Lightstream Resources Ltd. Announces Third Quarter 2016 Results

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CALGARY, Nov 3, 2016 - Lightstream Resources Ltd. (the "Company" or "Lightstream") announces third quarter 2016 financial and operating results. Our financial statements and management's discussion and analysis for the quarter ended September 30, 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.

THIRD QUARTER 2016 SUMMARY

- Third quarter average production was 23,837 boepd (68% light oil and liquids weighted), a 5% decrease from the previous quarter and a 21% decrease from a year ago due to our restricted capital program, which has resulted in minimal production additions from new wells.
- Our third quarter operating netback was $19.79/boe, a 4% increase compared to the second quarter due to higher realized natural gas prices. This was an 11% decrease from the third quarter of last year due primarily to lower realized commodity prices, partially offset by lower royalties and production expenses.
- Funds flow deficit for the third quarter of 2016 was $7.1 million (-$0.04 per basic share), compared to funds flow from operations of $3.8 million in the second quarter of 2016 with the decrease largely the result of $10.0 million of restructuring expenses incurred in connection with the CBCA and then CCAA restructuring plans (see below). Compared to the same period last year, funds flow decreased $51.7 million, primarily due to a lower operating netback, lower production volumes, a reduction in realized hedging gains and restructuring costs.
- Adjusted EBITDA for the third quarter 2016 was $27.4 million compared to $77.0 million for the third quarter of 2015. This 64% decrease is primarily a result of lower realized commodity prices, lower production volumes and the incurrence of restructuring expenses. Excluding the restructuring expenses, adjusted EBITDA for the third quarter would have been the same as the $37.3 million achieved in the second quarter of 2016.
- Net loss for the quarter was $81.6 million ($0.41 per basic share) compared to a net loss of $709.5 million in the second quarter and a net loss of $425.6 million in the third quarter of 2015. The improvement in net loss is primarily due to the absence of impairment charges against property, plant and equipment. We did recognize a non-cash asset impairment charge of $21.4 million associated with the expiry of exploration and evaluation assets in the quarter.
- Capital expenditures for Q3 2016 were $4.2 million, a 45% decrease from the previous quarter and a 71% decrease from the third quarter of 2015. This decrease is the result of restricted access to capital in light of our borrowing base shortfall, preservation of cash through the restructuring process and restrictions under the forbearance agreement with the lenders under our Credit Facility. During the quarter, we participated in 3 (1.0 net) wells in the Bakken business unit of which 2 (0.5 net) were placed on production.
- Total debt at the end of the quarter was $1,595.3 million compared to $1,574.6 million at the end of the second quarter and $1,603.6 million at the end of the third quarter of 2015. The majority of the increase in debt over the second quarter is related to non-cash foreign exchange translation of US dollar debt and a weaker Canadian dollar against the US dollar. The reduction in debt from a year ago is related to lower debt from non-cash foreign exchange gains, partially offset by the increase in accrued interest owing on the subordinated debt.
- At September 30, 2016, we had $47.6 million of cash on-hand, a $16.3 million increase from Q2 2016 resulting from strong operational performance. Approximately $8.2 million is restricted to secure outstanding letters of credit pursuant to the forbearance agreement with the lenders under our Credit Facility.
- The Company's financial statements for the quarter ended September 30, 2016 have been prepared on a basis which assumes that the Company will continue to have the ability to realize its assets and discharge its liabilities and commitments in a planned manner giving consideration to expected possible outcomes. Conversely, if the assumption made by management is not appropriate, adjustments to the carrying amounts of the Company's assets, liabilities, revenues, expenses and balance sheet classifications may be necessary. The risks and uncertainties associated with implementation of the balance sheet restructuring and the uncertainty surrounding any potential asset or corporate sale cause significant doubt about the Company's ability to continue as a going concern.

