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Traverse presents financial and operating results for the six months ended June 30, 2009. Unless otherwise stated, the volume conversion of natural gas to barrel of oil equivalent (BOE) is presented on the basis of 6 thousand cubic feet of natural gas being equal to 1 barrel of oil.

	Three Months Ended June 30 (unaudited)		Six Months Ended June 30 (unaudited)	
	2009	2008	2009	2008
<i>(\$000's, except per share amounts)</i>				
Revenue	\$ 100	\$ 474	\$ 283	\$ 792
Net income (loss)	(24)	139	(30)	290
Per share – basic and diluted	0.00	0.01	0.00	0.02
Funds flow from operations*	45	283	126	426
Net capital expenditures	164	69	241	154
Shareholders' equity	7,164	5,118	7,164	5,118
Working capital	4,329	2,383	4,329	2,383
Production (BOE/d)	43	74	49	68
Average realized price				
Natural gas (\$/Mcf)	3.25	9.79	4.50	9.31
Oil and NGL (\$/bbl)	57.66	115.24	51.44	102.99
Common shares				
Weighted average (millions)	15.5	12.9	14.2	12.9
Outstanding (millions)	20.9	12.9	20.9	12.9

**Management uses funds flow from operations (before changes in non-cash working capital) to analyze operating performance. Funds flow as presented does not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable with the calculation of similar measures for other entities.*

Listed: TSX Venture Exchange
 Symbol: TVL

OPERATIONS REVIEW

During the Annual and Special Meeting of Shareholders held on June 11, 2009, Traverse completed a private placement of 8,000,000 shares for gross proceeds of \$2,000,000. In conjunction with this transaction A. David van der Lee stepped aside as President, CEO & CFO. New senior management appointed is as follows: Laurie Smith (President & CEO), David Erickson (Vice-President & COO), Sharon Supple (Chief Financial Officer), and Dan Kolibar (Secretary). We would like to thank Mr. van der Lee for his extensive contribution over fourteen years. He remains a director of the Company.

The Company intends to focus future growth opportunities on the exploration and development of light oil and natural gas. Traverse's assets consist of \$4.3 million in cash (no debt), minor working interest and royalty production, and approximately 193,000 gross (183,000 net) acres of undeveloped petroleum and natural gas properties in Alberta.

The current financial environment presents challenging conditions. Weak natural gas prices have negatively affected capital spending and drilling activities. As a result costs have declined and opportunities are becoming available for higher quality natural gas prospects.

Drilling is planned to commence this fall with 3-4 wells scheduled before the end of the year. Some of the Company's undeveloped lands are being evaluated through geological mapping and seismic. In September the Company will offer non-core P & NG lands for sale or swap in order to rationalize its' extensive undeveloped land base.

On behalf of the Board of Directors

"Laurie Smith"
Laurie Smith
President & CEO
August 26, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis (MD&A) dated August 26, 2009 should be read in conjunction with the unaudited interim financial statements for the six months ended June 30, 2009 and 2008 and the audited financial statements for the years ended December 31, 2008 and 2007. The financial data presented below has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), unless otherwise indicated.

The MD&A contains the term funds flow from operations which is not a Canadian GAAP standard and therefore may not be comparable to performance measures presented by others. Funds flow from operations represents cash flow from operating activities prior to changes in non-cash working capital. Management believes that in addition to net income, funds flow from operations is a useful supplemental measure as it provides an indication of Traverse's operating performance. Investors should be cautioned, however, that this measure should not be construed as an alternative to both net income and cash flow from operating activities, which are determined in accordance with GAAP, as indicators of Traverse's performance.

Where amounts are expressed on a barrel of oil equivalent basis (BOE), natural gas volumes have been converted to BOE using a ratio of 6,000 cubic feet of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. BOE figures may be misleading, particularly if used in isolation.

