HOUSTON, TX--(Marketwired - July 29, 2015) - Miller Energy Resources Inc. ("Miller Energy" or the "Company") (NYSE: MILL) toda unaudited results for its fiscal fourth quarter and year ended April 30, 2015.

While the Company is comfortable with the numbers presented below, the Company requires additional time to satisfactorily comples statements and disclosures to be included in its Annual Report on Form 10-K ("Form 10-K"). Accordingly we will not be filing our Forthis date. We expect to file our Form 10-K within the next two weeks.

Notable Items

- For the quarter, net production averaged 3.7 MBoed, up approximately 5% from the 3.5 MBoed last quarter. For the year, net averaged 3.5 MBoed, up approximately 58% from the 2.2 MBoed last year.
- For the quarter, Adjusted EBITDA was \$23.1 million, down approximately 31% from the \$33.3 million last quarter. The decrease EBITDA from the third quarter to the fourth quarter was primarily due to a reduction of \$18.4 million of Alaska carried forward a credits applied for during the third quarter, as well as one less shipment of oil during the fourth quarter, slightly offset by \$11.6 derivative settlements during the fourth quarter. For the year, Adjusted EBITDA was \$78.6 million, up approximately 108% from million last year.
- Given the increasingly constrained nature of its liquidity and debt structure, the Company is in the process of repositioning its of structure to improve its liquidity, to more appropriately finance its business and to optimize the value and growth potential of its base.

As part of this process, the Company is evaluating several offers, including negotiations with an Alaskan strategic partner that would sale lease back financing for the Company's rigs, buy the Company's stake in Badami and other non-core oil and gas assets and pr meaningful equity-linked investment in the Company.

Miller Energy has also signed a commencement agreement with a private financing source for an approximately \$165 million loan the pay down the Company's existing debt. The potential lender is in the process of confirmatory diligence and legal documentation. The will provide more detail as this process progresses.

- Miller Energy has settled all its hedges to meet its lenders' demand for progress on an orderly pay-down of its outstanding rev
 The Company has no ability to borrow beyond its current \$3.8 million balance on that revolver.
- Despite the advanced stage of its ongoing capital repositioning process, the Company believes that, from an accounting perspansion substantial doubt exists about its ability to continue as a going concern.
- Given that substantial doubt exists about the Company's ability to continue as a going concern, the SEC 1P PV-10 of \$91.3 m
 30, 2015 reflects only the value of the Company's PDP reserves using SEC pricing.
- Also, given that substantial doubt exists about the Company's ability to continue as a going concern, as well as our unsuccess
 among other factors, Miller Energy recorded an impairment of \$82.8 million on its oil and gas properties during the fourth quar
 Company also recorded an impairment of \$14.3 million on its owned drilling rigs given U.S. rig market dynamics. As a result of
 impairments, the accounting net book value of Miller Energy's assets no longer exceeds the book value of its debt.
- The Company received notices from the NYSE regarding potential delisting events arising from the decrease in its common shoverall capitalization. In addition, the Company noted that its stock could face delisting in the event its average market capitalization below \$15 million on a 30-trading day basis, a threshold that it has been approaching. In the event of a delisting trigger, Miller expects to avail itself of its right to appeal and believes there are many factors which the NYSE should consider before taking including the advanced status of the Company's capital repositioning and its efforts to maximize the value of and growth in its
- In April, the Company received a notice from the SEC indicating that its staff had made a preliminary determination to recomm SEC file a civil claim against the Company. If this action were brought, the Company believes it would relate to public filings m connection with its 2009 acquisition of certain Alaska assets. The notice invited the Company to file a response showing why should be taken, and the Company has complied. Miller Energy is waiting on feedback on that response or any additional que may have.
- Additionally, in March, the court in the Company's lawsuit brought by VAI, Inc. awarded the plaintiff approximately \$7.0 million interest. The case stems from a fee dispute under an advisory contract and a related memorandum of understanding in 2009. is moving forward with an appeal.
- The Company has identified and implemented cost initiatives for both G&A and opex that it expects will save more than \$9.0 r going forward.
- Miller Energy has continued its capital discipline initiatives, incurring approximately \$5 million in capex during the fourth quarte
- As of April 30, 2015, the Company had state tax credits receivable, net of \$41.5 million outstanding. Subsequent to April 30, 2
 Company collected \$9.3 million in cash and expects to receive at least \$23.7 million in cash by the end of August. The remain
 be collected within the next twelve months.
- During the quarter, Miller Energy moved its headquarters to Houston, Texas from Knoxville, Tennessee.