FINANCIAL SUMMARY

	Three months ended Sept 30,			Nine months ended Sept 30,		
($000s, except where noted)	2016	2015	% Change	2016	2015	% Change
Financial						
Oil and natural gas sales	77,952	108,759	(28)	217,843	366,155	(41)
Adjusted EBITDA[1]	27,366	77,019	(64)	87,512	251,221	(65)
Funds flow from operations [1]	(7,072)	44,646	-	(13,895)	163,540	-
Per share - basic ($)[1]	(0.04)	0.23	-	(0.07)	0.83	-
- diluted ($)[1,2]	(0.04)	0.23	-	(0.07)	0.81	-
Adjusted Net Income (loss) [1]	(60,200)	6,621	-	77,378	(172,074)	-
Per share - basic ($)[1]	(0.30)	0.03	-	0.39	(0.87)	-
- diluted ($)[1,2]	(0.30)	0.03	-	0.39	(0.87)	-
Capital Expenditures [3]	4,154	14,217	(71)	19,011	94,646	(80)
Net capital expenditures [1]	4,114	14,437	(72)	17,401	81,692	(79)
Total debt [1,4]				1,595,251	1,603,610	(1)
Basic common shares, end of period (000)				198,992	197,984	1
OPERATING SUMMARY						
Operations						
Average daily production (boe/d)						
Oil and NGL (bbl/d)	16,117	21,436	(25)	16,772	23,684	(29)
Natural gas (mcf/d)	46,322	52,912	(12)	49,947	52,585	(5)
Total (boe/d) [5]	23,837	30,255	(21)	25,069	32,448	(23)
Average realized prices						
Oil and NGL ($/bbl)	45.96	47.85	(4)	42.03	50.38	(17)
Natural gas ($/mcf)	2.30	2.96	(22)	1.80	2.81	(36)
Total (boe/d)	35.55	39.07	(9)	31.68	41.33	(23)
Operating netback [1] ($/boe except where noted) [5]						
Oil, NGL and natural gas revenue	35.55	39.07	(9)	31.68	41.33	(23)
Royalties	3.69	4.17	(12)	3.04	4.42	(31)
Production expenses	11.85	12.48	(5)	11.80	12.61	(6)
Transportation expenses	0.22	0.28	(21)	0.25	0.29	(14)
Operating netback	19.79	22.14	(11)	16.59	24.01	(31)
Realized gain on hedging contracts	0.32	8.81	(96)	1.26	8.17	(85)
Operating netback including hedging[1]	20.11	30.95	(35)	17.85	32.18	(45)

Q3 2016 AVERAGE DAILY PRODUCTION

	Three months ended Sept 30, 2016			Nine months ended Sept 30, 2016		
Business Unit	Oil &NGL (bbl/d)	Gas (Mcf/d)	Total (boe/d)	Oil &NGL (bbl/d)	Gas (Mcf/d)	Total (boe/d)
Cardium	6,794	38,336	13,183	7,196	41,828	14,167
Bakken	8,126	3,644	8,733	8,487	3,475	9,066
Alberta/BC	1,197	4,342	1,921	1,089	4,644	1,863
	16,117	46,322	23,837	16,772	49,947	25,096

Q3 2016 DRILLING ACTIVITY

	Drilled		Completed		On Production		Inventory[6]	
Business Unit	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Cardium	-	-	-	-	1.0	0.3	-	-
Bakken	3.0	1.0	3.0	1.0	2.0	0.5	1.0	0.5
Alberta/BC	-	-	-	-	-	-	-	-

Total	3.0	1.0	3.0	1.0	3.0	0.8	1.0	0.5

COMPANIES' CREDITOR ARRANGEMENT ACT ("CCAA") RESTRUCTUING PLAN

On July 12, 2016, the Company entered into a restructuring support agreement (the "Support Agreement") with certain holders (the "Ad Hoc Committee") of the Company's US$650 million 9.875% secured notes due June 15, 2019 (the "Secured Notes") to effect a series of transactions which would result in the recapitalization of the Company's Secured Notes, the Company's US$254 million 8.625% unsecured notes due February 1, 2020 (the "Unsecured Notes") and the Company's common shares (the "Common Shares"). The proposed recapitalization was intended to be implemented by way of a corporate plan of arrangement under the *Canada Business Corporations Act* (the "CBCA Plan"). The CBCA Plan was subject to a number of conditions, including that the Company reach a settlement of the litigation with certain holders of the Unsecured Notes by September 16, 2016.

