CALGARY, ALBERTA--(Marketwired - May 4, 2016) - Lightstream Resources Ltd. (the "Company" or "Lightstream") (TSX:LTS) announces first quarter 2016 financial and operating results. Our financial statements and management's discussion and analysis for the quarter ended March 31, 2016 will be available on the system for electronic analysis and retrieval at www.sedar.com and on Lightstream's website at www.lightstreamresources.com.

	Three months ended March 31,		
($000s, except where noted)	2016	2015	% Change
Financial			
Oil and natural gas sales	63,175	121,131	(48)
Adjusted EBITDA(1)	22,884	79,455	(71)
Funds flow from operations(1)	(10,610)	51,928	-
Per share			
- basic ($)(1)	(0.05)	0.26	-
- diluted ($)(1),(2)	(0.05)	0.26	-
Adjusted Net Income (loss)(1)	27,076	(127,162)	-
Per share			
- basic ($)(1)	0.14	(0.64)	-
- diluted ($)(1),(2)	0.14	(0.64)	-
Capital Expenditures(3)	7,353	60,254	(88)
Net capital expenditures(1)	7,071	48,931	(86)
Total debt(1),(4)	1,567,236	1,731,248	(9)
Basic common shares, end of period (000)	198,501	197,388	1
Operations			
Average daily production (boe/d)			
Oil and NGL (bbl/d)	17,873	26,607	(33)
Natural gas (mcf/d)	50,861	51,429	(1)
Total (boe/d)(5)	26,350	35,179	(25)
Average realized prices			
Oil and NGL ($/bbl)	33.59	45.18	(26)
Natural gas ($/mcf)	1.85	2.80	(34)
Total (boe/d)	26.35	38.26	(31)
Operating netback(1)			
($/boe except where noted)(5)			
Oil, NGL and natural gas revenue	26.35	38.26	(31)
Royalties	2.74	4.61	(41)
Production expenses	12.05	12.48	(3)
Transportation expenses	0.27	0.30	(10)
Operating netback	11.29	20.87	(46)
Realized gain on hedging contracts	2.45	8.96	(73)
Operating netback including hedging(1)	13.74	29.83	(54)

FIRST QUARTER 2016 HIGHLIGHTS

- First quarter average production was 26,350 boepd (68% light oil and liquids weighted), a decrease of 7% from the previous quarter. The decline is mainly attributable to third party facility restrictions on non-operated production and reduced development capital spending, resulting in well declines exceeding new production additions.
- This quarter, benchmark oil prices reached their lowest point since this commodity cycle downturn began in 2014, resulting in an operating netback of $11.29/boe, prior to commodity hedges, a 40% decrease from the previous quarter. Including realized gains on commodity hedging contracts, our netback was $13.74/boe.
- Funds flow from operations resulted in a deficit of $11 million (-$0.05 per basic share), compared to positive funds flow of $30 million in the fourth quarter of 2015. This deficit is primarily due to lower operating netback, lower production volumes and ongoing interest expense. Adjusted EBITDA for the first quarter was $23 million.
- Total capital expenditures for Q1 2016 were $7 million, 88% lower than the first quarter of 2015. This amount is in-line with our previously announced first half guidance and consistent with our reduced capital program.
- As previously announced, during the second quarter of 2016 our secured termed credit facility ("Credit Facility") semi-annual borrowing base re-determination was completed, resulting in a reduction of the borrowing base from $550 million to $250 million. The Company has cash on hand, regular monthly oil and gas revenue and intends to continue with normal operations during the 90-day cure period. We continue to pursue various strategies to improve our balance sheet and liquidity position, including first lien financing, asset sales and negotiated restructuring alternatives. For additional details, please see the section entitled "Current Outlook" below.

OPERATING SUMMARY

AVERAGE DAILY PRODUCTION

	Three months ended March 31, 2016		
Business Unit	Oil & NGL (bbl/d)	Gas (Mcf/d)	Total (boe/d)
Bakken	8,926	3,621	9,530
Cardium	7,653	42,140	14,676
Alberta/BC	1,294	5,100	2,144
	17,873	50,861	26,350

Q1 2016 DRILLING ACTIVITY

	Drilled		Completed		On Production		Inventory[6]	
Business Unit	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Bakken	1.0	0.5	1.0	0.5	2.0	1.0	-	-
Cardium	-	-	-	-	2.0	0.8	-	-
Alberta/BC	-	-	-	-	-	-	-	-
Total	1.0	0.5	1.0	0.5	4.0	1.8	-	-

Average production for the quarter was 26,350 boepd, 25% below the first quarter of 2015, primarily due to natural well declines exceeding new production additions (given our reduced capital program) as well as a pipeline outage in our Alberta/BC business unit. Natural gas production remained flat from first quarter 2015, as favourable results from our three net Falher liquids-rich gas wells brought on during 2015 and one net Falher well brought on-stream in the first quarter of 2016 offset natural declines within our Cardium business unit. Compared to last quarter, production decreased approximately 7%, from 28,260 boepd.

