

PLATTEVILLE, CO--(Marketwired - July 09, 2015) - [Synergy Resources Corp.](http://www.synergysr.com) (NYSE MKT: SYRG), a U.S. oil and gas exploration and production company focused in the Denver-Julesburg Basin, today reported its fiscal third quarter results for the period ended May 31, 2015.

Third Quarter 2015 Financial Results

- Revenues for the fiscal 2015 third quarter increased 1.4% to \$26.0 million from \$25.7 million in the same quarter a year ago. The year-over-year improvement was the result of a 95% increase in production, primarily from the new horizontal wells brought on line and production from acquisitions and asset swaps with other operators. Revenue growth was offset by a 48% decrease in the realized average selling price per BOE. During fiscal Q3 2015, average selling prices were \$45.77 per barrel of oil and \$3.16 per mcf of gas compared to \$90.91 and \$5.15, respectively, a year ago.
- Net loss of \$2.5 million or \$0.2 per basic and diluted share is inclusive of a \$3 million full cost ceiling impairment charge resulting from lower oil and gas prices. This compares with net income of \$7.2 million, or \$0.09 per basic and diluted share in the third fiscal quarter of 2014.
- Adjusted EBITDA (a non-GAAP metric) increased 31% to \$24.9 million up from \$18.9 million a year ago.
- At May 31, 2015, cash and cash equivalents totaled \$190.2 million. Borrowings under the credit facility were \$141.0 million.

Third Quarter 2015 Highlights

- Net oil and natural gas production increased to 738,357 barrels of oil equivalent (BOE), averaging 8,026 BOE per day, compared to 379,081 BOE, or an average of 4,120 BOE per day, in the same quarter one year ago, an average daily increase of 95%.
- Operated 52 gross producing horizontal wells in the Wattenberg Field as of May 31st, 2015.
- 28 additional operated horizontal wells were awaiting completion and 4 more operated horizontal wells were in the drilling process as of May 31, 2015.

The following tables present certain per unit metrics that compare results of the corresponding quarterly reporting periods:

	Three Months Ended		
	May 31		
	2015	2014	Change

Production:

Oil (bbls)	448,906	232,571	93	%
Gas (Mcf)	1,736,702	879,062	98	%
BOE	738,357	379,081	95	%

Revenues (in thousands):

Oil	\$20,546	\$21,143	-3	%
Gas	5,487	4,529	21	%
Total	\$26,033	\$25,672	1	%

Average realized price:

Oil	\$45.77	\$90.91	-50	%
Gas	\$3.16	\$5.15	-39	%
BOE	\$35.26	\$67.72	-48	%

"Bbl" refers to one stock tank barrel, or 42 U.S. gallons liquid volume in reference to crude oil or other liquid hydrocarbons. "Mcf" refers to one thousand cubic feet. A BOE (i.e. barrel of oil equivalent) combines Bbls of oil and Mcf of gas by converting each six Mcf of gas to one Bbl of oil.

The following table summarizes operating costs on a per unit basis. Additional details regarding operating costs can be found in the condensed financial statements.

Costs per BOE	Three Months Ended May 31,	
	2015	2014

Lease operating expenses	\$ 4.84	\$ 6.07
Production taxes	\$ 3.05	\$ 6.27
DDA	\$ 22.21	\$ 20.57
General and administrative	\$ 5.26	\$ 5.11
Total	\$ 35.36	\$ 38.02

William Scaff, co-CEO of Synergy, commented, "This quarter's financial results reflect the efficiencies we are achieving as we generated a 68% operating cash margin on revenues in the quarter, even while our realized commodity prices were nearly 50% lower than a year ago. At the same time, we almost doubled our production compared to the year ago quarter as we continued the horizontal development of our assets in the Wattenberg Field. With our operating efficiencies, cash on our balance sheet and remaining liquidity on credit facility we believe our estimated \$250-\$300 million fiscal 2016 capital budget is fully funded and will generate production growth of over 50% compared to fiscal 2015."

