Long Run Exploration Ltd. Announces Third Quarter 2013 Results

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CALGARY, ALBERTA--(Marketwired - Nov 7, 2013) - Long Run Exploration Ltd. ("Long Run" or the "Corporation") (TSX:LRE) is pleased to report financial and operational results for the quarter ended September 30, 2013. The unaudited financial statements of Long Run for the quarter ended September 30, 2013 and the related Management's Discussion and Analysis ("MD&A") can be accessed on-line on SEDAR at www.sedar.com or on Long Run's website at www.longrunexploration.com.

ACCOMPLISHMENTS

During the third quarter of 2013, Long Run:

- Increased average daily production to 25,293 boe per day in the third quarter of 2013, an increase of production per share of approximately 53 percent over the third quarter of 2012. Third quarter 2013 production increased by almost four percent from 24,431 boe per day in the second quarter of 2013.
- Generated funds flow from operations of $62.3 million ($0.50 per share) compared to $63.2 million ($0.50 per share) in the second quarter of 2013. Lower gas prices and higher royalty expenses resulted in slightly lower netbacks during the third quarter of 2013. Third quarter 2013 funds flow per share increased approximately 56 percent over the $26.5 million ($0.32 per share) generated in the third quarter of 2012.
- Announced the acquisition of approximately 1,350 boe per day of oil-weighted production while consolidating additional acreage, facilities, and key infrastructure in core operating areas at Redwater and Peace River. This $51 million transaction of low-decline assets was done at attractive production metrics and was closed subsequent to the end of the third quarter.
- Increased 2013 forecast production volumes to 25,200 boe per day as a result of the recent $51 million acquisition. Long Run is on-track to meet full-year production guidance and exit the year with liquids production increasing to approximately 54 percent of production volumes, from approximately 51 percent at the beginning of 2013.

COMMODITY ENVIRONMENT

- Long Run's realized price, including hedge, averaged $54.29 per boe in the third quarter of 2013, compared to $61.34 per boe for the third quarter of 2012 and $53.29 per boe in the second quarter of 2013. Compared to the second quarter of 2013, the third quarter 2013 realized price reflects an increase in liquids prices, significantly offset by a decrease in natural gas prices.
- WTI crude oil prices averaged US$105.83 per barrel in the third quarter of 2013, compared to US$92.22 per barrel for the third quarter of 2012 and US$94.20 per barrel in the second quarter of 2013. During the third quarter of 2013, Edmonton light sweet oil traded at an average discount of $4.94 per barrel compared to CAD WTI. This compares to an average discount of $7.46 per barrel compared to CAD WTI during the third quarter of 2012, and of $4.05 per barrel during the second quarter of 2013.
- In the third quarter of 2013, the AECO Monthly Index averaged $2.43 per mcf compared to $2.29 per mcf in the third quarter of 2012 and $3.53 per mcf in the second quarter of 2013.

OPERATIONS UPDATE

During the third quarter, development work continued on Long Run's two key play areas.

Peace River

- In the third quarter of 2013, production at Peace River averaged 10,101 boe per day. Production from this area increased an incremental 149 boe per day during the third quarter when compared to the second quarter of 2013.

- In the third quarter of 2013, Long Run drilled 19.5 net successful horizontal Montney oil wells at Peace River. Results from these new wells continue to exceed the established type curve for this play, and remain consistent with the improved well results achieved in the fourth quarter of 2012 and the first six months of 2013.
- Long Run anticipates drilling up to 8 net additional development wells in this play during the fourth quarter of 2013. Full-year 2013 development capital spending on the Montney oil play at Peace River is expected to be approximately $124 million, resulting in a total of 50 net wells.
- Long Run's implementation of Enhanced Oil Recovery ("EOR") projects continues to move forward in the Montney at Peace River. The Normandville pilot project commenced in the second quarter of 2013, with water injection beginning on May 1, 2013. At Girouxville, water injection will begin during the fourth quarter of 2013. Computer modeling continues as well and initial response to the injection could occur late in 2014. This EOR work will provide further visibility on ultimate recoveries from this project, with positive results leading to an expansion of the project in 2014 and beyond.

Redwater Viking

- Production from the Viking light oil play at Redwater in the third quarter increased 431 boe per day from the second quarter of 2013 to 5,875 boe per day. A total of 26.6 successful net oil wells were drilled during the quarter delivering results consistent with previously announced improved well performance rates.
- Long Run expects to drill up to 4 additional net wells in the fourth quarter of 2013. Development plans remain on-track for this play with full-year 2013 expectations of 67 net wells drilled with total development capital spending forecast to be $97 million.
- Plans for water injection as part of early-stage work on a broader EOR strategy continue at Redwater on a 180 acre, 5-well horizontal pilot. As part of these plans, in the fourth quarter of 2013, Long Run anticipates implementing a pilot EOR scheme injecting water into the Viking formation.