In our Bakken business unit we brought one well on production in the first quarter of 2016, compared to ten wells over the same period last year. Average production was 9,530 boepd, representing an 8% decrease from Q4 2015 and a 31% decrease from Q1 2015 volumes. The decrease is due to continued attenuation of investment in the area, given the challenging economic environment for drilling new wells.

In our Cardium business unit, production for the first quarter averaged 14,676 boepd, 3% below Q4 2015 production and 17% below Q1 2015 levels. The decrease is primarily due to natural declines from reduced new well spending. During the quarter we brought on our final Falher liquids-rich well and do not anticipate drilling in the area until capital investment is warranted by more favourable market conditions.

First quarter production in our Alberta/BC business unit averaged 2,144 boepd, representing a 22% decrease from fourth quarter 2015 production of 2,754 boepd and a 42% decrease from first quarter 2015 volumes. We experienced higher downtime due to a third party pipeline outage and natural declines given minimal capital investment in the area. We were able to avoid shutting in operated production associated with the pipeline outage by injecting natural gas in our EOR well, however approximately 500 boepd of non-op production was lost due to the outage. We are working with the operators in the area to mitigate any further interruption in services but anticipate production to be impacted until the third quarter. Subsequent to the quarter, we implemented our pilot waterflood project in Swan Hills and we are now injecting 500 bbls of water per day into two wells in the pattern.

FINANCIAL SUMMARY

During the first quarter 2016, oil and natural gas prices reached their lowest levels since the beginning of the commodity price downturn, averaging US$33.52/bbl for WTI and $1.83/mcf at AECO. We recorded a funds flow deficit of $11 million for the quarter which was an improvement from our expectations as the impacts of higher than forecast production volumes, operating netback (primarily due to lower production costs) and the influence of a stronger Canadian dollar on our U.S. dollar interest obligations outweighed the impact of lower than forecast commodity prices. Our adjusted EBITDA for the quarter was $23 million, down from $79 million a year ago, which demonstrates the resiliency and low cost attributes of our operations in this difficult commodity price environment.

Our operating netback was $11.29/boe, a 46% decrease from the same period in 2015, mainly attributable to lower commodity prices, partially offset by lower royalties, production expenses and transportation expenses. Royalties decreased on both a total and per-unit of production basis reflecting our decrease in revenue and a lower royalty rate, which is mainly impacted by benchmark pricing. Total production expenses decreased 27% compared to Q1 2015, primarily due to lower variable costs associated with decreased production levels and several cost reduction initiatives within our core operating areas. On a per-boe basis, production expenses were relatively unchanged from the first and fourth quarters of 2015.

Capital spending for the first three months of the year was $7 million, representing 46% of anticipated first half spending. Second quarter spending is expected to be slightly higher and we anticipate total first half spending to be at the mid-point of our guidance range.

GUIDANCE UPDATE

($000s, except where noted and per share amounts)	First Half 2016 Guidance (Feb 11, 2016)	First Half 2016 Revised Guidance (May 4, 2016)	Q1 2016 Actual Results
Production (annual average)			
Total (boe/d)	25,000 - 25,500	25,500 - 26,000	26,350
Light-oil and liquids weighting	68 %	66 %	68 %
Adjusted EBITDA[1]	$48,000	$56,000	$22,884
Funds Flow from Operations[1]	($22,000)	($10,000)	($10,610)
Funds Flow per share[1],[7]	($0.11)	($0.05)	($0.05)
Capital Expenditures[8]	$15,500 - $16,500	$15,500 - $16,500	$7,353
Pricing Assumptions:	1H 2016	Q2 2016	
Crude oil - WTI (US$/bbl)	35.00	45.00	33.52
Crude oil - WTI (Cdn$/bbl)	50.00	58.44	45.96
Corporate light-oil to WTI differential (US$/bbl)[9]	7.60	6.19	6.45
Natural gas - AECO (Cdn$/mcf)	2.50	1.37	1.83
Exchange rate (Cdn$/US$)	0.70	0.77	0.73

Total average production for the three months ended March 31, 2016 was 26,350 boepd which was above the top range of our first half 2016 guidance. With no development capital planned for the second quarter of 2016, we anticipate production levels to decline. However, we now expect first half average production to increase slightly based on better than expected operational performance. We have also increased our guidance for funds flow from operations. With improved operating performance and stronger oil prices, we now expect funds flow from operations to be slightly positive in the second quarter of 2016.

CURRENT OUTLOOK

On May 2, 2016, we announced the completion of our April 2016 borrowing base redetermination where our borrowing base was reduced from $550 million to $250 million, as set by the lowest determined amount by any one borrower of the 16 member syndicate. Currently the Company has $371 million outstanding under the credit facility including issued letters of credit and, under the terms of the credit agreement, we have 90 days to cure the shortfall before triggering an event of default.

We have cash on hand, regular monthly oil and gas revenue and we intend to continue with normal operations during the cure period. We are evaluating a number of options including alternate first lien financing, asset sales and negotiated subordinated debt restructuring alternatives which we are targeting to have completed or well in progress prior to June 30, 2016. However, in the event we are unable to execute a strategic transaction in a timely manner and based on current commodity price forecast, our funds flow from operations will not meet interest payment obligations due June 15, 2016.