"As with a number of E&P companies, continued soft oil prices have challenged our business," said Carl F. Giesler, Miller Energy's Chief Executive Officer. "That impact has been exacerbated by past capital, financing and drilling decisions that, at least in retrospect, left us poorly positioned for such market conditions. Management and the board, however, have been working diligently to effect a plan that, we believe, will more appropriately finance our business and enable us to maximize the value and growth inherent in our assets for all stakeholders, Specifically, we are working to reposition our capital structure; to rationalize our non-core assets; to develop our core Cook Inlet assets in a safe, disciplined and return-focused manner; and to stream-line our cost and organizational structure."

"While we understand the speculation, we don't intend to file for bankruptcy, given our current circumstances," added Mr. Giesler. "We believe that, with the offers and options we have available to us, no one else should count us out either."

Fourth Quarter Results

Net production averaged 3.7 MBoed, up approximately 5% from the 3.5 MBoed last quarter and up approximately 19% from the 3.1 MBoed in the year-ago quarter. The increase from last quarter was mainly related to a full-quarter of owning the Badami Unit as well as the North Fork drilling offset by production declines.

Revenue was \$15.5 million, down approximately 24% from the \$20.3 million last quarter and down approximately 30% from the \$22.1 million in the year-ago quarter. The decrease from last quarter was mainly related to lower oil prices as well as one-less oil shipment.

Lease operating expense was \$21.23 per Boe or \$6.9 million in aggregate, down approximately 23% from the \$27.39 per Boe last quarter and up approximately 17% from the \$18.15 per Boe in the year-ago quarter. The decrease from last quarter was mainly related to the aggressive opex reduction initiatives, particularly at the recently-acquired Badami Unit. The increase from the year-ago quarter was related to the acquisition of the generally higher operating cost Badami Unit.

Transportation costs were \$1.2 million, down approximately 27% from the \$1.6 million last quarter and down approximately 54% from the \$2.6 million in the year-ago quarter. The overall decrease to transportation costs is due to the fiscal 2015 acquisition of the Anchor Point Pipeline, which reduced tariff costs of the gas sold from the North Fork Unit.

Cash general and administrative cost was \$6.1 million, down approximately 8% from the \$6.6 million last quarter and down approximately 10% from the \$6.8 million in the year-ago quarter. The decrease from last quarter was mainly related to lower personnel, benefits, travel and professional expense offset by an increase in legal costs.

Adjusted EBITDA was \$23.1 million, down approximately 31% from the \$33.3 million last quarter. The decrease in Adjusted EBITDA from the third quarter to the fourth quarter was primarily due to a reduction of \$18.4 million of Alaska carried-forward annual loss credits applied for during the third quarter, as well as one less shipment of oil during the fourth quarter, slightly offset by \$11.6 million of derivative settlements during the fourth quarter. It was down approximately 13% from the \$26.5 million reported in the year-ago quarter. The decrease in Adjusted EBITDA from the year ago quarter to the fourth quarter 2015 was primarily due to a decrease of \$13.2 million of Alaska carried forward annual loss credits applied for during the year-ago quarter.

Depreciation, depletion and amortization expense was \$9.4 million, down from the \$19.5 million last quarter and down 16% from the \$11.2 million in the year-ago quarter. The decrease from last quarter was mainly related to a reduction in the net book value of the Company's depletable assets due to impairments.

Loss before income taxes was \$124.1 million, compared to the loss of \$155.3 million last quarter and the loss of \$16.8 million in the year-ago quarter. The loss this quarter was mainly related to the impairments recorded coupled with lower oil prices and partially offset by reductions in LOE and G&A.

Total debt was \$197.6 million, down from \$225.8 million last quarter, primarily due to the reduction in the Company's revolver outstanding. Total debt is currently \$183.6 million.

Cash was \$2.9 million on April 30, 2015 and is \$6.2 million currently.