Forward Looking Information

This MD&A contains forward looking information. Forward looking information is based upon the opinions, expectations and estimates of management as at the date the information is provided and, in some cases, information received from or disseminated by third parties. In particular, the Company's statements with respect to increasing operating costs and general and administrative costs, anticipated additional net losses in 2009 and intentions for funding capital expenditures are forward looking information. Such forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward looking information. The risks and material assumptions on which this forward looking information is based 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; the uncertainty of reserve estimates; competition from other producers and environmental, health and safety risks) commodity price and exchange rate fluctuations and the ability to access sufficient capital from internal and external sources. Accordingly, events or circumstances could cause actual results to differ materially from those predicted.

The forward looking information contained in this MD&A is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Revenue and Production

	Three months ended June 30			Six months ended June 30		
	2009	2008	% change	2009	2008	% change
Sales volumes						
Natural gas (mcf/d)	214	400	(47)	244	362	(33)
Liquids (bbl/d)	7	7	0	8	8	0
BOE/d	43	74	(42)	49	68	(29)
Sales prices						
Natural gas (\$/mcf)	\$3.25	\$9.79	(67)	\$4.50	\$9.31	(52)
Liquids (\$/bbl)	\$57.66	\$115.24	(50)	\$51.44	\$102.99	(50)

The Company's revenue and production is composed mainly of natural gas royalty income and is all within the province of Alberta. Production has declined substantially over the comparative periods due to natural decline while commodity prices have also declined sharply. The combined decrease in production volumes and commodity pricing has reduced oil and gas income to \$96,980 for the current quarter compared to \$461,030 during the three months ended June 30, 2008. No new production has been added to date in 2009 and new drilling by the Company later in the year will not materially affect production volumes this year. As a result, production volumes will continue to decline throughout the remainder of 2009.

During the second quarter of 2009 the Company recorded an adjustment relating to an overpayment of royalty income which resulted in a decrease of 26 mcf per day in the quarter and negatively impacted the natural gas price by \$0.37 per mcf. Average daily production volumes, after the royalty income adjustment, decreased 42 percent from the comparable quarter to average 43 BOE per day.

Interest income has continued to decline over comparative periods due to the drop in interest rates.

Royalties and Operating Expenses

All of the Company's working interest properties produce at very low rates and as a result pay minimum royalties. Production from existing properties has remained virtually unaffected by changes to Alberta's royalty system.

(\$000's)	Three months ended June 30			Six months ended June 30		
	2009	2008	% change	2009	2008	% change
Operating expenses	26	34	(24)	57	71	(21)
Per BOE (\$)	\$6.59	\$4.98	32	\$6.44	\$5.75	12

Operating expenses, including transportation, have increased to \$6.59 per BOE for the second quarter of 2009 compared to \$4.98 in the comparable quarter of 2008. Operating costs will continue to increase on existing properties as fixed costs are rationalized over smaller production volumes.

General and Administrative

General and administrative expenses have remained relatively consistent for the second quarter of 2009 and 2008. General and administrative expenses for the six month period ended in 2009 have increased compared to the 2008 period as the 2008 period included a one time expenditure of approximately \$90,000 related to a potential merger which did not take place. The increase in 2009 is due to the costs of the private placement and the restructuring of the Company which was approved in June 2009.

General and administrative costs will increase during the remainder of the year as the Company continues its' progression into an active exploration and development company. Additional office space, new accounting, land and seismic systems and related personnel have been added in the third quarter of 2009.

Funds Flow from Operations

Funds flow from operations has decreased to approximately \$45,000 in the second quarter of 2009 compared to \$283,000 in the 2008 period due mainly to production and commodity price declines.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense decreased to \$202,784 for the first half of 2009 compared to \$237,621 in the comparable period of 2008. However, depletion, depreciation and accretion increased on a per unit basis to \$23.02 per BOE in 2009 from \$19.20 in 2008 due to increases in the depletable base. At June 30, 2009 the calculation of depletion expense excluded unproved property and undeveloped land cost of \$2,319,086 (2008: \$2,640,297). The excluded amounts, which represent costs incurred for unproved properties, will be brought into the depletion pool at varying rates over the next five years. Accretion expense remains essentially unchanged from prior periods as no new working interest wells with abandonment liabilities have been added in 2008 or 2009 to date.

