had the fair value method been used for stock options issued on or after January 1, 2002. During the nine months ended September 30, 2003, the Company granted 925,000 (2002: 1,882,500) stock options to employees, consultants and directors. If the fair value method had been used, the Company's net earnings and net earnings per share for the three and nine months ended September 30, 2003 would approximate the following pro forma amounts:

	Three Months ended Sept 30,		Nine Months ended Sept. 30,	
	2003	2002	2003	2002
Net Earnings:				
As reported	$ 2,365,658	$ (32,379)	$ 5,110,628	$ (477,224)
Pro forma	$ 2,279,188	$(218,963)	$ 4,851,219	$ (1,036,976)
Net Earnings per Share:				
As reported	$ 0.05	$ 0.00	$ 0.11	$ (0.01)
Pro forma	$ 0.05	$(0.01)	$ 0.10	$ (0.03)
Diluted:				
As reported	$ 0.05	$ 0.00	$ 0.11	$ (0.01)
Pro forma	$ 0.05	$(0.01)	$ 0.10	$ (0.03)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

	Three Months ended Sept 30,		Nine Months ended Sept. 30,	
	2003	2002	2003	2002
Assumptions:				
Risk free interest rate (%)	5.09	5.79	5.71	5.32
Expected life (years)	5.0	5.0	5.0	5.0
Expected volatility (%)	64	104	70	104
Results:				
Weighted average fair value of options granted ($)	$ 0.69	$ 0.54	$ 0.57	$ 0.56

The Company also issued 175,000 options to a non-employee during the nine months ended September 30, 2003 and has recorded general and administrative expense of $18,791.

7. FINANCIAL INSTRUMENTS – COMMODITY RISK:

On January 30, 2003, the Company entered into a natural gas commodity price swap for 3,000 gigajoules per day for the period April 1, 2003 to October 31, 2003. The contract establishes that the Company will pay the counter party the differential for any month when the AECO "C" price is established at more than CDN $6.08 per gigajoule and that the counter party will pay the Company the differential when the AECO "C" price is established at less than CDN $6.08 per gigajoule. For the three months ending September 30, 2003, the Company recorded an increase to gas sales of $11,653 and for the nine months ended September 30, 2003, the Company recorded a reduction to gas sales of $138,530 for this transaction.

In addition, the Company had entered into a fixed price sales contract to deliver heavy oil Lloydblend (LLK) at a price of $26.74 per barrel on 100 barrels per day for the period from May 1, 2002 to April 30, 2003. Effective October 1, 2002, the fixed price sales contract was modified in respect of the committed volumes to 50 barrels per day from October 1, 2002 to April 30, 2003. The Company has entered into another fixed price sales contract to deliver heavy oil Lloydblend (LLK) at a price of $27.87 per barrel on 200 barrels per day for the period January 1, 2003 to June 30, 2003.

8. SUBSEQUENT EVENTS:

During July, 2003, the Company committed to drill four wells pursuant to a farm-in agreement with an oil and gas company in the Whitecourt, Alberta area by March 15, 2004. Subsequent to September 30, 2003, the Corporation has drilled one of the four wells and plan to drill one more well prior to December 31, 2003.

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**.

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