CALGARY, ALBERTA--(Marketwired - Jul 29, 2015) - Long Run Exploration Ltd. (TSX:LRE) ("Long Run" or the "Company") announces financial and operational results for the second quarter of 2015.

Commodity prices have continued to demonstrate weakness through the second quarter of 2015, however Long Run is committed to our disciplined capital spending plan. Based on our financial and operational results over the first half of the year, we remain on track to meet our 2015 capital budget, production and funds flow targets. Our team is focused on cost savings initiatives in an effort to reduce capital and operating costs and improve project returns in this challenging commodity price environment.

Long Run continues to examine strategic and financial means to improve the capital structure of the Company. We believe in the value of our diversified asset base and are diligently working towards a balance between improved financial strength and operational momentum.

SECOND QUARTER 2015 HIGHLIGHTS

- Generated funds flow from operations of $45.9 million ($0.24/share) compared to $73.4 million ($0.54/share) in 2014, reflecting lower commodity prices and lower oil production partially offset by higher natural gas and NGLs production, a gain on financial derivatives and lower royalties. Funds flow from operations in the first half of 2015 totaled $85.9 million ($0.44/share).
- Averaged 34,457 Boe/d of production, an increase of 6,855 Boe/d from 27,602 Boe/d in 2014. The production increase resulted primarily from the liquids-rich natural gas weighted Deep Basin acquisitions in 2014. Production averaged 35,026 Boe/d over the first six months of 2015.
- Reduced capital expenditures to $8.8 million compared to $57.3 million in 2014. Capital expenditures of $54.1 million were incurred over the first six months of 2015, in line with our planned expenditures of $50 - $55 million. Expenditures were focused on our Deep Basin Cardium and Peace River Montney core areas.
- Executed on $10.1 million of non-core dispositions with proceeds being directed towards debt repayment.
- Reduced net debt at June 30, 2015 by $30.4 million from December 31, 2014, on track with our debt reduction goal of $100 million for 2015. The reduction in net debt was a result of disposition proceeds and funds flow from operations exceeding capital expenditures. As at June 30, 2015, Long Run's net debt was $709.2 million and we were in compliance with all covenants, obligations and conditions of our credit agreement.
- Recorded a net loss of $50.1 million compared to net earnings of $20.8 million in 2014, primarily as a result of lower funds flow from operations and higher unrealized losses on financial derivatives. Over the first six months of 2015, a net loss of $73.0 million was recorded.
- Completed the semi-annual review of the Company's credit facilities with our bank syndicate on May 29, 2015. Total credit facilities were maintained at $695 million. The amended credit facilities consist of a $410 million revolving syndicated facility, a $40 million revolving operating facility and a $245 million non-revolving syndicated facility.

SUMMARY OF QUARTERLY RESULTS	Three months ended June 30		Six months ended June 30	
($000s, except per share amounts or unless otherwise noted)	2015	2014	2015	2014
Funds flow from operations[1]	45,924	73,429	85,882	143,479
Per share, basic[1]	0.24	0.55	0.44	1.10
Per share, diluted[1]	0.24	0.54	0.44	1.10
Net earnings (loss)	(50,136)	20,842	(72,954)	27,613
Per share, basic	(0.26)	0.16	(0.38)	0.21
Per share, diluted	(0.26)	0.15	(0.38)	0.21
Production				
Oil *(Bbl/d)*	9,429	12,476	9,990	12,580
NGLs *(Bbl/d)*	4,659	2,038	4,933	1,812
Total Liquids *(Bbl/d)*	14,088	14,514	14,923	14,392
Natural Gas *(Mcf/d)*	122,214	78,524	120,620	73,327
Total *(Boe/d)*	34,457	27,602	35,026	26,613
Prices, including derivatives				
Oil *($/Bbl)*	72.03	89.59	68.52	87.73
NGLs *($/Bbl)*	24.48	72.76	23.44	78.89
Total Liquids *($/Bbl)*	56.31	87.23	53.61	86.62
Natural Gas *($/Mcf)*	3.30	4.61	3.23	5.03
Total *($/Boe)*	35.04	59.13	34.24	60.82
Revenues, before royalties	93,436	158,678	174,760	310,564
Capital expenditures	8,770	57,330	54,085	158,178
Net acquisitions (divestitures)	(9,530)	213,716	(10,922)	210,037
Net capital expenditures	(760)	271,046	43,163	368,215

Total assets	1,823,017	1,750,681	1,823,017	1,750,681
Bank loan	625,943	494,500	625,943	494,500
Net debt[1]	709,246	594,085	709,246	594,085
Non-current financial liabilities, excluding bank loan	68,986	68,768	68,986	68,768

[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 June 30, 2015, which will be available for review at www.sedar.com and on our website at www.longrunexploration.com.

