All values are in Canadian dollars unless otherwise indicated. Conversion of natural gas volumes to barrels of oil equivalent (boe) are at 6:1.

CALGARY, Aug. 12, 2015 /CNW/ - Spyglass Resources Corp. ("Spyglass", or the "Company") (TSX: SGL, OTCQX: SGLRF) announces unaudited interim financial and operating results for the quarter ended June 30, 2015. Selected financial and operational information is outlined below and should be read in conjunction with Spyglass' interim Consolidated Financial Statements and Management's Discussion and Analysis on www.sedar.com and also available at www.spyglassresources.com.

Second Quarter Summary

- Production for the second quarter of 2015 averaged 9,849 boe/d, a decrease from 14,474 boe/d in the second quarter of 2014 reflecting the Company's successful asset disposition program.
- Funds flow from operations for the second quarter of 2015 was $11.4 million ($0.09 per share), reflecting significantly lower commodity prices during the quarter as compared to the second quarter of 2014 of $19.0 million ($0.15 per share).
- Capital expenditures for the second quarter of 2015 were $2.3 million primarily related to maintenance capital.
- Non-core asset dispositions in the second quarter of 2015 totalled $2.7 million.
- Operating costs for the second quarter of 2015 were $17.04 per boe, as compared to $18.27 per boe in the second quarter of 2014. Operating costs, on an absolute dollar basis, improved in the second quarter of 2015 by $8.8 million (37 percent) as compared to the same period last year, as a result of the Company's asset disposition program coupled with ongoing cost reduction initiatives.
- Cash general and administrative expenses for the second quarter 2015 were $2.92 per boe, as compared to $3.35 per boe in the second quarter of 2014. Cash general and administrative expenses, on an absolute dollar basis, decreased by $1.8 million (41 percent) in the second quarter of 2015 as compared to the same period last year, largely achieved through staff reductions and cost cutting initiatives undertaken in response to the current market conditions.
- Crude oil and natural gas prices have experienced a significant decline that began in the second half of 2014 which continued through the first half of 2015; average realized prices are down in the second quarter of 2015 by 39 percent for crude oil and 43 percent for natural gas as compared to the second quarter of 2014.
- Net debt at June 30, 2015 was $184.5 million, comprised of $176.4 million in bank debt and additional working capital deficit of $8.1 million (excluding the current portion of risk management contracts), down from $195.7 million in the first quarter of 2015 and $270.8 million in the second quarter of 2014.
- Net loss for the second quarter of 2015 was $98.8 million ($0.77 per basic and diluted share) as compared to a net income of $0.8 million ($0.01 per basic and diluted share) in the same period of 2014. The increase in net loss is primarily due to impairments of $91.2 million being recognized in the second quarter of 2015, driven by changes to management's future development plans and decreased commodity prices.

Selected Financial and Operating Information

Operating	Q2 2015	YTD 2015	Q2 2014
Average daily production			
Oil (bbls/d)	3,809	3,960	6,164
NGLs (bbls/d)	275	284	535
Natural Gas (Mcf/d)	34,589	37,241	46,647
Total (boe/d)	9,849	10,451	14,474
Realized prices			
Oil ($/bbl)	$58.57	$51.21	$95.28
NGLs ($/bbl)	39.42	37.27	55.63
Natural Gas ($/mcf)	2.73	2.82	4.75
Total Revenue ($/boe)	$33.35	$30.46	$57.95
Netback ($/boe)			
Revenue	$33.35	$30.46	$57.95
Royalties	(0.79)	(1.27)	(10.27)
Operating expense	(17.04)	(19.43)	(18.27)
Transportation expense	(1.95)	(2.09)	(2.10)
Operating Netback(1)	13.57	7.67	27.31
Cash General & Administrative Expense	(2.92)	(2.96)	(3.35)
Realized hedging gain (loss)	4.56	6.24	(6.31)
Interest, Financing & Other	(2.46)	(2.34)	(3.20)
Cash netback(1)	$12.75	$8.61	$14.45

Financial ($000)(except per share figures)	Q2 2015	YTD 2015	Q2 2014
Funds Flow from Operations(1)	$11,423	$16,261	$19,043
per share	0.09	0.13	0.15
Net Income (Loss)	(98,753)	(178,716)	815
per share	(0.77)	(1.40)	0.01
Dividends	-	-	8,645
per share	-	-	0.0675
Capital Expenditures	2,343	7,919	15,402
Capital Expenditures (net of dispositions)	(367)	5,209	10,516
Net Debt(1)	$184,478	$184,478	$270,828

Share Information (000's)	Q2 2015	YTD 2015	Q2 2014
Common shares outstanding, end of period	127,805	127,805	128,077
Weighted average shares outstanding	127,805	127,805	128,077

(1) See Non-GAAP measures.