State tax credit receivables, net were \$41.5 million. Subsequent to April 30, 2015, the Company received approximately \$9.3 million in state tax credits in cash and expects to receive at least \$23.7 million by the end of August. The remaining balance will be collected within the next twelve months. The State of Alaska continues to adjust the administration of this program. It is possible that future receipts will be deferred longer than in prior years. The Company will, of course, consider this dynamic when evaluating capital investments in the development of its assets.

Net production averaged 3.5 MBoed, up approximately 58% from the 2.2 MBoed last year. The increase was due primarily to the acquisitions of North Fork and Badami as well as the WMRU-2B, NF 24-26 and NF 42-35 wells.

Revenue was \$85.3 million, up approximately 21% from the \$70.6 million last year. The increase was mainly related to the North Fork and Badami acquisitions offset by lower oil prices.

Lease operating expense was \$24.22 per Boe or \$31.3 million in aggregate, down approximately 2% from the \$24.71 per Boe last year. The acquisition of the higher-cost operations at Badami was offset by the aggressive opex reduction efforts.

Transportation costs were \$5.3 million, down approximately 5% from the \$5.6 million last year. This decrease is due to the fiscal 2015 acquisition of Anchor Point Pipeline, which reduced tariff costs of the gas sold from the North Fork Unit.

Cash general and administrative cost was \$28.5 million, up approximately 24% from the \$23.1 million last year. This substantial increase was driven by executive on-boarding and severance costs as well as higher legal and accounting expenses.

Adjusted EBITDA was \$78.6 million, up 108% from the \$37.8 million last year primarily due to favorable derivative settlements, including the monetization of the derivatives for calendar year 2016 as well as the North Fork acquisition and increased Alaska carried-forward annual loss credit application amounts.

Depreciation, depletion and amortization expense was \$66.0 million, up approximately 97% from the \$33.5 million last year. This increase reflects the Company's North Fork and Badami acquisitions.

Loss before income taxes was \$584.2 million, compared to the loss of \$43.5 million last year. The loss this year relates to impairment charges on oil and gas properties and equipment, along with increased litigation and interest expense. Partially offsetting these were increased natural gas sales, Alaska carried-forward annual loss credit applications and derivative gains.

Outlook

Until we complete our capital repositioning process, the Company will focus primarily on smaller work-overs. The Company has identified and begun executing on eight projects with an aggregate capital requirement of approximately \$1.8 million that management expects will increase gross production by approximately 1.7 MMcfd and 220 Bopd. The Company expects that each project will exceed its internal return requirements and also expects that each project will have a payback period of less than a year. Also, during fiscal 2016, the Company plans to drill the RU-7B side-track and NF 22-26 as finances permit.

Management plans to continue to pursue aggressively its cost efficiency and capital discipline initiatives in a responsible and safe manner. We believe that the run-rate cash G&A, excluding one-time items, will trend towards approximately \$4.5 million per quarter.

Investor Conference Call

Management will host the Company's fourth quarter and full year 2015 earnings call. To attend the call, please use the dial in information below. When prompted, ask for the "Miller Energy Resources Q4 2015 conference call."

Date: Wednesday, July 29, 2015 Time: 9:00 am Eastern Time US

Dial-In (U.S.): +1-888-359-3627 International Dial-In: +1-719-457-2727

Conference ID: 2057052

Webcast: http://public.viavid.com/player/index.php?id=115210

Please dial in at least 10 minutes before the start time to ensure timely participation. A playback of the call will be available from 12:00 p.m. ET on July 29, 2015 to 11:59 p.m. ET on August 14, 2015. To listen, call 1-877-870-5176 within the United States or 1-858-384-5517 when calling internationally. Please use the replay pin number 2057052.

About Miller Energy

Miller Energy Resources Inc. is an oil and natural gas production and development company focused solely on Alaska. The Company has a substantial acreage, reserves and resource position in the State as well, significant Company-owned midstream and rig infrastructure to support production and 100% working interest in and operatorship of substantially all of its assets. The Company's assets are concentrated in southcentral Alaska, including the Cook Inlet and Kenai Peninsula, as well as in the Badami area of the North Slope. Miller Energy manages its operations from Anchorage with additional administrative offices in the lower 48. The Company's stock is listed on the NYSE under the symbol MILL.