As a result of the failure to reach such a settlement, and in accordance with the terms of the Support Agreement, on September 26, 2016, the Company commenced proceedings under the CCAA and obtained an initial order (the "Initial Order") from the Court of Queen's Bench of Alberta. Pursuant to the Initial Order, the Company obtained a stay of proceedings from creditor claims and the exercise of contractual rights and remedies for an initial period expiring October 26, 2016, which was extended to December 16, 2016 subsequent to quarter end. The Company also obtained approval of our proposed sale procedures which are a continuation of the sale and investment solicitation process that commenced on July 13, 2016. In accordance with the terms of the Support Agreement, the members of the Ad Hoc Committee submitted a credit bid (the "Secured Credit Bid") for the full amount of the claims outstanding in respect of the Secured Notes and debt in priority to the Secured Notes. Under the CCAA sale procedures, qualified bidders (including the Ad Hoc Committee) have been identified and the deadline for submission of binding bids is November 21, 2016.

On July 12, 2016, the Company also entered into a forbearance agreement with the lenders under the Company's existing revolving credit facility (the "Credit Facility"). Pursuant to the forbearance agreement, as amended, the lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of existing defaults under the Credit Facility, including in respect of the Company's hedging liabilities. This agreement was subsequently amended and replaced by a second forbearance agreement, extending the relief period to December 31, 2016. In addition, on August 25, 2016, the Company obtained commitments from a syndicate of lenders to provide a new $400 million revolving credit facility in the event of the successful implementation of certain restructuring transactions under the CBCA Plan or the CCAA. The commitments are conditional on completion of the restructuring no later than December 31, 2016.

Under CCAA proceedings, the Company's operations have continued uninterrupted and in the ordinary course of business and substantially all pre- and post-filing obligations to service providers, suppliers and contractors have continued to be met on a normal course basis, as have ongoing obligations to the Company's customers.

Due to our ongoing CCAA restructuring proceedings, we will not be hosting a third quarter conference call. Readers are urged to consult the Company's press releases and other continuous disclosure documents for further details respecting the proposed CCAA restructuring.

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 expenses 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 0.76 at September 30, 2016 (September 30, 2015 - 0.75).
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 September 30, 2016.

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, adjusted EBITDA, 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 information (within the meaning of applicable Canadian securities laws). Specifically, this press release contains forward-looking information in respect of the CCAA proceedings and the matters related thereto, including the anticipated timing of certain events, and the ability of the Company to continue normal course business operations and the payment of all service providers, suppliers and contractors as it pursues completion of its restructuring under the CCAA. The forward-looking statements are based on information currently available as well as certain expectations and assumptions. Although Lightstream believes 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 Lightstream 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, which risks include, without limitation that the Court may make an order or determine a matter relating to the CCAA proceedings or the Company's sale and investment process not currently anticipated by the Company, the Company may not be able to continue normal course business operations and the payment of all service providers, suppliers and contractors as it pursues completion of the CCAA restructuring, the recapitalization may have an effect on the Company other than what is currently anticipated, the pursuit of the restructuring and related activities may divert management time and attention away from other business matters, and that the Company's business is exposed to commodity price and exchange rate fluctuations and changes in the general conditions in the oil and gas industry and in general economic conditions. In addition, the Company is exposed to each of the risks set forth in the Company's AIF 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 information provided 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
Peter D. Scott, Senior Vice President and Chief Financial Officer
Annie C. Belecki, General Counsel
403.268.7800
403.218.6075
ir@lightstreamres.com
www.lightstreamresources.com