Outlook

Drastically lower commodity prices continue to present a challenging business environment for the Company as 2015 progresses. Spyglass has prudently managed costs through reductions in staffing levels, renegotiating contract rates with business partners, temporary salary reductions and running a minimal capital program.

Management anticipates that the 2015 capital program will be $11 million, an increase from the previously disclosed $8 million, primarily focused on maintenance capital expenditures. The capital program coupled with the Company's relatively low 21 percent decline rate is expected to result in average production of approximately 9,000 boe/d for the year.

Spyglass announced a revised credit facility on June 30, 2015, resulting in the classification of the Company's bank debt as a current liability. As such, the Company continues to include a note on going concern uncertainty in its financial statements. Spyglass continues to meet all of its obligations with respect to ongoing operations.

In an effort to further reduce debt, Spyglass intends to come to market later this year with a broad disposition package incorporating both core and non-core assets. Management's attention remains on managing the resources of the Company through a difficult commodity price environment, reviewing recapitalization opportunities and ongoing property dispositions.

Risk Management Update

Spyglass uses a commodity price risk management program to mitigate the impact of crude oil and natural gas price volatility on cash flow which is intended to support the capital program. Spyglass hedges production up to 24 months forward, using a combination of fixed price and participating products. Please refer to the Company's website at www.spyglassresources.com under Investors for a detailed list of the Company's risk management contracts. During the second quarter of 2015 the Company did not enter into any additional risk management contracts. Management continues to evaluate further risk management contracts to protect a portion of its crude oil and natural gas production and plans to enter into commodity swaps into 2016, complying with covenants contained in the Company's credit facility.

Corporate Governance Update

Further to its press release of May 13, 2015, Spyglass is providing an update on the process undertaken by the Company's Governance, Human Resources and Compensation Committee (the "Committee") and the subsequent determination of the Board of Directors (the "Board") in respect of certain matters to be considered under the Company's Majority Voting Policy (the "Policy"). As previously disclosed, at the Company's May 13, 2015 Annual General Meeting of Shareholders, while each of the director nominees were duly elected, each of five directors; namely, Messrs. Thomas Buchanan, Dennis Balderston, M.H. (Mike) Shaikh, Jeffrey Smith and John Wright, had more shareholder votes withheld for his election to the Board than were voted in favour of his election. Each of the remaining two directors; namely, Messrs. Dan O'Byrne and Peter Harrison, received more shareholder votes in favour of his election to the Board than votes withheld. At the Annual General Meeting of Shareholders, proxies or ballots were received for a total of 58,443,478 common shares (representing 45.73 percent of the Company's issued and outstanding shares), however only 37,995,245 common shares (representing 29.73 percent of the Company's issued and outstanding shares) were voted with respect to the election of directors.

In accordance with the Policy, each of the five directors with more withheld votes than affirmative votes immediately submitted their resignations to the Board, to be effective on acceptance by the Board. Thereafter, the Board referred the resignations to the Committee for consideration. Mr. Peter Harrison, an independent director, was appointed Chairman of the Committee effective May 13, 2015. The other members of the Committee were Messrs. Balderston, Smith and Wright who assisted Mr. Harrison in discharging the Committee's mandate; however, in accordance with the requirements of the Toronto Stock Exchange, none of such directors participated in any decision of the Board or the Committee where his own resignation was considered.

In accordance with the Policy, in considering the recommendation that the Committee would make to the Board as to whether or not to accept each director's resignation, the Committee considered all factors deemed relevant by the members of the Committee, including, without limitation: the stated reason or reasons (if any were provided) why shareholders cast "withhold" votes for the director; the number of shares voted at the Annual General Meeting in respect of directors; the qualifications of the director, including the impact the director's resignation would have on the Company; the relevant skills and qualifications of both current directors and potential candidates; current industry conditions; director independence; the impact a change of directors would have on current strategic initiatives, potential transactions, and the Company's relationship with its lenders; and whether the director's resignation from the Board would be in the best interests of the Company and the shareholders. In particular, the unprecedented current challenges in the international oil and gas markets have had a significant negative impact on the Company's financial position, and the Board has been actively considering strategic initiatives to improve the financial position, including significant refinancings and the potential disposition of certain of the Company's assets. As part of its deliberations, the Committee considered the risk to such initiatives which would result from a significant reduction in the number of sitting directors, and/or the appointment of directors with limited experience respecting the Company's operations, and considered such risk to be highly prejudicial to the Company and its shareholders. As well, in terms of overall governance, a significant reduction in the number of sitting directors would have a material negative impact on the ability of the Board's various committees to discharge their respective mandates. The Committee and the Board considers the foregoing concerns to constitute exceptional circumstances as to why the resignation of one or more of the directors would not be accepted.