Statements Regarding Forward-Looking Information

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future activities and are subject to many risks and uncertainties. Due to such risks and uncertainties, actual events may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements can be identified by the use of the future tense or other forward-looking words such as "believe," "expect," "anticipate," "intend," "plan," "should," "may," "will," "continue," "strategy," "offer, " "position," "opportunity," statements regarding the "flexibility" of the Company or the negative of any of those terms or other variations of them or by comparable terminology. A discussion of these risk factors is included in the Company's periodic reports filed with the SEC.

Miller Energy Resources Inc. CONDENSED OPERATING DATA (Unaudited)

(Dollars in thousands, except per unit and per day data)

	For the Three Months Ended			
	April 30, 2015	January 31, 2015	April 30, 2014	
Net production volumes:				
Oil volume - bbls	228,000	220,962	168,564	
Natural gas volume - mcf	582,737	602,687	628,232	
Total production - boe (1)	325,123	321,410	273,269	
Average daily production (bbls/d)	2,562	2,402	1,894	
Average daily production (mcf/d)	6,548	6,551	7,059	
Average daily production (boe/d)	3,653	3,494	3,070	
Average realized sales prices:				
Average realized oil sales price - bbl	\$48.09	\$ 57.26	\$102.74	
Average realized natural gas sales price - per mo	f 7.02	6.42	6.84	
Lease operating expenses (boe/d)	\$21.23	\$ 27.39	\$18.15	
Transportation costs (boe/d) (2)	3.62	5	9.43	
Depreciation, depletion and amortization	9,411	19,541	11,176	
General and administrative expenses	6,526	7,358	10,652	
General and administrative costs paid in cash	6,110	6,630	6,789	
Adjusted EBITDA	23,072		26,468	
Loss before income taxes	(124,112)) (155,277	(16,795)	

Miller Energy Resources Inc. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except share and per share data)

	Three Months Ended April 30, 2015		, Three Months Ended January 31, 2015		31, T
DEVENUE	20	15	201	i 3	4
REVENUES:					
Oil sales	\$	10,686	\$	14,953	\$
Natural gas sales		4,336		4,768	
Other		481		550	
Total revenues		15,503		20,271	ĺ
OPERATING EXPENSES:					
Lease operating expense		6,901		8,803	
Transportation costs		1,177		1,607	
Cost of purchased gas sold		-		316	
Cost of other revenue		705		640	
General and administrative		6,526		7,358	

¹ These figures present production on a boe basis in which natural gas is converted to an equivalent barrel of oil based on a 6:1 energy equivalent ratio. This ratio is not reflective of the current price ratio between the two products.

² These figures present sales on a boe basis in which natural gas is converted to an equivalent barrel of oil based on a 6:1 energy equivalent ratio. This ratio is not reflective of the current price ratio between the two products.

Alaska carried-forward annual loss credits, net	(3,097)	(21,508)
Exploration expense	40,459		77,740	
Depreciation, depletion and amortization	9,411		19,541	
Accretion of asset retirement obligation	410		370	
Impairments of proved properties and other long-lived assets	55,022		117,037	
Other operating expense, net	7,568		900	
Total operating expense	125,082		212,804	
OPERATING (LOSS) INCOME	(109,579)	(192,533)
OTHER INCOME (EXPENSE):				
Interest expense, net	(6,331)	(2,478)
Gain (loss) on derivatives, net	(8,231)	39,330	
Loss on debt extinguishment	-			
Other income, net	29		404	
Total other income (expense)	(14,533)	37,256	
LOSS BEFORE INCOME TAXES	(124,112)	(155,277)
Income tax benefit	13,041	,	3,016	ĺ
NET LOSS	(111,071)	(152,261)
Accretion of Series C and D preferred stock	(1,859	í	(1,271)
Series C and D preferred stock accumulated dividends	(2,971	í	(4,369	í
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS\$	(115,901)\$	(157,901) \$
LOSS PER COMMON SHARE:				
Basic \$	(2.48)\$	(3.39	۸ و
Diluted \$	•		·) ¢
Diluted	(2.48)\$	(3.39) \$

