CALGARY, May 13, 2015 /CNW/ - Connacher Oil and Gas Ltd. (CLL - TSX; "Connacher" or the "Company") announces its financial and operating results for the quarter-ended March 31, 2015 ("Q1 2015") (all amounts are in Canadian dollars unless otherwise noted).

As previously announced, the Company closed its recapitalization on May 8, 2015.

At the opening of trading on Thursday, May 14, 2015, the common shares of Connacher will commence trading on a 1-for-800 consolidated basis under the new stock symbol "CLC".

Q1 2015 Highlights

- Revenue, net of royalties decreased 49% to $53.8 million (Q1 2014 - $105.0 million), primarily due to the decline in crude oil prices, partially offset by higher sales volumes
- Production and operating costs decreased 30% to $22.3 million (Q1 2014 - $31.6 million), primarily as a result of lower natural gas costs and reduced fluid handling and disposal costs
- Adjusted EBITDA decreased to a deficit of $18.8 million in Q1 2015 (Q1 2014 - $10.9 million), primarily due to lower revenue, net of royalties, partially offset by lower blending and operating costs
- Net loss increased to $139.9 million (Q1 2014 - net loss of $62.6 million), primarily due to lower revenue, net of royalties; higher foreign exchange losses primarily on the translation of long-term US dollar denominated debt; offset by lower blending and operating costs and risk management contract gains
- Q1 2015 funds flow used was $42.1 million (Q1 2014 - funds flow used of $10.2 million). The decrease in funds flow in Q1 2015 was primarily due to lower revenue, net of royalties and the translation of a strengthened US dollar on interest payments associated with US dollar denominated long-term debt
- Capital expenditures totaled $6.1 million (Q1 2014 - $18.1 million). The reduction in growth capital was due to the continued delay of the completion of the SAGD+® process commercial project implementation at Algar and of the mini-steam expansion project at Pod One and to the deferral of discretionary maintenance capital expenditures
- Connacher closed Q1 2015 with a cash balance of $49.3 million (Q4 2014 - $87.7 million)
- Production increased 12% to 15,078 bbl/d (Q1 2014 - 13,433 bbl/d). Production increases were attributable to the Company's five infill wells at Pod One that were brought on production in Q3 2014
- Subsequent to Q1 2015, the Company closed out its remaining hedging contracts

Q1 2015 Financial and Operating Highlights

FINANCIAL [(1)]	Q1 2015	Q1 2014	% Change
Revenue, net of royalties	$53,774	$104,952	(49)
Adjusted EBITDA [(2)]	(18,764)	10,948	(271)
Net loss	(139,883)	(62,613)	123
Basic and diluted per share [(3)]	(0.31)	(0.14)	121
Funds flow (used) [(4)]	(42,144)	(10,185)	314
Capital expenditures	6,101	18,085	(66)
Cash on hand	49,307	19,631	151
Working capital surplus (deficiency)	8,093	(13,726)	(159)
Long-term debt	1,160,842	913,764	27
Shareholders' equity	(128,865)	159,529	(181)

(1) ($ 000) except per share amounts

(2) Adjusted EBITDA is a non-GAAP measure and is defined in the "Advisory Section" of the Q1 2015 MD&A and is reconciled to net loss under "Reconciliations of Net Loss to EBITDA, Facility EBITDA, Adjusted EBITDA, and Bitumen Netback"

(3) Basic and diluted amounts are the same due to the net loss position

(4) Funds flow (used) is a non-GAAP measure and is defined in the "Advisory Section" of the Q1 2015 MD&A and is reconciled to cash flow from operating activities under "Reconciliation of Cash Flow from Operating Activities to Funds Flow (Used)"

OPERATIONAL	Q1 2015	Q1 2014	% Change
Average benchmark prices			
WTI (US$/bbl)	48.63	98.68	(51)
WTI (CA$/bbl)	61.45	109.36	(44)
Heavy oil differential (CA$/bbl)	(18.61)	(25.64)	(27)
WCS (CA$/bbl)	42.84	83.73	(49)
Production and sales volumes (1)			
Daily bitumen production (bbl/d)	15,078	13,433	12
Daily bitumen sales (bbl/d)	14,865	12,364	20
Bitumen netback (CA$/bbl) (2)(3)			
Dilbit sales	$31.94	$79.63	(60)
Diluent costs	(8.23)	(9.67)	(15)
Realized bitumen sales price	23.71	69.96	(66)
Transportation and handling costs	(15.91)	(15.68)	1
Net realized bitumen sales price	7.80	54.28	(86)
Royalties	0.12	(4.11)	(103)
Net bitumen revenue price	7.92	50.17	(84)
Production and operating expenses	(16.67)	(28.44)	(41)
Bitumen netback	$(8.75)	$21.73	(140)

(1) The Company's bitumen sales and production volumes differ due to changes in inventory and product losses

(2) A non-GAAP measure which is defined in the "Advisory Section" of the Q1 2015 MD&A. Bitumen netback is reconciled to net loss under "Reconciliations of Net Loss to EBITDA, Facility EBITDA, Adjusted EBITDA, and Bitumen Netback". Bitumen netbacks per barrel amounts are calculated by dividing the total amounts presented in the "Bitumen Netback" table on page 10 of the MD&A by bitumen sold volumes as presented in the "Production and Sales Volumes" table on page 8 of the MD&A, with the exception of dilbit sales (presented as dilbit sales divided by dilbit sales volume) and diluent costs (presented as the cost of diluent in excess of the dilbit selling price)

(3) Before risk management contract gains or losses

About Connacher

Connacher is a Calgary-based in situ oil sands developer, producer, and marketer of bitumen. The Company holds a 100 per cent interest in approximately 440 million barrels of proved and probable bitumen reserves and operates two steam-assisted gravity drainage facilities located on the Company's Great Divide oil sands leases near Fort McMurray, Alberta.

Forward Looking Information

This press release may contain forward looking information. Forward looking information is based on management's expectations regarding the Company's future financial position; the Company's future growth, results of operations and production, future commodity prices (including the commodity price protection afforded by the use of risk management contracts) and foreign exchange rates; future capital and other expenditures (including the amount, nature, and sources of funding thereof), plans for and results of drilling activity; environmental matters; business prospects and opportunities; and future economic conditions. Forward looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: that cash flows from operations and the new capital received under the Corporation's first lien credit facility and new second lien convertible notes may not provide adequate funds to fund the Company's operating losses and capital plan; the risks associated with the oil and gas industry (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 and resource estimates; the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), risk of commodity price and foreign exchange rate fluctuations, risks associated with the impact of general economic conditions, risks and uncertainties associated with maintaining the necessary regulatory approvals and securing the financing to proceed with the operation and continued expansion of the Great Divide oil sands project.

Reported average production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this press release due to, among other factors, difficulties or interruptions encountered during the production of bitumen.

Additional risks and uncertainties affecting Connacher and its business and affairs are described in further detail in Connacher's AIF for the year ended December 31, 2014. Although Connacher believes that the expectations in such forward looking information are reasonable, there can be no assurance that such expectations shall prove to be correct. Any forward looking information included in this press release is expressly qualified in its entirety by this cautionary statement. Any forward looking information included herein is made as of the date of this press release and Connacher assumes no obligation to update or revise any forward looking information to reflect new events or circumstances, except as required by law.

SOURCE Connacher Oil and Gas Ltd.

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