

CALGARY, ALBERTA--(Marketwired - May 12, 2015) - [Mapan Energy Ltd.](#) ("Mapan" or the "Company") (TSX VENTURE:MPG) is pleased to report its operating and financial results for the three months ended March 31, 2015.

Full financial results are included in Mapan's first quarter 2015 financial statements and management's discussion and analysis as at and for the three months ended March 31, 2015, which are available for review under Mapan's profile on the SEDAR website at www.sedar.com or at www.mapanenergy.com.

HIGHLIGHTS

- Average daily production for the first quarter ending March 31, 2015 was 5,656 boe/d notwithstanding the ongoing outages and restrictions during the period by Trans Canada Pipelines Ltd. ("TCPL") on their Nova Gas Transmission Ltd. ("NGTL") System, which started in early-September of 2014 and are currently ongoing. Between six and nine mmcfd (1,000-1,500 boe/d) of Company production have been shut in at various times since mid-September due to the NGTL outages.
- Operating netbacks for the first quarter of 2015 were \$8.13 per boe based on an average realized price of \$17.64 per boe compared to \$12.47 per boe based on an average realized price of \$34.83 per boe for the comparative 2014 period.
- Funds flow from operations (after tax) for the first quarter of 2015 was \$0.05/share or \$3.7 million. On a boe basis, funds flow from operations (after tax) was \$7.19 for the first quarter 2015.
- Net loss for the first quarter of 2015 was \$1.6 million (\$0.02/share), reflecting the challenging commodity price environment.
- Operating costs (net of processing revenue) for the first quarter 2015 were \$7.83 per boe, while transportation costs for the same period were \$1.37 per boe. Operating costs in the first quarter were higher than anticipated by approximately \$1.00 per boe due to one-time costs associated with compressor, vessel and pipeline inspections and maintenance, mainly at the Company's Deep Basin North property.
- The Company has a working capital surplus of \$14.4 million, including cash and cash equivalents of \$14.6 million at March 31, 2015. Mapan has (and continues to have) no amounts drawn on its \$55 million credit facility.
- The Company commenced drilling activities in January 2015 which was comprised of 3 wells (gross and net) in the Fir area of the Alberta Deep Basin. Two of these wells were completed and tied into the Company's facilities in March and the third is expected to be completed and tied in after spring break-up.
- In late April of 2015, TCPL notified producers of further outages at Elmworth restricting transportation to 85% of firm service contracts with no interruptible production service. As a result, Mapan's current production has been reduced from 5,300 boe/d to approximately 4,850 boe/d with approximately 1,700 boe/d currently shut-in. The Company anticipates these production disruptions will continue through the second and third quarters of 2015 until TCPL completes its various inspections and repairs on its NGTL System.

FINANCIAL & OPERATIONAL HIGHLIGHTS

(All references to \$ are to Canadian dollars unless otherwise noted.)

	Three Months (in thousands except share numbers and as noted) Ended March 31, 2015	Three Months Ended February 28, 2014
Operating		
Operating cash flow ⁽¹⁾	3,697	5
Average production volumes (before royalties)		
Natural gas (Mcf/d)	32,867	73
Oil & NGLs (bbls/d) ⁽²⁾	179	1
Total (boe/d)	5,656	13
Operating netback (\$ per boe)		
Average realized price ⁽³⁾	17.64	34.83
Royalties	(0.31)	(6.41)
Operating expenses (net of processing income)	(7.83)	(15.95)
Transportation expenses	(1.37)	-
Operating netback ⁽¹⁾	8.13	12.47
Funds flow from operations (\$ per boe) ⁽¹⁾	7.19	1.22
Financial		
Total revenue from oil and gas sales	8,984	40
Funds flow from operations ⁽¹⁾	3,656	3
Per share - basic (\$)	\$ 0.05	\$ (0.00)
Per share - diluted (\$)	\$ 0.05	\$ (0.00)
Net income (loss)	(1,598)	(1)
Per share - basic (\$)	\$ (0.02)	\$ (0.00)
Per share - diluted (\$)	\$ (0.02)	\$ (0.00)
Capital investments	8,623	-
Total assets	167,961	187

Debt	-	113
Long-term liabilities (decommissioning liabilities)	23,488	164
Adjusted working capital surplus (deficiency) ⁽¹⁾	14,530	(3)
Common shares outstanding		
Basic	71,420,395	1,476,696
Fully diluted	77,052,561	1,476,696
Weighted average common shares outstanding		
Basic and diluted	71,420,395	1,476,696

Notes

- (1) See *Advisories for "GAAP, Additional GAAP and Non-GAAP Measures"* for definitions and discussion of operating cash flow, funds flow from operations, adjusted working capital surplus and operating netback.
- (2) "NGLs" refers to Natural Gas Liquids.
- (3) Includes impact of realized gains or losses on risk management contracts.

OPERATIONAL REVIEW

Mapan's lands are located in the Deep Basin areas of Alberta and British Columbia.

The Company commenced its drilling activities in January 2015 which was comprised of 3 wells (gross and net) in the Fir area of the Alberta Deep Basin. Two of these wells are completed and will be tied into the Company's facilities in early March while the third is expected to be completed and tied in after spring break-up.

As previously reported, since September 2014, natural gas production from the Company's Deep Basin North properties at Chinook Ridge, Alberta and Hiding Creek, British Columbia were on restricted rates due to repairs and maintenance conducted by TCPL on its NGTL systems downstream (east) of the Elmworth gas plant. Various production restrictions between six and nine MMcf/d (1,000 - 1,500 boe/d) have continued since September 2014 through the end of the first quarter of 2015 and approximately 1,700 boe/d currently remains shut-in. Production from the Deep Basin North properties represents approximately 70% of Mapan's production. The Company expects production, once restrictions are completely lifted, to return to approximately 6,500 boe/d.

