CALGARY, ALBERTA--(Marketwired - May 6, 2015) - Long Run Exploration Ltd. (TSX:LRE) ("Long Run" or the "Company") announces financial and operational results for the first quarter of 2015.

The first quarter of 2015 has proven to be the most challenging in Long Run's brief history. In 2014, we made two strategic acquisitions in the Alberta Deep Basin which strengthened our asset portfolio. Our decision to utilize our balance sheet in these transactions combined with subsequent lower oil pricing has strained our current financial position. During the first quarter of 2015, we embarked on a program focused on cost reductions and selective property dispositions with the aim to improve our balance sheet. These efforts will continue throughout 2015. Our production volumes for the first quarter of 2015 were on target and our prudent policy of using financial derivatives increased realized commodity prices. We remain on track for our 2015 annual production guidance of 32,000 - 33,000 Boe/d based on planned capital expenditures of $100 million.

FIRST QUARTER 2015 HIGHLIGHTS

- Executed a focused development program drilling 9.0 net wells, including 5.0 in the Peace River Montney, 3.0 in the Edson Cardium and 1.0 in the Kakwa Cardium. Net capital expenditures were $43.9 million, concentrated in our Peace River Montney and Deep Basin Cardium core areas.
- Achieved average production of 35,602 Boe/d (44% oil and NGLs), an increase of 9,989 Boe/d over the first quarter of 2014. The production increase resulted from the Deep Basin acquisitions in 2014 and our successful drilling program over the past year. Third party outages experienced in the second half of 2014 were substantially resolved by February 2015 following the startup of the third party facility at Kakwa where Long Run has firm capacity. First quarter production was reduced by approximately 800 Boe/d as a result of third party restrictions.
- Generated funds flow from operations of $40.0 million ($0.21/share) compared to $70.1 million ($0.56/share) in the first quarter of 2014, reflecting lower realized commodity prices partially offset by higher production volumes.
- Recorded a net loss of $22.8 million compared to net earnings of $6.8 million in the first quarter of 2014, primarily as a result of lower funds flow from operations.
- Successfully negotiated a number of non-core dispositions. As at May 6, 2015, Long Run has closed approximately $10 million in current year dispositions. Proceeds from these dispositions will be directed towards debt repayment.

SUMMARY OF QUARTERLY RESULTS	Three months ended March 31	
($000s, except per share amounts or unless otherwise noted)	2015	2014
Funds flow from operations[1]	39,958	70,050
Per share, basic [1]	0.21	0.56
Per share, diluted[1]	0.21	0.56
Net earnings (loss)	(22,818)	6,771
Per share, basic	(0.12)	0.05
Per share, diluted	(0.12)	0.05
Production		
Oil *(Bbl/d)*	10,557	12,684
NGLs *(Bbl/d)*	5,210	1,584
Total Liquids *(Bbl/d)*	15,767	14,268
Natural Gas *(Mcf/d)*	119,007	68,071
Total *(Boe/d)*	35,602	25,613
Prices, including derivatives		
Oil *($/Bbl)*	65.34	85.89
NGLs *($/Bbl)*	22.50	86.87
Total Liquids *($/Bbl)*	51.18	85.99
Natural Gas *($/Mcf)*	3.17	5.53
Total *($/Boe)*	33.45	62.67
Revenues, before royalties	81,324	151,886
Capital expenditures	45,315	100,848
Net acquisitions (divestitures)	(1,392)	(3,679)
Net capital expenditures	43,923	97,169
Total assets	1,912,284	1,457,484
Bank loan	625,702	370,941
Net debt[1]	748,566	495,748
Non-current financial liabilities, excluding bank loan	68,765	69,315

[1] *See Non-GAAP Measures section.*

Selected financial and operational information outlined in this news release should be read in conjunction with Long Run's unaudited interim financial statements and related Management's Discussion and Analysis for the period ended March 31, 2015, which are available for review at www.sedar.com and on our website at www.longrunexploration.com.

FIRST QUARTER 2015 FINANCIAL UPDATE

Funds flow from operations for the first quarter of 2015 was $40.0 million, compared to $70.1 million in the first quarter of 2014. Funds flow in 2015 reflects lower revenue associated with decreased realized commodity prices, partially offset by the increase in revenue associated with higher production volumes. The net loss was $22.8 million in the first quarter of 2015, compared to net earnings of $6.8 million in 2014 for the same period. The loss resulted primarily from lower funds flow from operations and increased depletion expense associated with increased production volumes.

