

CALGARY, ALBERTA--(Marketwired - Mar 10, 2016) - [Long Run Exploration Ltd.](#) ("Long Run" or the "Company") (TSX:LRE) announces financial, reserves and operating results for the year ended December 31, 2015.

## 2015 ANNUAL HIGHLIGHTS

- Entered into an arrangement agreement on December 20, 2015 with Calgary Sinoenergy Investment Corp. (the "Purchaser") and Qingdao Sinoenergy Capital Corporation, pursuant to which the Purchaser agreed to acquire: i) all of the outstanding common shares of Long Run for cash consideration of \$0.52 per share; and ii) all of Long Run's outstanding 6.40% convertible debentures for cash consideration of \$750 per \$1,000 principal amount of debentures plus accrued and unpaid interest (the "Arrangement").  
On February 29, 2016, the Arrangement was approved by Long Run securityholders. On March 8, 2016, Long Run was advised by the escrow agent that the Purchaser deposited an additional \$10 million into escrow following the receipt of Long Run shareholder approval. The Arrangement is currently expected to close in late April 2016 following the receipt of Canadian regulatory approvals, including under the *Investment Canada Act* (Canada) and the *Competition Act* (Canada).
- Generated funds flow from operations of \$151.6 million (\$0.78/share) compared to \$291.9 million (\$1.85/share) in 2014, primarily reflecting lower commodity prices and lower oil production, partially offset by a gain on financial derivatives, higher natural gas and NGLs production, lower royalties and lower operating costs. Fourth quarter 2015 funds flow from operations totaled \$30.3 million.
- Reduced capital expenditures to \$91.0 million from \$304.0 million in 2014 in response to the depressed commodity price environment. During 2015, Long Run completed a 23.0 net well drilling program focused on the Redwater Viking, Deep Basin Cardium and Peace River Montney properties. Fourth quarter 2015 capital expenditures of \$17.6 million were focused on the Deep Basin core area and included the drilling of 2.0 net wells at Kakwa/Elmworth. Long Run does not expect to drill any new wells prior to the close of the Arrangement.
- Recorded proved plus probable reserves at December 31, 2015 of 147,084 MBoe compared to 170,625 MBoe in 2014. The decrease in reserves was primarily attributable to the lower commodity price forecasts at December 31, 2015 and the Company's reduced capital program in 2015.
- Advanced the Company's enhanced oil recovery ("EOR") projects in the Montney at Normandville and Girouxville and the Viking at Redwater. Both Montney projects have shown signs of reservoir response in the form of stabilizing and increasing fluid and oil rates as well as a downward trend in gas-oil ratios over the second half of 2015. Similar indications of reservoir response have begun to show in the Redwater Viking EOR project in recent months. Successful EOR implementation has the potential to improve recoveries, reduce production declines and improve capital efficiencies.
- Averaged 32,386 Boe/d of production compared to 31,168 Boe/d in 2014. The increase resulted from a full year of production from the Deep Basin properties acquired in 2014 and our successful drilling program in the area, partially offset by the impact of reduced capital spending in 2015. Fourth quarter 2015 production averaged 28,847 Boe/d reflecting the Company's reduced capital spending.
- Realized an oil price including derivatives of \$68.88/Bbl compared to \$84.89/Bbl in 2014 as a result of a decrease in West Texas Intermediate benchmark pricing, partially offset by an increase in the U.S. dollar exchange rate and a realized gain on oil financial derivatives.  
Average NGLs pricing in 2015 decreased to \$22.52/Bbl from \$51.24/Bbl in 2014, reflecting lower market prices as well as the change in the Company's NGLs product mix due to the Deep Basin properties acquired in 2014.  
Natural gas prices including derivatives averaged \$3.25/Mcf compared to \$4.52/Mcf in 2014, primarily attributable to weaker AECO benchmark prices partially offset by a realized gain on natural gas financial derivatives.
- Generated an operating netback of \$18.45/Boe and corporate netback of \$12.82/Boe compared to \$31.38/Boe and \$25.65/Boe, respectively, in 2014. The 2015 netbacks reflect weak commodity prices, partially offset by a realized gain on financial derivatives and lower royalties. Operating costs improved to \$11.79/Boe from \$13.51/Boe in 2014 primarily due to the addition of the lower cost Deep Basin assets in 2014 and lower fuel, maintenance and chemical costs. General and administration expense excluding transaction costs decreased to \$2.38/Boe from \$2.79/Boe in 2014, reflecting lower employee costs.
- Reported a net loss of \$645.0 million compared to \$190.4 million in 2014. The 2015 net loss primarily resulted from non-cash impairment charges of \$350.0 million and a provision recorded against the Company's deferred tax asset of \$162.0 million, both of which are attributable to the decline in future commodity price forecasts during 2015. The net loss in the fourth quarter of 2015 was \$267.0 million.
- Reduced net debt over the year by \$64.6 million to \$675.0 million, primarily as a result of disposition proceeds and funds flow from operations exceeding capital expenditures. The Company completed \$31.0 million in non-core dispositions in 2015.
- Exited 2015 with bank debt of \$582.6 million, excluding bank fees. On January 29, 2016, the Company entered into an amending credit facilities agreement with its bank syndicate. The Company's \$620.0 million in total credit facilities terminate six months following the close of the Arrangement, which is consistent with the Purchaser's plan to repay the credit facilities in due course following completion of the Arrangement. If the Arrangement is not completed, Long Run will be in default under its credit facilities agreement and will be significantly challenged to address its bank indebtedness and to continue as a going concern in the current depressed commodity price environment.

Selected financial and operational information outlined in this news release should be read in conjunction with Long Run's financial statements and related Management's Discussion and Analysis for the year ended December 31, 2015, which will be available for review at [www.sedar.com](http://www.sedar.com) and on our website at [www.longrunexploration.com](http://www.longrunexploration.com).