SECOND QUARTER 2015 UPDATE

As planned, capital expenditures of $8.8 million were incurred in the quarter with no new wells drilled. Long Run executed on $10.1 million in non-core dispositions relating to a pipeline sale and minor properties producing approximately 50 Boe/d. Proceeds from these dispositions have been directed towards debt repayment.

Second quarter 2015 production averaged 34,457 Boe/d (41% oil and NGLs), including Deep Basin production of 13,072 Boe/d (31% oil and NGLs), Peace River Montney production of 8,767 Boe/d (55% oil and NGLs) and Redwater Viking production of 3,295 Boe/d (87% oil and NGLs).

Realized oil prices in the second quarter of 2015, including derivatives, averaged $72.03/Bbl compared to $89.59/Bbl in 2014. The decrease was a result of lower West Texas Intermediate benchmark prices partially offset by an increase in the U.S. dollar exchange rate and a gain on oil financial derivatives. Long Run's average NGLs price decreased to $24.48/Bbl from $72.76/Bbl in 2014 reflecting lower market prices as well as the change in our NGLs product mix following the Deep Basin acquisitions in 2014. Average natural gas prices, including derivatives, of $3.30/Mcf decreased from $4.61/Mcf in 2014, reflecting weaker AECO benchmark prices partially offset by a gain on natural gas financial derivatives.

Long Run's realized prices in the second quarter of 2015 benefitted significantly from our ongoing risk management program. Our financial derivatives contributed $13.70/Bbl to our realized oil price and $0.41/Mcf to our realized natural gas price. In total, Long Run recognized a $16.4 million gain on financial derivatives, comprised of $11.8 million from oil contracts and $4.6 million from natural gas contracts.

In the second quarter of 2015, the Company's operating netback of $19.92/Boe and corporate netback of $14.64/Boe reflected lower commodity prices partially offset by lower royalties, lower operating costs and a realized gain on financial derivatives. Long Run's average operating costs were $11.55/Boe impacted by the addition of the lower cost Deep Basin assets and lower utilities, fuel and chemical costs. Royalty rates averaged 7% reflecting the low commodity price environment. Long Run's general and administration expense averaged $2.53/Boe. Annual operating costs and general and administration expense are expected to average $13.25/Boe and $2.50/Boe, respectively for 2015. We continue to forecast average royalty rates of 10 - 11% for the year.

OUTLOOK

For 2015, Long Run is targeting $100 million of debt reduction through disposition proceeds and funds flow from operations in excess of our annual capital spending. We continue to expect annual funds flow from operations of between $120 - $135 million to exceed our planned capital spending of $100 million. The Company plans to repay the remaining $145 million on the non-revolving syndicated facility due by May 29, 2016 through further strategic and financial means, which may include asset dispositions and alternative debt refinancing.

Second half of 2015 capital spending is expected to be $45 million, with a focus on our Redwater Viking and Deep Basin Edson properties. After reviewing expected cost structures and factoring in forecast commodity prices, we have reallocated capital spending. We anticipate drilling 12.0 net Redwater Viking wells in the second half of 2015, in place of the previously planned 4.0 Kakwa/Elmworth Cardium wells. We continue to plan for 3.0 Edson wells to be drilled in the fourth quarter. Our annual production guidance of 32,000 - 33,000 Boe/d (43% oil and NGLs) remains unchanged. Long Run's current production is approximately 31,500 Boe/d (41% oil and NGLs).

Our on-going risk management program continues to be an important part of our strategy to mitigate commodity price risk. For the second half of 2015, Long Run has hedged approximately 60% of our oil production (40% with an average floor price of WTI US$95.00/Bbl and 20% with an average floor price of C$74.50/Bbl) and 70% of our natural gas production (average 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 45% of our natural gas production with an average AECO price of $3.01/GJ. We continue to look for additional opportunities to add financial hedges into 2016 in order to protect funds flow from continued commodity price volatility.

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 and the second quarter ended June 30, 2015, which are 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.

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 the nature and timing of expenditures, 2015 forecast annual production, 2015 estimated royalty rates, operating and general and administration expense, use of proceeds from dispositions, expected 2015 annual funds flow from operations and effects thereof, drilling plans and timing thereof, targeted debt reduction in the year and use of disposition proceeds and funds flow from operations in excess of annual capital spending for debt reduction and plans to repay non-revolving syndicated facility. 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, debt reduction 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		Natural Gas	
Oil and Natural Gas Liquids			
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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