Long Run's first quarter 2015 average oil price including derivatives of $65.34/Bbl decreased from $85.89/Bbl in the first quarter of 2014. A decrease in the West Texas Intermediate benchmark pricing was partially offset by an increase in the U.S. dollar exchange rate and a gain on oil financial derivatives. Average NGL pricing for the quarter decreased to $22.50/Bbl from $86.87/Bbl in the first quarter of 2014, reflecting lower market prices as well as the change in our NGL product mix due to the Deep Basin acquisitions. Long Run's average natural gas price including derivatives decreased to $3.17/Mcf from $5.53/Mcf in 2014, primarily attributable to weaker AECO benchmark prices.

Our first quarter results benefited significantly from our prudent risk management program. In the quarter, our financial derivatives contributed an additional $23.17/Bbl to our realized oil price and $0.37/Mcf to our realized natural gas price. This resulted in a total realized gain of $25.8 million on financial derivatives, comprised of $22.0 million from oil contracts and $4.0 million from natural gas contracts.

Long Run's first quarter of 2015 operating netback of $16.94/Boe and corporate netback of $12.48/Boe include lower realized commodity prices partially offset by lower royalties and a realized gain on financial derivatives. Operating costs averaged $12.85/Boe, reflecting the addition of the lower cost Deep Basin assets and lower fuel costs in 2015. Royalty rates averaged 8% due to lower commodity prices. General and administration expense averaged $2.00/Boe, reflecting lower employee costs which includes lower than planned prior year bonuses. For annual 2015, we continue to expect operating costs of $13.50/Boe, an average royalty rate of 11% and general and administration expense of $2.50/Boe.

FIRST QUARTER 2015 OPERATIONAL UPDATE

Production in the first quarter averaged 35,602 Boe/d (44% oil and NGLs), an increase of 9,989 Boe/d over the first quarter of 2014. The production growth resulted from the Deep Basin acquisitions in 2014 and our successful drilling program over the past year. Third party outages experienced in the second half of 2014 were substantially resolved by February 2015 following the startup of the third party facility at Kakwa where Long Run has firm capacity. First quarter production was reduced by approximately 800 Boe/d as a result of third party restrictions.

First quarter capital expenditures totaled $45.3 million and were focused on the development of our Peace River Montney and Deep Basin Cardium core areas. Long Run drilled 9.0 net wells in the quarter with a 100% success rate. Capital expenditures included facility costs in the Deep Basin spent to provide flexibility for future development and reduce reliance on third party processing. We continue to expect capital expenditures in the first half of 2015 to be approximately $50 - $55 million.

In the first quarter, Long Run drilled 5.0 successful horizontal Montney wells in Peace River, all of which were placed on production prior to the end of February. These five wells averaged 205 Boe/d (45% oil and NGLs) per well during the first 60 days of production, exceeding our internal per well forecast for this project. Peace River Montney production averaged 9,572 Boe/d (57% oil and NGLs) in the quarter.

Long Run drilled 3.0 horizontal Cardium wells in the Edson area during the first quarter. The first two wells were on production by the end of March and averaged 593 Boe/d (34% oil and NGLs) during the first 30 days of production. This rate is approximately 60% above our internal per well forecast for the area. Production in the Deep Basin Edson area averaged 7,498 Boe/d (44% oil and NGLs) in the first quarter. The third well will be completed late in the second quarter, as weather conditions permit.

In the first quarter, we also drilled 1.0 horizontal Cardium well at Kakwa. Over the first 30 days of unrestricted production, this well averaged 509 Boe/d (12% oil and NGLs), exceeding our forecast expectations. First quarter production in the Deep Basin Kakwa/Elmworth area averaged 4,942 Boe/d (24% oil and NGLs).

Enhanced oil recovery ("EOR") remains a key part of the Company's strategic development plans. Long Run's first EOR project is in our Peace River Montney area where the Company has two active EOR expansion projects. The EOR expansion at Normandville covers 5 sections (16 horizontal producers, 8 horizontal injection wells, 1 vertical injection well) and became operational in early December 2014. A similar EOR expansion began in January 2015 at Girouxville covering 1.5 sections (6 horizontal producers, 4 horizontal injection wells). Operations at both waterflood projects are advancing according to our reservoir models, and we anticipate clearer indications of response within the next three to six months. Successful implementation in our Montney play has the potential to substantially improve recoveries, reduce production declines and improve capital efficiencies. Full field implementation of EOR at Normandville and Girouxville could ultimately cover approximately 30 net sections.

OUTLOOK

Long Run continues to focus on strengthening the balance sheet through a reduced capital program and selective asset dispositions. We anticipate a $100 million capital spending program for 2015. We expect to resume our 2015 drilling program early in the third quarter with a focus on the Cardium formation in our Edson and Kakwa/Elmworth core areas. Long Run's current production of approximately 35,000 Boe/d (43% oil and NGLs) remains on target to meet our 2015 production guidance of 32,000 - 33,000 Boe/d (43% oil and NGLs).