## SUMMARY OF ANNUAL RESULTS

(\$000s, except per share amounts or unless otherwise noted) 2015	2014
Funds flow from operations <sup>1</sup>	151,636 291,856

Per share, basic <sup>1</sup>	0.78	1.85
Per share, diluted <sup>1</sup>	0.78	1.85
Net earnings (loss)	(645,032 )	(190,395 )
Per share, basic	(3.33 )	(1.21 )
Per share, diluted	(3.33 )	(1.21 )
Production		
Oil (Bbl/d)	8,893	12,590
NGLs (Bbl/d)	4,532	3,076
Liquids (Bbl/d)	13,425	15,666
Natural Gas (Mcf/d)	113,767	93,008
Total (Boe/d)	32,386	31,168
Prices, including derivatives		
Oil (\$/Bbl)	68.88	84.89
NGLs (\$/Bbl)	22.52	51.24
Liquids (\$/Bbl)	53.23	78.29
Natural Gas (\$/Mcf)	3.25	4.52
Total (\$/Boe)	33.70	53.00
Revenues, before royalties	311,770	610,896
Capital expenditures	91,039	304,031
Net acquisitions (divestitures) <sup>2</sup>	(28,374 )	(28,674 )
Net capital expenditures <sup>2</sup>	62,665	275,357
Total assets	1,198,623	1,939,706
Bank loan	582,588	611,717
Net debt <sup>1</sup>	675,024	739,598
Non-current financial liabilities, excluding bank loan	69,592	68,230

<sup>1</sup>See *Non-GAAP Measures* section.

<sup>2</sup>Excludes the two Deep Basin acquisitions.

## 2015 YEAR END RESERVES

Long Run's 2015 year end reserves were evaluated by independent reserves evaluator Sproule Associates Limited ("Sproule"). Reserves estimates were prepared in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and the summary below represents Long Run's gross reserves, which are the Company's interest before deduction of royalties and without including any of the Company's royalty interests. The reserves estimates set forth below are based upon the Sproule reserve report dated March 9, 2016.

Additional information with respect to the Company's reserves as at December 31, 2015 will be contained in the Company's annual information form for the year ended December 31, 2015 which will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### December 31, 2015 Reserves<sup>1</sup>

	Oil (MBbl)	NGLs (MBbl)	Natural Gas (MMcf)	Total (MBoe)
Proved				
Proved producing	11,865	6,577	162,367	45,502
Proved non-producing	111	208	11,818	2,288
Proved undeveloped	10,121	6,590	110,699	35,161
Total Proved	22,096	13,374	284,884	82,951
Probable	12,809	9,632	250,153	64,133
Total Proved Plus Probable	34,905	23,006	535,038	147,084

<sup>1</sup> Amounts may not add due to rounding

### Reserves Reconciliation<sup>1</sup>

(MBoe)	Proved	Probable	Proved plus Probable
December 31, 2014	103,544	67,081	170,625

Infill drilling	599	1,729	2,328	
Improved recoveries	-	207	207	
Technical revisions	3,657	(6,131)	(2,474)	)
Dispositions	(724)	(438)	(1,162)	)
Economic factors	(12,302)	1,685	(10,618)	)
Production	(11,821)	-	(11,821)	)
December 31, 2015	82,951	64,133	147,084	

<sup>1</sup>Amounts may not add due to rounding

## Reserves Pricing

	2015		2014	
	WTI Oil (US\$/Bbl)	AECO Gas (CDN\$/Mcf)	WTI Oil (US\$/Bbl)	AECO Gas (CDN\$/Mcf)
2015	-	-	64.17	3.38
2016	45.00	2.25	76.67	3.83
2017	60.00	2.95	83.33	4.06
2018	70.00	3.42	87.08	4.41
2019 - 2022	80.00 - 83.65	3.91 - 4.35	90.67 - 98.36	4.76 - 5.36
2023 - 2026	84.91 - 88.79	4.43 - 4.67	100.18 - 105.80	5.54 - 5.90
Remainder	+1.5%/yr	+1.5%/yr	+1.8%/yr	+1.8%/yr

Forecast prices, inflation, and exchange rates utilized by Sproule in its evaluation were based on rates published by Sproule as at December 31, 2015.

## Summary of Before Tax Net Present Values of Future Net Revenue <sup>1</sup>

Discount Rate	Before Tax Net Present Value (\$000s)				
	0%	5%	10%	15%	20%
Proved producing	601,422	516,768	445,951	390,109	346,036
Proved non-producing	11,935	11,031	9,639	8,349	7,243
Proved undeveloped	303,426	181,269	99,211	43,950	6,177
Total Proved	916,783	709,068	554,801	442,409	359,456
Probable	963,084	627,377	423,944	297,259	214,675
Total proved plus probable	1,879,867	1,336,445	978,744	739,667	574,131

<sup>1</sup> Net present values of future net revenue does not represent fair market value

## 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, 2015, which will be available under the Company's SEDAR profile at [www.sedar.com](http://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

Operating netback per Boe is calculated by subtracting royalties, transportation and operating costs from revenues, including the realized gain (loss) on financial derivatives and dividing by total production. Corporate netback per Boe is calculated as operating netback less interest and general and administration expense and divided by total production. Operating netback and corporate netback are commonly used metrics in the oil and gas industry; however, as these metrics do not have a standardized meaning, they may not be comparable to these metrics as reported by other companies.

## 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 timing of closing of the Arrangement, expectation that the Company will not drill any new wells prior to close of the Arrangement and possible effects of EOR implementation. 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 administration 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.

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 the Company's 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](http://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		

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