Conference Call

The Company will hold a conference call to discuss results for its fiscal third quarter ended May 31, 2015. Synergy Resources co-CEO Ed Holloway, co-CEO William Scaff, Jr., President Lynn Peterson, CFO Monty Jennings, COO Craig Rasmuson and VP of Capital Markets and Investor Relations Jon Kruljac will host the presentation, followed by a question and answer period. Information for accessing the call is as follows:

Date: Thursday, July 9, 2015

Time: 12:00 p.m. Eastern time (10:00 a.m. Mountain time)

877-407-9122 Toll Free Dial-In (US & Canada)

201-493-6747 International/Local Dial-In

The conference call will be webcast simultaneously, which you can access via this link:

<http://syrginfo.equisolvewebcast.com/q3-2015> and via the investor section of the Company's web site at www.syrginfo.com.

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, contact Rhonda Sandquist with Synergy Resources at 970-737-1073. A replay of the call will be available beginning after 3:00 p.m. Eastern time on the same day and will remain available until July 23rd, 2015.

Replay Dial-In Numbers

877-660-6853 Toll Free (US & Canada)

201-612-7415 International/Local

Replay ID #411931

About Synergy Resources Corporation

[Synergy Resources Corp.](http://www.syrginfo.com) is a domestic oil and natural gas exploration and production company. Synergy's core area of operations is in the Denver-Julesburg Basin, which encompasses Colorado, Wyoming, Kansas, and Nebraska. The Wattenberg field in the D-J Basin ranks as one of the most productive fields in the U.S. The Company's corporate offices are located in Platteville, Colorado. More Company news and information about Synergy Resources is available at www.syrginfo.com.

Important Cautions Regarding Forward Looking Statements

This press release may contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. The use of words such as "believes", "expects", "anticipates", "intends", "plans", "estimates", "should", "likely" or similar expressions, indicates a forward-looking statement. These statements are subject to risk and uncertainties and are based on the beliefs and assumptions of management, and information currently available to management. The actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information. The identification in this press release of factors that may affect the Company's future performance and the accuracy of forward-looking statements is meant to be illustrative and by no means exhaustive. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Factors that could cause the Company's actual results to differ materially from those expressed or implied by forward-looking statements include, but are not limited to: the success of the Company's exploration and development efforts; the price of oil and gas; the worldwide economic situation; change in interest rates or inflation; willingness and ability of third parties to honor their contractual commitments; the Company's ability to raise additional capital, as it may be affected by current conditions in the stock market and competition in the oil and gas industry for risk capital; the Company's capital costs, which may be affected by delays or cost overruns; costs of production; environmental and other regulations, as the same presently exist or may later be amended; the Company's ability to identify, finance and

integrate any future acquisitions; and the volatility of the Company's stock price.

About Non-GAAP Financial Measures

The Company uses "adjusted EBITDA," as a non-GAAP financial measure to evaluate financial performance such as period-to-period comparisons. This non-GAAP measure is not defined under U.S. GAAP and should be considered in addition to, not as a substitute for, indicators of financial performance reported in accordance with U.S. GAAP. The Company may use non-GAAP measures that are not comparable to measures with similar titles reported by other companies. Also, in the future, the Company may disclose different non-GAAP financial measures in order to help investors more meaningfully evaluate and compare the Company's future results of operations to its previously reported results. The Company encourages investors to review its financial statements and publicly-filed reports in their entirety and not rely on any single financial measure. The section titled "Reconciliation of Non-GAAP Financial Measures" includes a detailed description of this measure as well as a reconciliation to its most similar U.S. GAAP measure.

Reconciliation of Non-GAAP Financial Measures

The Company defines adjusted EBITDA as net income adjusted to exclude the impact of interest expense, interest income, income taxes, depreciation, depletion and amortization, stock based compensation, impairment, and the plus or minus change in fair value of derivative assets or liabilities. The Company believes adjusted EBITDA is relevant because it is a measure of cash flow available to fund capital expenditures and service debt and is a metric used by some industry analysts to provide a comparison of its results with its peers. The following table presents a reconciliation of the Company's non-GAAP financial measures to the nearest GAAP measure.

SYNERGY RESOURCES CORPORATION RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (unaudited, in thousands)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>May 31,</i>	<i>May 31,</i>	<i>May 31,</i>	<i>May 31,</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
ADJUSTED EBITDA				
Net Income (loss)	\$ (2,481)	\$ 7,160	\$ 23,322	\$ 18,421
Depreciation, depletion, and amortization	16,397	7,796	48,357	21,106
Full cost ceiling impairment	3,000	-	3,000	-
Income tax expense (benefit)	(1,833)	3,116	13,118	8,841
Stock based compensation	1,401	702	3,330	1,569
Change in fair value - derivatives	8,298	179	(5,578)	(652)
Interest, net	83	(22)	55	(70)
Adjusted EBITDA	\$ 24,865	\$ 18,931	\$ 85,604	\$ 49,215

Financial Statements

Condensed financial statements are included below. Additional financial information, including footnotes that are considered an integral part of the financial statements, will be included in Synergy's Edgar Filings at www.sec.gov on Form10-Q for the period ended May 31, 2015.