Taxes and Net Loss

A net loss before income taxes of \$99,168 in the second quarter of 2009 resulted mainly from declining production and commodity prices as compared to the second quarter of 2008. The Company anticipates additional losses in 2009 as production continues to decline and general and administrative expenses rise. The Company was cash taxable in 2008 and as a result of the current loss, recoveries of both current and future income taxes have been recorded.

The weighted average number of shares outstanding increased twenty percent to 15,499,451 for the second quarter of 2009 (12,950,000 for the second quarter of 2008) due to the private placement of 8,000,000 shares in June 2009. As at August 26, 2009 total common shares outstanding are 20,950,000 and total common share options outstanding are 200,000.

The Company recorded a net loss of \$24,168 for the second quarter of 2009 compared to net income of \$138,762 in the 2008 period. Net loss per share for the period was \$0.00 per share compared to net income per share of \$0.01 in the 2008 period.

Liquidity and Capital Resources

At the end of June 2009 the Company had working capital of \$4,328,714 and no debt outstanding. The Company intends to fund capital expenditures during the remainder of 2009 with a combination of cash flow and working capital. Debt and new equity issues may be utilized to expand future capital expenditures where appropriate.

Summary of quarterly results

(\$ thousands, except per share amounts)

Quarter Ended	Sept. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009
Revenue	\$384	\$258	\$183	\$100
Net Income (Loss)	122	(5)	(6)	(24)
Per share - basic	0.01	0.00	0.00	0.00
Per share - diluted	0.01	0.04	0.00	0.00
Working capital	2,645	2,501	2,505	4,329
Shareholders' Equity	5,240	5,349	5,300	7,164
Production (BOE/d)	63	59	54	43

Quarter Ended	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008
Revenue	\$367	\$297	\$318	\$474
Net Income (Loss)	142	(4)	152	139
Per share - basic	0.01	0.00	0.01	0.01
Per share - diluted	0.01	0.00	0.01	0.01
Working capital	2,044	2,110	2,178	2,383
Shareholders' Equity	4,832	4,828	4,980	5,118
Production (BOE/d)	90	72	63	74

Production has declined virtually every quarter over the last two years as no additional production volumes have been added. Revenue, although declining with production, increased initially in 2008 with commodity prices but has declined consistently over the past year.

TRAVERSE ENERGY LTD.

NOTICE TO READER

The accompanying unaudited interim financial statements of Traverse Energy Ltd. for the quarter ended June 30, 2009 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

Balance Sheet

	June 30, 2009	Dec. 31, 2008
	(unaudited)	(audited)
Assets		
Current		
Cash and short-term investments	\$ 4,342,101	\$ 2,561,342
Accounts receivable	120,460	155,847
	4,462,561	2,717,189
Property and Equipment	3,515,210	3,475,794
	\$ 7,977,771	\$ 6,192,983
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 133,847	\$ 80,007
Income taxes payable	-	136,611
	133,847	216,618
Asset Retirement Obligation	65,000	63,432
Future Income Taxes	615,000	677,000
	813,847	957,050
Shareholders' Equity		
Share Capital	5,196,528	3,238,420
Contributed Surplus	18,000	18,000
Retained Earnings	1,949,396	1,979,513
	7,163,924	5,235,933
	\$ 7,977,771	\$ 6,192,983

See accompanying notes to financial statements.

