

# Lynden Energy Corp. Reports Financial Results and Wolfberry Project Reserves

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VANCOUVER, Oct. 28, 2013 - [Lynden Energy Corp.](#) (TSX VENTURE:LVL) (the "Company") reports its fourth quarter 2013 results. Highlights for the year ended June 30, 2013 (the "Current Year"), compared to the year ended June 30, 2012 (the "Prior Year"), include:

- Total production increased 190% to 379,227 boe (1,039 boe/d)
- Gross revenues, net of royalties, increased 160% to \$18,726,413
- Sale of 16 gross (7 net) Wolfberry Project wells, to BreitBurn Energy Partners L.P. for \$25.1 million, effective December 1, 2012
- Net earnings of \$0.10 per common share (Prior Year - \$0.04)

Production for the Current Year totaled 379,227 boe (1,039 boe/d). Production for the three months ended June 30, 2013 totaled 96,971 boe (1,066 boe/d).

All of the production is attributable to the Wolfberry Project. The production mix, on a percent per boe basis, from the Wolfberry Project remains approximately 60% oil and 40% natural gas and associated products.

## Financial Results for the year and 3 months ended June 30, 2013

This news release should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2013 and the notes thereto, together with the MD&A for the corresponding period, which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All monetary references in this news release are to U.S. dollars unless otherwise stated.

## Results of Operations

The Company reported net earnings of \$11,284,214 (Prior Year - \$4,264,192) and total comprehensive income of \$11,412,601 (Prior Year - \$4,057,383) for the Current Year. Significant components of the Current Year's net earnings were revenues of \$18,741,576, gain on disposition of property, plant and equipment of \$11,255,320 and depletion and depreciation of \$9,478,330. The Company's net earnings per common share for the Current Year was \$0.10 (Prior Year - \$0.04).

## Petroleum and Natural Gas ("P&NG") Revenue

The Company reported gross P&NG revenues of \$24,760,482 (Prior Year - \$15,178,829) for the Current Year, all from its Wolfberry Project wells. In conjunction with the gross revenues, the Company reported royalties paid of \$6,034,069 (Prior Year - \$3,468,298) and paid production and operating expenses of \$3,019,360 (Prior Year - \$1,821,397) for the Current Year.

Average realized prices for the Current Year, were \$89 per barrel ("Bbl") of oil and \$4.80 per thousand cubic feet ("Mcf") of natural gas, compared to \$92 per Bbl of oil and \$6.98 per Mcf of natural gas, for the Prior Year. The natural gas selling price is reflective of the thermal value of gas and associated products sold. There was a significant decrease in the reported natural gas selling price in the Current Year compared to the Prior Year as a result of the decrease in the price of both natural gas and natural gas liquids.

The Company also reported gross P&NG revenues of \$6,749,565 for the three months ended June 30, 2013 compared to \$5,766,998 for the three months ended March 31, 2013 ("Q3/2013"). In conjunction with the revenues, the Company reported royalties paid of \$1,632,132 (Q3/2013 - \$1,437,162) and paid production and operating expenses of \$646,931 (Q3/2013 - \$866,900) for the three months ended June 30, 2013. Average realized prices for the three months ended June 30, 2013 were \$97 per Bbl of oil and \$4.89 per Mcf of natural gas, compared to \$87 per Bbl of oil and \$4.56 per Mcf of natural gas for Q3/2013.

## Liquidity - Borrowing Base Increases

The Company has a \$50 million reducing revolving line of credit with Texas Capital Bank. As at June 30, 2013, the line of credit provided a borrowing base of \$29 million, which amount has been subsequently increased to \$32 million. There is currently \$29 million drawn on the line of credit.

The Company anticipates financing the majority of its Wolfberry Project capital expenditures through operating revenues, upward borrowing base revisions on the line of credit and cash on hand.

Subsequent to June 30, 2013, the Company has received CDN\$9,753,924 from the exercise of 13,934,391 warrants at a price of CDN\$0.70 per common share.

The Company's working capital deficit has significantly increased over the past several quarters, however it is the Company's view that the value of its P&NG holdings is increasing at a rate significantly greater than the rate of increase of the working capital deficit. It is the Company's objective to sell portions of its proven acreage in order to manage its working capital position and to redeploy funds to its unproven acreage, where the Company believes it can achieve the best returns for shareholders.

## **Operations Highlights**

### **The Wolfberry Project**

The Company is currently carrying out a rapid oil and gas development program on its Wolfberry Project, where the Company now has 76 gross (32.62 net) wells tied-in and producing. During the three months ended June 30, 2013, a total of 18 gross (7.35 net) new wells were tied into production. At June 30, 2013, the Company had 6 gross (2.56 net) wells spud or drilled awaiting completion and/or tie-in.

The Company's current plans call for 26 gross (10.89 net) Wolfberry Project wells to spud in the balance of fiscal 2014 (November 1 to June 30, 2014) at an estimated cost to the Company of approximately \$26.15 million. Pursuant to the terms of the Wolfberry Project Participation Agreement, the Company's funding amount for the 10.89 net wells is equivalent to 12.45 wells. The gross cost of a Wolfberry well is currently approximately \$2.1 million.