Miller Energy Resources Inc. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (Dollars in thousands)

ASSETS	April 30, 2015	April 30, 2014
CURRENT ASSETS: Cash and cash equivalents Restricted cash Accounts receivable, net Inventory Prepaid expenses and other Short-term portion of derivative instruments Asset held for sale Total current assets	\$2,904 464 50,948 4,461 2,629 14,534 1,929 77,869	•
OIL AND GAS PROPERTIES, NET EQUIPMENT, NET RESTRICTED CASH OTHER ASSETS Total assets LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) CURRENT LIABILITIES:	96,627 33,037 14,736 12,101 \$234,370	12,075 3,315
Accounts payable Accrued expenses Short-term portion of derivative instruments Deferred income taxes Current portion of long-term debt Liabilities held for sale Total current liabilities OTHER LIABILITIES:	\$38,174 15,108 - 10,100 195,196 950 259,528	9,459 -
Deferred income taxes Asset retirement obligation Long-term portion of derivative instruments Long-term debt, less current portion Other Total liabilities	- 25,138 - 2,401 31 287,098	139,768 22,872 4,006 174,743 - 416,303

MEZZANINE EQUITY:

Mezzanine equity 72,583 67,760

STOCKHOLDERS' EQUITY (DEFICIT):

Stockholders' equity (deficit) (125,311) 282,759
Total liabilities and stockholders' equity (deficit) \$234,370 \$766,822

Regulation G Disclosure - Discussion of Non-GAAP Financial Data and Reconciliation to GAAP

This press release contains non-GAAP financial measures within the meaning of Regulation G and Item 10(e) of Regulation S-K, as promulgated by the SEC. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, including that in our public filings.

To supplement the Company's condensed consolidated financial statements, which statements are prepared and presented in accordance with GAAP, we use non-GAAP adjusted EBITDA, or adjusted Earnings Before Income Taxes, Depreciation and Amortization, as a measure to evaluate earnings by excluding certain non-cash expenses as set forth in the table below. The Company uses this non-GAAP financial measure for financial and operational decision making and as a means to evaluate period-to-period comparisons. Management believes that this non-GAAP financial measure provides meaningful supplemental information regarding the Company's performance and liquidity. The Company believes that both management and investors benefit from referring to this non-GAAP financial measure in assessing performance and when planning, forecasting and analyzing future periods. This non-GAAP financial measure also facilitates management's internal comparisons to historical performance and liquidity as well as comparisons to competitors' operating results. The Company believes this non-GAAP financial measure is useful to investors both because (1) it allows for greater transparency with respect to key metrics used by management in its financial and operational decision making and (2) it is used by our institutional investors and the analyst community to help them analyze the health of the business.

Adjusted EBITDA Reconciliations

	For the Thro	e Months Ended		For the Year	r Endoc
			E Amril 20 204		
		15 January 31, 201	5 April 30, 201	4 April 30, 201	io Apri
	(dollars in th	,			
Loss before income taxes	\$ (124,112)\$ (155,277)\$ (16,795)\$ (584,246)\$ (4
Adjusted by:					
Interest expense, net	6,331	2,478	3,419	15,227	7
Depreciation, depletion and amortization	9,411	19,541	11,176	66,012	3
Impairment of proved properties and other long-lived assets	55,022	117,037	890	285,793	8
Asset disposals	-	-	-	47	-
Accretion of asset retirement obligation	410	370	336	1,477	1
Exploration costs	40,459	77,740	1,223	285,307	2
Loss on debt extinguishment	-	-	15,145	-	1:
Stock-based compensation	424	744	3,914	11,282	9
Non-cash employee bonuses	8	120	-	559	-
Non-recurring litigation settlements and related matters	8,113	2,703	2,217	15,554	4
Non-recurring severance payments	-	-	-	1,489	-
Non-recurring North Fork properties gas transportation costs	s -	-	1,403	1,813	1
Derivative contracts:					
(Gain) loss on derivatives, net	8,231	(39,330) 4,590	(47,285) 1
Cash settlements (paid) received	18,775	7,171	(1,050) 25,544	(3
Adjusted EBITDA	\$ 23,072	\$ 33,297	\$ 26,468	\$ 78,573	\$ 3

Contact

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