

All values are in Canadian dollars unless otherwise indicated. Conversion of natural gas volumes to barrels of oil equivalent (boe) are at 6:1.

CALGARY, Nov. 10, 2015 /CNW/ - [Spyglass Resources Corp.](#) ("Spyglass", or the "Company") (TSX: SGL, OTCQX: SGLRF) announces unaudited interim financial and operating results for the quarter ended September 30, 2015. Selected financial and operational information is outlined below and should be read in conjunction with Spyglass' interim Consolidated Financial Statements and Management's Discussion and Analysis on www.sedar.com and also available at www.spyglassresources.com.

Third Quarter Summary

- Production for the third quarter of 2015 averaged 9,293 boe/d, a decrease from 13,518 boe/d in the third quarter of 2014 reflecting the Company's continuing asset disposition program.
- Asset dispositions in the third quarter of 2015 totalled \$6.5 million. Asset dispositions since the fourth quarter of 2014 totalled \$120.1 million.
- Funds flow from operations for the third quarter of 2015 was \$4.9 million (\$0.04 per share), reflecting asset dispositions and significantly lower commodity prices during the quarter as compared to the third quarter of 2014 of \$11.9 million (\$0.09 per share).
- Capital expenditures for the third quarter of 2015 were \$1.3 million primarily related to maintenance capital and capitalized general and administrative costs.
- Crude oil and natural gas prices have experienced a significant decline that began in the second half of 2014 which continued through 2015; average realized prices are down in the third quarter of 2015 by 49 percent for crude oil and 33 percent for natural gas as compared to the third quarter of 2014.
- Operating costs for the third quarter of 2015 were \$13.98 per boe, as compared to \$19.49 per boe in the third quarter of 2014. Operating costs, on an absolute dollar basis, improved in the third quarter of 2015 by \$12.3 million (51 percent) as compared to the same period last year, as a result of the Company's asset disposition program coupled with ongoing cost reduction initiatives.
- Cash general and administrative expenses for the third quarter 2015 were \$3.25 per boe, as compared to \$3.53 per boe in the third quarter of 2014. Cash general and administrative expenses, on an absolute dollar basis, decreased by \$1.6 million (37 percent) in the third quarter of 2015 as compared to the same period last year, largely achieved through staff reductions and cost cutting initiatives undertaken in response to the current market conditions.
- Net debt at September 30, 2015 was \$174.9 million, comprised of \$168.5 of bank debt and additional working capital deficit of \$6.4 million, excluding the current portion of risk management contracts.
- Net loss for the third quarter of 2015 was \$38.8 million (\$0.30 per basic and diluted share) as compared to a net loss of \$4.2 million (\$0.03 per basic and diluted share) in the same period of 2014. The increase in net loss is primarily due to impairments of \$35 million recognized in the third quarter of 2015 in the South Oil and Dixonville areas triggered by continued declines in forecasted crude oil and natural gas commodity prices.

Selected Financial and Operating Information

Operating Q3 2015 YTD 2015 Q3 2014

Average daily production

Oil (bbls/d)	3,431	3,781	5,045
NGLs (bbls/d)	284	284	410
Natural Gas (Mcf/d)	33,468	35,970	48,379
Total (boe/d)	9,293	10,060	13,518

Realized prices

Oil (\$/bbl)	\$44.30	\$49.10	\$87.58
NGLs (\$/bbl)	33.80	36.10	57.46
Natural Gas (\$/mcf)	2.84	2.83	4.25
Total Revenue (\$/boe)	\$27.62	\$29.58	\$49.64

Netback (\$/boe)

Revenue	\$27.62	\$29.58	\$49.64
Royalties	(2.41)	(1.63)	(8.68)
Operating expense	(13.98)	(17.74)	(19.49)
Transportation expense	(1.91)	(2.03)	(1.87)
Operating Netback ⁽¹⁾	9.32	8.18	19.60
Cash General & Administrative Expense	(3.25)	(3.05)	(3.53)
Realized hedging gain (loss)	4.01	5.55	(3.55)
Interest, Financing & Other	(4.33)	(2.97)	(2.94)
Cash netback ⁽¹⁾	\$5.75	\$7.71	\$9.58

Financial (\$000)(except per share figures) Q3 2015 YTD 2015 Q3 2014

Funds Flow from Operations ⁽¹⁾	\$4,922	\$21,183	\$11,902
per share	0.04	0.16	0.09
Net Income (Loss)	(38,846)	(217,562)	(4,188)
per share	(0.3)	(1.70)	(0.03)
Dividends	-	-	6,724
per share	-	-	0.0525
Capital Expenditures	1,304	9,223	29,078
Capital Expenditures (net of dispositions)	(5,189)	20	(13,758)
Net Debt ⁽¹⁾	\$174,860	\$174,860	\$293,762

Share Information (000's) Q3 2015 YTD 2015 Q3 2014

Common shares outstanding, end of period	127,805	127,805	128,077
Weighted average shares outstanding	127,805	127,805	128,077

(1) See Non-GAAP measures.

Credit Facility Update

On November 3, 2015, Spyglass announced that effective October 30, 2015 the Company's credit facility has been amended to replace the existing \$100 million borrowing base loan with a \$100 million revolving credit facility. The revolving credit facility includes a production and an operating facility that both contain limitations on availability. Amounts to be drawn under the facility are not to exceed \$72.9 million and the principal amount allowed under the operating facility is to not exceed approximately \$7.5 million. There have been no changes to the Company's reducing term facility that stipulates that a \$35 million reduction to the reducing term facility be completed on or prior to November 30, 2015 and be further reduced to \$25 million by January 31, 2016.