The Company's capital budget is subject to change depending upon a number of factors, including economic and industry conditions at the time of drilling, prevailing and anticipated prices for oil and gas, the availability of sufficient capital resources for drilling prospects, the Company's financial results and the availability of lease extensions and renewals on reasonable terms.

The Company's most recently reported June 30, 2013 net production target exit rate after royalties was between 1,000 and 1,200 boe/day. The Company had participated in the drilling of numerous wells in the period from mid-April to mid-May, which wells were anticipated to begin production prior to June 30; however delays in the commencement of production from these wells, and the initial production rates from these wells, resulted in the target production level being met after the fiscal year-end. On September 4, 2013, the Company reported that its share of production after royalties had averaged 1,244 boe/day over the previous 14 days, and 1,186 boe/day over the previous 30 days.

### **Mitchell Ranch Project**

The Company's Mitchell Ranch project covers approximately 102,000 acres of P&NG leases located primarily in Mitchell County, West Texas where the Company has a 50% working interest in approximately 67,000 acres, and a 1.25% overriding royalty interest on approximately 35,000 acres subject to a term assignment with a large, independent exploration and production company.

The Company currently has one (0.5 net) producing well, the Spade 17#1, where several rounds of completions have been carried out. During the Current Year, the Company received \$87,808 of net revenue from the project. The Mitchell Ranch Project is in the exploration and evaluation stage and as such, the net revenues have been credited to capitalized costs.

As a result of significant new drilling activity in the general area around the Mitchell Ranch Project the timing of new wells has been pushed out in order to best incorporate the results of other operators into the development plan on the Mitchell Ranch Project. The Company has participated in a seismic shoot over a portion of the ranch as a preparatory step for a new well program. Initial processing and interpretation of the new seismic data and of the existing seismic data covering much of the ranch is expected in early 2014, a delay over the originally anticipated time frame of late summer 2013.

### **Wolfberry Project Reserves**

The Company also reports that Cawley, Gillespie & Associates of Houston, Texas, the Company's independent petroleum engineer, estimates the Company's net Proved plus Probable (P2) reserves attributable to the Company's working interest at June 30, 2013 to be 4.96 million barrels of oil and 18.47 billion cubic feet of gas. Of this amount, Proved reserves were 4.80 million barrels of oil and 17.81 billion cubic feet of gas. The Net Present Value (using a 10% discount rate) of future revenue, before income tax, of the Proved plus Probable reserves as of June 30, 2013 is estimated by Cawley, Gillespie & Associates to be \$72.03 million.

The base oil and gas prices used in the reserve evaluation are WTI Cushing Oil Price of \$91.60 per barrel and Henry Hub Natural Gas Price of \$3.459 per MMBtu.

The Wolfberry play is a major low-permeability oil play in the Midland Basin, with targets generally located between 7,000 and 11,500 feet drilling depth. The primary objectives of the play are oil (and gas) production from the Spraberry and Wolfcamp formations, which are Permian in age and are informally grouped to form the 'Wolfberry' interval or zone. Over time, the play has evolved to include additional zones below the Wolfcamp. Typical Wolfberry wells involve completions, which can include 8 to 12 fracture stimulations, over a 2,500 to 3,000 foot gross interval.

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, Lynden has filed the following documents as at June 30, 2013:

1. Form 51-101F1 - Statement of Reserves Data and Other Oil and Gas Information;
2. Form 51-101F2 - Report on Reserves Data by Independent Qualified Reserves Evaluator; and
3. Form 51-101F3 - Report of Management and Directors on Oil and Gas Disclosure.

The filings can be accessed electronically under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com)

## About Lynden

[Lynden Energy Corp.](http://www.lyndenenergy.com) is in the business of acquiring, exploring and developing petroleum and natural gas rights and properties. The Company has various working interests in the Wolfberry Project and Mitchell Ranch Project, located in the Permian Basin in West Texas, USA.

NI 51-101 requires that we make the following disclosure: we use oil equivalents (boe) to express quantities of natural gas and crude oil in a common unit. A conversion ratio of 6 mcf of natural gas to 1 barrel of oil is used. Boe may be misleading, particularly if used in isolation. The conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

## FORWARD-LOOKING STATEMENTS DISCLAIMER:

This news release contains statements comprising forward-looking information (within the meaning of Canadian securities legislation). The reader is cautioned that assumptions used in the preparation of such statements, although considered accurate at the time of preparation, may prove incorrect, and the actual results may vary materially from the statements made herein. Achievement of the Company's objective to sell portions of its proven acreage is subject to demand at the relevant for the portions offered for sale. Plans to spud 26 gross (10.89 net) Wolfberry Project wells from November 1, 2013 to June 30, 2014 and expected timelines relating to oil and gas operations are subject to the customary risks of the oil and gas industry, economic and industry conditions at the time of drilling, prevailing and anticipated prices for oil and gas, the availability of sufficient capital resources for drilling prospects, the Company's financial results and the availability of lease extensions and renewals on reasonable terms. For a more detailed description of these risks, and others, see <http://lyndenenergy.com/risk-factors/>.

ON BEHALF OF THE BOARD OF DIRECTORS LYNDEN ENERGY CORP.

Colin Watt  
President and CEO

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