TRAVERSE ENERGY LTD.
Statement of Income and Retained Earnings

<i>(Unaudited)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Income				
Royalty income	\$ 70,261	\$ 354,781	\$ 216,386	\$ 585,847
Production	26,719	106,249	57,097	177,516
Interest and other	2,948	12,582	9,873	28,653
	99,928	473,612	283,356	792,016
Expenses				
Depletion, depreciation and accretion	105,023	208,067	202,784	237,621
General and administrative	66,197	63,384	137,509	190,492
Operating	23,443	28,234	52,417	63,519
Transportation	2,154	5,290	4,314	8,005
Crown royalties	2,279	4,434	2,449	5,623
	199,096	309,409	399,473	504,900
Income (Loss) Before Income Taxes	(99,168)	164,203	(116,117)	287,116
Income Taxes				
Current	(39,000)	89,441	(39,000)	98,782
Future	(36,000)	(64,000)	(47,000)	(102,000)
	(75,000)	25,441	(86,000)	(3,218)
Net Income (Loss)	(24,168)	138,762	(30,117)	290,334
Retained earnings, beginning of period	1,973,564	1,723,284	1,979,513	1,571,712
Retained earnings, end of period	\$ 1,949,396	\$ 1,862,046	\$ 1,949,396	\$ 1,862,046
Basic and Fully Diluted Income (Loss) per Share	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.02

Statements of Cash Flows

<i>(Unaudited)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities				
Net Income (Loss)	\$ (24,168)	\$ 138,762	\$ (30,117)	\$ 290,334
Items not involving cash:				
Depletion, depreciation and accretion	105,023	208,067	202,784	237,621
Future income taxes	(36,000)	(64,000)	(47,000)	(102,000)
	44,855	282,829	125,667	425,955
Change in non-cash working capital	(110,736)	(44,987)	(67,869)	(14,754)
	(65,881)	237,842	57,798	411,201
Financial Activities				
Issue of share capital, net of issue costs	1,943,108	-	1,943,108	-
Change in non-cash working capital	20,485	-	20,485	-
	1,963,593	-	1,963,593	-
Investing Activities				
Petroleum and natural gas properties	(163,835)	(69,073)	(240,632)	(153,518)
Increase in cash and cash equivalents	1,733,877	168,769	1,780,759	257,683
Cash and cash equivalents, beginning of period	2,608,224	2,133,475	2,561,342	2,044,561
Cash and cash equivalents, end of period	\$ 4,342,101	\$ 2,302,244	\$ 4,342,101	\$ 2,302,244

Supplemental cash flow information (note 6)
See accompanying notes to financial statements.

TRAVERSE ENERGY LTD.
Notes to Financial Statements
Six months ended June 30, 2009
(unaudited)

1. Basis of Presentation

The Company's name changed to Traverse Energy Ltd. from Firstland Energy Limited effective June 11, 2009.

The interim financial statements of the Company have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates and assumptions. The interim financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

These interim financial statements and the notes thereto should be read in conjunction with the most recent audited financial statements as at and for the year ended December 31, 2008. The significant accounting policies follow those of the most recently reported audited financial statements except as described below.

2. Changes in Accounting Policies

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover to International Financial Reporting Standards ("IFRS") for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking and the impacts on the Company's financial statements are unknown at this time. The Company is currently in the process of developing an implementation strategy to establish timelines and identify significant differences between Canadian GAAP and IFRS.

3. Property and Equipment

	June 30, 2009	December 31, 2008
Petroleum and natural gas properties	\$ 5,873,400	\$ 5,638,237
Furniture and fixtures	11,909	6,440
	\$ 5,885,309	\$ 5,644,677
Less: accumulated depletion and depreciation	2,370,099	2,168,883
	\$ 3,515,210	\$ 3,475,794

At June 30, 2009 the calculation of depletion expense excluded unproved property and undeveloped land cost of \$2,319,086 (Q2 2008 - \$2,640,297). During the three months ended June 30, 2009 the Company capitalized \$14,645 (Q2 2009 - \$0) of general and administrative expenses relating to exploration and development activities.

4. Share capital:

(a) Authorized:

The authorized share capital consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares. No preferred shares have been issued.