EXECUTIVE APPOINTMENT

Mapan is pleased to announce the appointment of Mike Dobberthien to the position of Vice President Exploration. Mr. Dobberthien has over 24 years of industry experience and will be a key addition to the Mapan team.

CAPITAL AND OUTLOOK

Mapan's capital program for 2015 remains flexible since the Company has minimal commitments or financial obligations on its current assets. It is anticipated that natural gas prices for the balance of 2015 will remain much lower than 2014 thus the Company plans to conserve capital and apply a prudent approach to capital expenditures. In the first quarter of 2015, the Company entered into a natural gas contract at a price of \$2.57 per gigajoule ("GJ") with a notional volume of 10,000 GJs per day through to the end of 2015 to mitigate exposure to the near term volatility of natural gas prices.

Budgeted capital expenditures for the first half of 2015 are estimated at \$9-10 million. As at March 31, 2015 total capital expenditures were \$8.6 million. Current estimates for the second half of the year are approximately \$3-4 million. Of these expenditures, 34% are drilling, 36% completions and equipping, 25% on workovers and recompletions of existing wells and 5% on land. This capital budget is based on production guidance of 5,700 - 5,800 boe/d for the year however, the Company may revise its capital program and guidance if pipeline outages become extended or if natural gas and oil prices increase significantly or decline further. Based on these parameters, estimated funds flow from operations for 2015 is estimated at \$16.5 million.

The Company currently believes it has over 50 development locations on its lands however, it has only booked eight proven undeveloped locations of which three were drilled during Q1 2015. Mapan believes there are additional economic locations and will seek to book additional drilling locations as commodity prices improve and cash flow increases.

With a strong balance sheet, Management believes the Company has sufficient resources to fund its ongoing programs.

ABOUT MAPAN

Mapan owns production, lands and P&NG rights in two areas of the Alberta and British Columbia Deep Basin comprised of

200,000 gross acres (159,000 net acres) of which approximately 120,000 net acres are undeveloped. Current production is approximately 4,850 boe/d and is comprised of approximately 95% natural gas.

ADVISORIES

FORWARD LOOKING STATEMENTS: This press release contains forward looking statements. More particularly, this press release contains forward looking statements concerning the expected restrictions on production as disclosed herein and the timing and effect thereof, timing of completion and tie-in of new wells, our 2015 capital expenditure program and the nature of such expenditures, plans to add additional drilling locations, and expectations that the Company has sufficient funds to fund its ongoing programs.

Although MAPAN believes that the expectations reflected in these forward looking statements are reasonable, undue reliance should not be placed on them because MAPAN cannot give assurances 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. Risks include risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets and other economic and industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling services, incorrect assessment of value of acquisitions and failure to realize the benefits therefrom, delays resulting from or inability to obtain required regulatory approvals, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources, economic or industry condition changes and risks associated with the repairs and maintenance that are causing the curtailment of production and the timing thereof. Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that MAPAN will derive therefrom. Additional information on these and other factors that could affect MAPAN are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

The forward looking statements contained in this press release are made as of the date hereof and MAPAN does not undertake any obligation to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Barrels of Oil Equivalent: 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.

Drilling Locations: Of the 50 development locations identified herein, eight are booked in the Company's year-end reserve report and 42 are unbooked but are based on management's internal estimates. Unbooked locations do not have attributed reserves or resources and have been identified by management as an estimation of our future drilling activities based on an evaluation of applicable geological, seismic, engineering and mapping information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. Drilling locations on which wells are actually drilled will ultimately depend up on the availability of capital and the allocations of such capital (which may be dependent upon various matters including the relative return of each potential well compared to other capital allocations), regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, and actual drilling results and other factors.

Certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations. With respect to unbooked drilling locations that have not been derisked there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

GAAP, Additional GAAP and Non-GAAP Measures

Management uses Additional GAAP and non-GAAP terms for its own performance measures and to provide its shareholders and potential investors with a measurement of the Company's efficiency and its ability to fund a portion of its future growth expenditures.

This press release makes reference to certain terms that do not have a standardized meaning prescribed by GAAP and accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. The terms used in this press release are terms commonly used in the oil and gas industry including operating cash flow, operating netback, adjusted working capital surplus and funds flow from operations.

Additional-GAAP Measures

The term "funds flow from operations" is an Additional-GAAP measure as it is a subtotal in the statement of cash flow in the Company's financial statements. Funds flow from operations is cash flow from operating activities before changes in non-cash working capital.

Non-GAAP Measures

The terms "operating cash flow", "operating netbacks" and "adjusted working capital surplus", are not recognized measures under generally accepted accounting principles ("GAAP") as they are not presented in the financial statements and do not have a standardized meaning as prescribed by GAAP. Operating cash flow is sales revenues (adjusted for unrealized gains and losses on risk management contracts) less royalties, operating expenses (net of processing revenue), transportation expenses and administration expenses. Operating netback is oil & gas sales (adjusted for realized gains and losses on risk management contracts) less royalties, operating expenses (net of processing revenue) and transportation expenses. Management considers operating netback important as it is a measure of profitability per barrel equivalent sold and reflects the quality of production. Adjusted working capital surplus is current assets less current liabilities, excluding unrealized risk management amounts, and is used to evaluate the Company's financial leverage.

See the Company's MD&A for a reconciliation of operating netback, operating cash flow and funds flow from operations to cash flow from operations

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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