As a result of the detailed review conducted by the Committee and upon the recommendation of the Committee, the Board has determined not to accept the resignations of Messrs. Thomas Buchanan, Dennis Balderston, M.H. (Mike) Shaikh or John Wright. Pursuant to his wishes, the Board has accepted the resignation of Mr. Jeff Smith, effective immediately. The resignation of Mr. Smith, combined with the previous resignations of Mr. Randall Findlay and Mr. Michael Rapps, has allowed the Company to reconstitute the Board to achieve the renewal objectives. In that regard, the Committee is in the process of identifying potential new qualified director candidates who possess the skills and experience necessary to further enhance the effectiveness of the Board. The Board would like to thank Mr. Smith for his valued contributions to the Company. The Company commits to holding a meeting of the shareholders prior to year-end for the purposes of electing a Board.

The Board also advises that board size and compensation were also reviewed. As a result, the current size of the board will be set at six members, four of whom are deemed independent, a reduction from nine members over the past year. The Board has also approved a reduction of 25 percent for board and committee annual retainers and an 80 percent reduction for the annual equity component of the compensation program. In addition, board members may elect to forego cash compensation and alternatively receive Director Restricted Share Unit Awards ("DRSUs").

Non-GAAP Measures

This press release includes terms commonly referred to in the oil and gas industry that are considered non-GAAP measures. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

"Funds from operations" represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs and decommissioning expenditures.

"Operating netbacks" are determined by deducting royalties, operating and transportation expenses from oil and gas revenue, calculated on a per boe basis.

"Cash netbacks" are determined by deducting cash general and administrative, realized hedging losses, interest expense and other income from Operating netbacks, calculated on a per boe basis.

"Net debt" is calculated as bank debt plus working capital deficiency excluding current portion of risk management contracts.

Reader Advisory and Note Regarding Forward Looking Information

Certain statements contained within this press release, and in certain documents incorporated by reference into this document constitute forward looking statements. These statements relate to future events or future performance. All statements, other than statements of historical fact, may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this press release contains the following forward looking statements pertaining to, without limitation, the following: Spyglass' (i) future production volumes and the timing of when additional production volumes will come on stream; Spyglass' (ii) realized price of commodities in relation to reference prices; (iii) future commodity mix; (iv) future commodity prices; (v) expectations regarding future royalty rates and the realization of royalty incentives; (vi) expectation of future operating costs on a per unit basis; (vii) the relationship of Spyglass' interest expense and the Bank of Canada interest rates; (viii) future general and administrative expenses; future development and exploration activities and the timing thereof; (ix) deferred tax liability; * estimated future contractual obligations; (xi) future liquidity and financial capacity of the Company; (xii) ability to raise capital and to add to reserves through exploration and development; (xiii) ability to obtain equipment in a timely manner to carry out exploration and development activities; (xiv) ability to obtain financing on acceptable terms, and (xv) ability to fund working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve assessments based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

We believe the expectations reflected in the forward looking statements are reasonable but no assurance can be given that our expectations will prove to be correct and consequently, such forward looking statements included in, or incorporated by reference into, this press release should not be unduly relied upon. These statements speak only as of the date of this press release or as of the date specified in the documents incorporated by reference in this press release. The actual results could differ materially from those anticipated as a result of the risk factors set forth below and elsewhere in this press release which include: (i) volatility in market prices for oil and natural gas; (ii) counterparty credit risk; (iii) access to capital; (iv) changes or fluctuations in production levels; (v) liabilities inherent in oil and natural gas operations; (vi) uncertainties associated with estimating oil and natural gas reserves; (vii) competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; (viii) stock market volatility and market valuation of Spyglass' stock; (ix)geological, technical, drilling and processing capabilities; * limitations on insurance; (xi) changes in environmental or legislation applicable to our operations, (xii) our ability to comply with current and future environmental and other laws; (xiii) changes in tax laws and incentive programs relating to the oil and gas industry, and (xiv) the other factors discussed under "Risk Factors" in the Company's 2014 Annual Information Form.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this press release and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward looking statements contained in this press release speak only as of the date thereof and Spyglass does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Barrel of oil equivalents or 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. 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.

This press release shall not constitute an offer to sell, nor the solicitation of an offer to buy, any securities in the United States, nor shall there be any sale of securities mentioned in this press release in any State in the United States in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such State.

SOURCE Spyglass Resources

Contact
Dan O'Byrne, President & CEO; Dallas McConnell, VP Corporate Development & Investor Relations; IR# 403.930.3524, investor.relations@spyglassresources.com, www.spyglassresources.com