For 2015, we expect funds flow from operations of approximately $120 - $135 million. Long Run is targeting outstanding debt reduction of $100 million during 2015 through our reduced capital program, disposition proceeds, further commodity price improvements and funds generated from our cost savings initiatives.

Long Run's current asset rationalization process focuses on selective asset disposition opportunities that will improve the Company's liquidity and balance sheet strength. As at May 6, 2015, the Company has closed approximately $10 million in dispositions. Proceeds from these dispositions will be directed towards debt repayment.

At March 31, 2015, Long Run's net debt was $748.6 million and we were in compliance with all covenants, obligations and conditions of our credit agreement. The annual credit facility review by our lending syndicate is currently in progress and is expected to be completed by May 31, 2015. We currently anticipate that our total credit facilities of $695.0 million will be maintained, segregated into a borrowing base component and a non-revolving term loan component. While details of the non-revolving term loan component have not yet been determined, repayment is expected to be required no later than May 31, 2016. The Company currently anticipates that amendments will be made to our credit facility financial covenants until May 31, 2016, providing increased financial flexibility.

As part of our ongoing risk management program, the Company continues to add financial hedges in order to further mitigate commodity price risk. For April to December 2015, approximately 70% of our oil production is hedged (50% hedged with an average WTI floor price of US$85.21/Bbl; 20% hedged at an average WTI price of C$73.17/Bbl). For April to December 2015, approximately 65% of our natural gas production is hedged with an average AECO floor price of $3.30/GJ. For 2016, we have hedged approximately 10% of our oil production with an average WTI price of C$77.53/Bbl and approximately 40% of our natural gas production with an average AECO price of $3.01/GJ.

While strengthening the balance sheet remains our top priority, Long Run continues to work towards a balance between financial flexibility and operational momentum in the long term. We continue to believe in the significant value of our diversified asset base and aim to execute on a business plan that delivers long-term value for our shareholders.

ADVISORIES

Non-GAAP Measures

The press release contains terms commonly used in the oil and gas industry, such as funds flow from operations and net debt. 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 as determined in accordance with IFRS as an indicator of Long Run's performance. These measures are commonly used in the oil and gas industry and by Long Run to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Long Run's determination of these measures may not be comparable to that reported by other companies. Funds flow from operations is calculated as cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. Net debt is calculated as bank debt plus working capital deficiency and principal amount of outstanding convertible debentures. Long Run has provided information on how these measures are calculated in the Management's Discussion and Analysis for the year ended December 31, 2014, which is available under the Company's SEDAR profile at www.sedar.com.

Barrels of Oil Equivalent

Barrels of oil equivalent may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet of natural gas to one barrel of crude oil 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 conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

Initial Production Rates

Initial production rates disclosed herein are not determinative of the rates at which the well will continue to produce and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery.

Netbacks

Netbacks are calculated by subtracting royalties, transportation costs and operating costs from revenue.

Forward-Looking Statements

This press release contains forward-looking information within the meaning of applicable securities laws relating to the Company's plans and other aspects of Long Run's anticipated future operations, management focus, objectives, strategies and priorities including 2015 capital expenditure budget and nature of expenditures, 2015 forecast annual production, 2015 estimated operating and general and administration expense, use of proceeds from dispositions, expected 2015 annual funds flow from operations, expected timing of response from EOR projects, timing of expansion of projects and possible effects thereof, timing of annual credit facility review and expected terms of credit facility following review including anticipated amendments to financial covenants and effects thereof. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by Long Run's management, including expectations and assumptions concerning commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs and general and administrative costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; and Long Run's ability to access capital, and obtaining the necessary regulatory approvals; and Long Run's ability to dispose of assets to reduce debt. Included herein is an estimate of Long Run's 2015 funds flow from operations based on assumptions provided herein and WTI US$52.50/Bbl, AECO $2.60/GJ and FX CDN/USD $0.80 and other assumptions utilized in arriving at Long Run's capital budget. To the extent such estimate constitutes a financial outlook, it was approved by management March 4, 2015 and is included herein to provide readers with an understanding of the anticipated funds available to fund its capital expenditures and for other purposes and readers are cautioned that the information may not be appropriate for other purposes.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Long Run can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide a more complete perspective on Long Run's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and Long Run disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrels	Mcf	thousand cubic feet
Bbl/d	barrels per day	Mcf/d	thousand cubic feet per day
NGL	natural gas liquids	MMcf/d	Million cubic feet per day
Boe	barrels of oil equivalent		
Boe/d	barrels of oil equivalent per day		
Liquids	light oil, heavy oil, and NGLs		
MBoe	thousand barrels of oil equivalent		
US$	U.S. dollar currency		
$ or C$	Canadian dollar currency		

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