(b) Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2007 and 2008	12,950,000	\$ 3,238,420
Issued for cash	8,000,000	2,000,000
Share issue costs, net of tax effect	-	(41,892)
Balance, June 30, 2009	20,950,000	\$ 5,196,528

(c) Stock option plan:

The Company has a stock option plan as described in note 6 of the December 31, 2008 financial statements. There were no changes in the Company's stock option plan during the first six months of 2009. The following table summarizes information about the stock options outstanding at June 30, 2009:

Options Outstanding				Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.40	200,000	1.3	\$0.40	200,000	\$0.40

(d) Weighted average shares

The weighted average number of common shares issued and outstanding for the periods reported is as follows:

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Basic shares	15,499,451	12,950,000	14,231,768	12,950,000
Diluted shares	15,499,451	12,950,000	14,231,768	12,950,000

5. Related Party Transactions

(a) During 2009, management fees of \$36,000 (Q2 2008 - \$24,000) were paid to a company controlled by a director of the Company. The fees relate to the administration and overall operations of the Company. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

(b) In June 2009 the Company completed a private placement of 8,000,000 common shares (gross proceeds of \$2,000,000) to two directors and officers of the Company and members of their immediate families. This private placement was approved by the shareholders of the Company on June 11, 2009.

6. Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Interest received	\$ 2,948	\$ 12,582	\$ 9,873	\$ 28,653
Income tax paid	\$ 136,611	\$ -	\$ 136,611	\$ -

7. Financial and Capital Risk Management

The Company carries a number of financial instruments, such as accounts receivable, deposits and accounts payable and is exposed to risks such as credit risk, market risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from industry partners relating to royalty income. These receivables are normally collected within one to two months from the month in which the royalty arose. The Company assesses quarterly if there has been any impairment in the financial assets of the Company. During the six months ended June 30, 2009 there was no impairment provision required of any of the financial assets of the Company due to the historical success of collecting receivables. The Company does not have any significant credit risk exposure to any single counterparty.

(b) Market Risk

Market risk is the risk that changes in market prices, such as currency risk, commodity price risk and interest rate risk will affect the Company's net earnings, future cash flows or the value of its assets and liabilities. Although the Company generally does not sell or transact in foreign currency, the United States dollar influences the price of petroleum and natural gas sold in Canada. Commodity prices for crude oil, natural gas liquids and natural gas are also impacted by political events, meteorological conditions, disruptions in supply and changes in demand. A one dollar change in the price per barrel of crude oil would have impacted revenue by \$600 and \$0.25 change to the price of a thousand cubic feet of natural gas would have impacted revenue by \$5,000. The Company currently has no financial derivative sale contracts in place. The Company currently has no interest bearing debt and is therefore not subject to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on the balance sheet consist of accounts payable. The Company anticipates that it will continue to have adequate liquidity to fund its financial liabilities through its future cash flows and existing cash.

(d) Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth in net income and funds flow. The Company defines capital as total equity plus cash and debt.

The Company is not subject to any externally imposed cash flow requirements.

CORPORATE INFORMATION

DIRECTORS

David H. Erickson
Daniel G. Kolibar
Robert M. Libin*
Laurie J. Smith
A. David van der Lee*
Adam O. Wells*

* Member, Audit Committee

OFFICERS

Laurie J. Smith
President & CEO
Sharon A. Supple
Chief Financial Officer
David H. Erickson
Vice-President & COO
Daniel G. Kolibar
Corporate Secretary

LISTED

TSX Venture Exchange
Common Share Symbol: TVL

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LEGAL COUNCIL

Borden Ladner Gervais LLP
Calgary, Alberta

BANKER

Alberta Treasury Branch
Calgary, Alberta

TRANSFER AGENT & REGISTRAR

Valiant Trust Company Limited
Calgary, Alberta

AUDITOR

Czechowsky and Graham
Calgary, Alberta