Outlook

During 2015, drastically lower commodity prices have presented a challenging business environment for the Company. Spyglass continues to prudently manage costs and debt levels through reductions in staffing levels, renegotiating contract rates with business partners, compensation reductions and running a minimal capital program.

Management anticipates that the 2015 capital program will be \$11 million primarily focused on maintenance capital expenditures. The capital program coupled with the Company's relatively low 21 percent decline rate is expected to result in average production of approximately 9,000 boe/d for the year. Spyglass is developing its 2016 capital program in the context of continued weakness in forward commodity prices, the Company's ongoing asset disposition program and need to reduce leverage.

As previously announced, in an effort to further reduce debt, Spyglass is currently marketing a broad disposition package incorporating both core and non-core assets. The Company continues to work with its lenders, however there is no guarantee that the Company will meet the covenants contained in its credit agreement. As such, the Company continues to include a note on going concern uncertainty in its financial statements. Management's attention remains focused on managing the resources of the Company through a difficult commodity price environment by conducting property dispositions while seeking to identify other suitable opportunities to improve the financial position of the Company.

Risk Management Update

Spyglass uses a commodity price risk management program to mitigate the impact of crude oil and natural gas price volatility on cash flow which is intended to support the capital program. Spyglass hedges production up to 24 months forward, using a combination of fixed price and participating products. Please refer to the Company's website at www.spyglassresources.com under "Investors" for a detailed list of the Company's risk management contracts. During the third quarter of 2015 the Company did not enter into any additional risk management contracts. Management continues to evaluate further risk management contracts to protect a portion of its crude oil and natural gas production and may enter into commodity swaps into 2016, while remaining in compliance with covenants contained in the Company's credit facility.

Special Meeting of Shareholders

The Company has called a Special Meeting (the "Meeting") of its shareholders for December 17, 2015, 9:00 a.m. (MST) at the Jamieson Place Conference Centre, Jamieson Place, 3rd Floor, 308 – 4th Avenue S.W., Calgary, Alberta. The Meeting materials will be mailed to Shareholders of record as of November 4, 2015. Shareholders will be entitled to vote on the election of directors as more particularly described in the management information circular (the "Circular") of the Company dated November 4, 2015, available at www.sedar.com and [spyglassresources.com](http://www.spyglassresources.com).

Non-GAAP Measures

This press release includes terms commonly referred to in the oil and gas industry that are considered non-GAAP measures. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS" or, alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies.

"Funds from operations" represents cash flow from operating activities adjusted for changes in non-cash working capital, transaction costs and decommissioning expenditures.

"Operating netbacks" are determined by deducting royalties, operating and transportation expenses from oil and gas revenue, calculated on a per boe basis.

"Cash netbacks" are determined by deducting cash general and administrative, realized hedging losses, interest expense and other income from Operating netbacks, calculated on a per boe basis.

"Net debt" is calculated as bank debt plus working capital deficiency excluding current portion of risk management contracts.

Reader Advisory and Note Regarding Forward Looking Information

Certain statements contained within this press release, and in certain documents incorporated by reference into this document constitute forward looking statements. These statements relate to future events or future performance. All statements, other than statements of historical fact, may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this press release contains the following forward looking statements pertaining to, without limitation, the following: Spyglass' (i) future production volumes and the timing of when additional production volumes will come on stream; Spyglass' (ii) realized price of commodities in relation to reference prices; (iii) future commodity mix; (iv) future commodity prices; (v) expectations regarding future royalty rates and the realization of royalty incentives; (vi) expectation of future operating costs on a per unit basis; (vii) the relationship of Spyglass' interest expense and the Bank of Canada interest rates; (viii) future general and administrative expenses; future development and exploration activities and the timing thereof; (ix) deferred tax liability; * estimated future contractual obligations; (xi) future liquidity and financial capacity of the Company; (xii) ability to raise capital and to add to reserves through exploration and development; (xiii) ability to obtain equipment in a timely manner to carry out exploration and development activities; (xiv) ability to obtain financing on acceptable terms, and (xv) ability to fund working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve assessments based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

We believe the expectations reflected in the forward looking statements are reasonable but no assurance can be given that our expectations will prove to be correct and consequently, such forward looking statements included in, or incorporated by reference into, this press release should not be unduly relied upon. These statements speak only as of the date of this press release or as of the date specified in the documents incorporated by reference in this press release. The actual results could differ materially from those anticipated as a result of the risk factors set forth below and elsewhere in this press release which include: (i) volatility in market prices for oil and natural gas; (ii) counterparty credit risk; (iii) access to capital; (iv) changes or fluctuations in production levels; (v) liabilities inherent in oil and natural gas operations; (vi) uncertainties associated with estimating oil and natural gas reserves; (vii) competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; (viii) stock market volatility and market valuation of Spyglass' stock; (ix) geological, technical, drilling and processing capabilities; * limitations on insurance; (xi) changes in environmental or legislation applicable to our operations, (xii) our ability to comply with current and future environmental and other laws; (xiii) changes in tax laws and incentive programs relating to the oil and gas industry, and (xiv) the other factors discussed under "Risk Factors" in the Company's 2014 Annual Information Form.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this press release and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward looking statements contained in this press release speak only as of the date thereof and Spyglass does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

Barrel of oil equivalents or BOEs 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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

This press release shall not constitute an offer to sell, nor the solicitation of an offer to buy, any securities in the United States, nor shall there be any sale of securities mentioned in this press release in any State in the United States in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such State.

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