2016 FIRST QUARTER FINANCIAL RESULTS CONFERENCE CALL

Lightstream management will be hosting a conference call for investors, financial analysts, media and any interested persons on May 5, 2016, at 9:00 a.m. (Mountain Time) (11:00 a.m. Eastern Time) to discuss Lightstream's 2016 First quarter financial and operating results.

The investor conference call details are as follows:

Live call dial-in numbers:	1-416-340-2216 / 1-800-355-4959
Replay dial-in numbers:	1-905-694-9451 / 1-800-408-3053
Passcode:	4082576

http://www.gowebcasting.com/7223

NOTES

1. Non-GAAP measure. See "*Non-GAAP Measures*" section below.
2. Consists of common shares, stock options, deferred common shares, incentive shares and convertible debentures (if applicable) as at the period end date.
3. Prior to asset acquisitions and dispositions.

4. Total debt includes secured termed credit facility outstanding plus accounts payable less accounts receivable, prepaid expense and long-term investments plus the full value outstanding on the secured notes and unsecured notes converted to Canadian dollars using the period end exchange rate of 0.77 at March 31, 2016 (December 31, 2015 - 0.72).
5. Six Mcf of natural gas is equivalent to one barrel of oil equivalent ("boe").
6. Inventory refers to the number of wells pending completion and/or tie-in at December 31, 2015.
7. Funds flow per share calculation based on 198 million weighted average basic shares outstanding.
8. Projected capital expenditures exclude acquisitions and divestitures, which are evaluated separately.
9. Differential includes approximately US$2.00/bbl cost for tariffs and quality adjustments charged from western Canadian benchmark prices to our realized wellhead prices.

Lightstream Resources Ltd. is an oil and gas exploration and production company focused on light oil in the Bakken and Cardium resource plays. We are committed to delivering industry leading operating netbacks, strong cash flows and consistent operating results through leading edge technology applied to a multi-year inventory of existing and emerging resource play opportunities. Our long-term strategy is to efficiently develop our assets and deliver an attractive dividend yield.

Natural gas volumes have been converted to barrels of oil equivalent ("boe"). Six thousand cubic feet ("Mcf") of natural gas is equal to one barrel of oil equivalent based on an energy equivalency conversion method primarily attributable at the burner tip and does not represent a value equivalency at the wellhead. Boes may be misleading, especially if used in isolation.

Non-GAAP Measures. This press release contains financial terms that are not considered measures under IFRS, such as funds flow from operations, funds flow per share, adjusted net income, adjusted net income per share, net capital expenditures, total debt, operating netback and operating netback including hedging. Profitability relative to commodity prices per unit of production is demonstrated by an operating netback. Operating netback reflects revenues less royalties, transportation costs, and production expenses divided by production for the period and operating netback including hedging reflects the impact of crude oil and natural gas derivative contracts on the operating netback. These measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to those reported by other companies. These measures are commonly utilized in the oil and gas industry and are considered informative for management and stakeholders as they help evaluate performance and demonstrate the ability to generate sufficient cash to fund future growth opportunities, pay dividends and repay debt.

These measures should not be viewed as an alternative to cash flow from operations, net income or other measures of financial performance calculated in accordance with IFRS. Further information and reconciliations to the most directly comparable IFRS financial measures in respect of these non-GAAP measures is set forth in our MD&A.

Forward-Looking Statements. Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to Lightstream's guidance for the first half of 2016, including planned capital spending, production targets and anticipated product type weighting; sufficiency of cash to fund ongoing operations, our pursuit of strategic initiatives and the potential timing thereof, our capital budget for 2016, financial results, results from operations and operating plans and objectives. The forward-looking statements are based on information currently available as well as certain expectations and assumptions concerning anticipated financial performance, business prospects, regulatory developments and general market conditions. Although we believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because we can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to inability to implement strategic initiatives to mitigate liquidity risk and avoid default under our debt agreements, the proposed timing of such strategic initiatives, commodity price and exchange rate fluctuations, risks associated with the oil and gas industry in general (e.g., operational risks in production; delays or changes in plans with respect to capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, reliance on industry partners, availability of equipment and personnel, changes in applicable regulatory regimes and health, safety and environmental risks)and general economic conditions. Certain of these risks are set out in more detail in our Annual Information Form which has been filed on SEDAR and can be accessed at www.sedar.com. Except as may be required by applicable securities laws, Lightstream assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

Contact

Lightstream Resources Ltd.
John D. Wright
President and Chief Executive Officer
403.218.6075
403.268.7800

Lightstream Resources Ltd.
Peter D. Scott
Senior Vice President and Chief Financial Officer
403.218.6075
403.268.7800

Lightstream Resources Ltd.
Annie C. Belecki
General Counsel
403.218.6075
403.268.7800
ir@lightstreamres.com
www.lightstreamresources.com