Results Overview

	Nine months ended September 30		2013			2012				2011
($000s, except per share)	2013	2012	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Funds flow from operations [1]	174,175	90,312	62,304	63,227	48,644	38,407	26,546	34,385	29,381	29,896
Per share, basic & diluted [1]	1.39	1.09	0.50	0.50	0.39	0.33	0.32	0.41	0.35	0.36
Net earnings (loss)	29,796	13,938	9,524	21,099	(827)	(56,590)	(4,747)	17,506	1,179	(66,612)
Per share, basic & diluted	0.24	0.17	0.08	0.17	(0.01)	(0.49)	(0.06)	0.21	0.01	(0.80)
Production										
Liquids *(Bbl/d)*	12,714	7,428	13,187	12,587	12,358	11,995	7,854	8,291	6,133	5,872
Natural Gas (Mcf/d)	70,422	18,017	72,634	71,058	67,516	56,453	18,214	19,548	16,288	16,376
Total (BOE/d)	24,451	10,431	25,293	24,431	23,611	21,405	10,890	11,549	8,848	8,601
Prices, including derivatives										
Liquids ($/Bbl)	80.14	80.86	86.16	80.67	73.03	75.49	77.67	80.68	85.15	88.74
Natural Gas ($/Mcf)	3.58	2.21	3.23	3.89	3.63	4.19	2.44	1.94	2.29	3.41
Total ($/BOE)	52.32	62.43	54.29	53.29	49.12	53.99	61.34	61.57	64.92	69.26
Revenues, before royalties	350,746	177,605	129,923	117,210	103,613	99,000	60,094	64,025	53,486	56,192
Capital expenditures	234,934	137,980	93,137	38,878	102,919	58,342	29,192	44,615	64,173	72,443
Net acquisitions (divestitures)	22,434	5,580	3,331	1,158	17,945	(169,734)	(138)	466	5,252	109

(1) *See Non-GAAP Measures section.*

Capital Investment

($000s)	Nine months ended September 30				
	2013	2012	Q3 2013	Q2 2013	Q3 2012
Drilling and completion	173,054	102,671	72,746	19,541	18,957
Plant and facilities	56,048	31,985	18,699	17,697	9,149
Geological and geophysical	2,694	2,840	601	779	1,007
Other assets	3,138	484	1,091	861	79
Capital expenditures	234,934	137,980	93,137	38,878	29,192
Acquisitions					
- land & facilities	16,389	7,906	5,302	970	2,187
- properties	19,369	-	5,500	20	-

Dispositions	(13,324)	(2,325)	(7,471)	168	(2,325)
Capital investment	257,368	143,561	96,468	40,036	29,055

Share Capital

# of units (000s)	November 6, 2013	September 30, 2013	December 31, 2012
Common Shares	110,107	110,107	110,107
Non-Voting Convertible Shares	15,513	15,513	15,513
Options	9,919	9,994	8,042
Warrants[1]	2,300	2,300	2,300

[1] Each common share purchase warrant ("Warrant") entitles the holder to purchase 0.4167 of a common share at an exercise price of $3.10 per 0.4167 of a share until September 15, 2014. The Warrants are not exercisable until the twenty-day volume weighted average trading price of the common shares exceeds $12.00 per share.

Non-GAAP Measures

This press release contains terms commonly used in the oil and natural gas industry, such as funds flow from operations, and funds flow from operations per share. These terms are not defined by International Financial Reporting Standards (IFRS) and should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with IFRS as an indicator of Long Run's performance. Management believes that funds flow from operations is a useful financial measure which assists in demonstrating the Corporation's ability to fund capital expenditures necessary for future growth or to repay debt. Long Run's determination of funds flow from operations may not be comparable to that reported by other companies. All references to funds flow from operations throughout this report are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. The Corporation calculates funds flow from operations per share by dividing funds flow from operations by the diluted weighted average number of Common Shares outstanding.

With respect to funds flow from operations, reference is made to the Corporation's Management's Discussion and Analysis for the nine months ended September 30, 2013 which includes a table showing how they have been determined.

Long Run is a Calgary-based intermediate oil company focused on light-oil development and exploration in western Canada. For further information about Long Run, visit the Company's website at www.longrunexploration.com.

ADVISORIES

Forward-Looking Statements:

Certain information in this news release including management's assessment of future plans and operations, anticipated 2013 average production, expectation that the Corporation will meet full year production guidance, expected commodity mix at year end, expected 2013 capital expenditure budget and nature of expenditures, timing of commencement of waterflood at Girouxville and expected timing of response and effects thereof and timing of implementation of pilot EOR scheme at Redwater are forward looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks related to closing of the disposition, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, wells not performing as expected, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Corporation believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Corporation can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration results; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could affect Long Run's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at Long Run's website (www.longrunexploration.com). Furthermore, the forward looking statements contained in this news release are made as at the date of this news release and Long Run does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BOES:

Disclosure provided herein in respect of barrels of oil equivalent (boe) 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. Given that the value ratio based on the current price of crude oil as compared to natural gas 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.

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