SYNERGY RESOURCES CORPORATION CONDENSED BALANCE SHEETS (unaudited, in thousands)

	May 31,	August 31,
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 190,205	\$ 34,753
Other current assets	38,847	33,487
Total current assets	229,052	68,240
Oil and gas properties and other equipment	583,026	379,400
Other assets	7,382	902
Total assets	\$ 819,460	\$ 448,542

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities	\$ 63,881	103,578
Revolving credit facility	141,000	37,000
Asset retirement obligations	7,772	4,730
Commodity derivative	-	307
Deferred tax liability, net	34,670	21,437
 Total liabilities	 247,323	 167,052
Shareholders' equity:		
Common stock and paid-in capital	533,196	265,871
Retained earnings	38,941	15,619
Total shareholders' equity	572,137	281,490
Total liabilities and shareholders' equity	\$ 819,460	\$ 448,542

SYNERGY RESOURCES CORPORATION
CONDENSED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except share and per share data)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>May 31,</i>	<i>May 31,</i>	<i>May 31,</i>	<i>May 31,</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Oil and gas revenues	\$ 26,033	\$ 25,672	\$ 92,284	\$ 67,966
Expenses:				
Lease operating expenses	3,570	2,303	10,300	5,382
Production taxes	2,249	2,376	8,570	6,647
Depreciation, depletion, and amortization	16,397	7,796	48,357	21,106
Full cost ceiling impairment	3,000	-	3,000	-
General and administrative	3,886	1,938	12,075	6,876
Total expenses	29,102	14,413	82,302	40,011
Operating income (loss)	(3,069)	) 11,259	9,982	27,955
Other income (expense):				
Commodity derivative realized gain (loss)	7,136	(826)	) 20,935	(1,415)
Commodity derivative unrealized gain (loss)	(8,298)	) (179)	) 5,578	652
Interest income and (expense), net	(83)	) 22	(55)	) 70
Total other income (expense)	(1,245)	) (983)	) 26,458	(693)
Income tax provision (benefit)	(1,833)	) 3,116	13,118	8,841
Net income (loss):	\$ (2,481)	) \$ 7,160	\$ 23,322	\$ 18,421
Net income (loss) per common share:				
Basic	\$ (0.02)	) \$ 0.09	\$ 0.26	\$ 0.24
Diluted	\$ (0.02)	) \$ 0.09	\$ 0.25	\$ 0.24
Weighted average shares outstanding:				
Basic	104,234,519	77,176,420	91,105,035	75,689,903
Diluted	104,234,519	79,008,619	91,804,253	77,299,456

SYNERGY RESOURCES CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)

	<i>Nine Months Ended</i>	
	<i>May 31,</i>	<i>May 31,</i>
	<i>2015</i>	<i>2014</i>
Cash flows from operating activities:		
Net income	\$ 23,322	\$ 18,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	48,357	21,106
Full cost ceiling impairment	3,000	-
Provision for deferred taxes	13,118	8,841
Other, non-cash items	(2,248)	) 917

Changes in operating assets and liabilities	1,393	(2,540)
Total adjustments	63,620	28,324
Net cash provided by operating activities	86,942	46,745
Cash flows from investing activities:		
Acquisition of property and equipment	(241,903)	(112,155)
Net proceeds from sales of oil and gas properties	3,696	704
Net proceeds from short term investments	-	60,018
Net cash used in investing activities	(238,207)	(51,433)
Cash flows from financing activities:		
Proceeds from exercise of warrants	15,367	33,380
Net Proceeds from sale of stock	190,845	-
Net Proceeds from revolving credit facility	101,700	-
Other	(1,195)	(176)
Net cash provided by financing activities	306,717	33,204
Net increase (decrease) in cash and equivalents	155,452	28,516
Cash and equivalents at beginning of period	34,753	19,463
Cash and equivalents at end of period	\$ 190,205	\$ 47,979

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