

CALGARY, ALBERTA--(Marketwired - May 16, 2016) - [Long Run Exploration Ltd.](#) ("Long Run" or the "Company") (TSX:LRE) announces financial and operating results for the first quarter of 2016.

FIRST QUARTER 2016 HIGHLIGHTS

- Received securityholder approval on February 29, 2016 for the plan of arrangement (the "Arrangement") between Long Run, Calgary Sinoenergy Investment Corp. (the "Purchaser") and Long Run securityholders pursuant to which the Purchaser will acquire all of the outstanding Long Run common shares and all of the outstanding Long Run 6.40% convertible unsecured subordinated debentures. On March 2, 2016, Long Run received approval from the Court of Queen's Bench of Alberta for the Arrangement.

Subsequent to the end of the quarter, the outside date for completion of the Arrangement was extended from April 30, 2016 to May 30, 2016 as a result of the ongoing review under the *Investment Canada Act*. Approval of the Arrangement under the *Competition Act* (Canada) was received on April 20, 2016. Long Run and the Purchaser anticipate that closing of the Arrangement will occur shortly following the receipt of approval under the *Investment Canada Act*.

- Recorded a funds flow from operations deficit of \$2.1 million, including \$2.8 million of transaction costs related to the Arrangement and the incremental interest costs incurred in January prior to finalizing the credit facilities amendments. Excluding these costs, funds flow from operations of \$0.7 million compared to \$40.0 million in 2015, primarily reflecting lower commodity prices, lower production and a lower realized gain on financial derivatives, partially offset by lower royalties and lower operating costs.
- Reduced capital expenditures to \$4.3 million from \$45.3 million in 2015 in response to the low commodity price environment.
- Averaged 27,775 Boe/d of production compared to 35,602 Boe/d in 2015 resulting from reduced capital spending over the past 15 months.
- Realized an oil price including derivatives of \$36.25/Bbl compared to \$65.34/Bbl in 2015 as a result of a decrease in West Texas Intermediate benchmark pricing and a lower realized gain on financial derivatives.

Average NGLs pricing decreased to \$19.58/Bbl from \$22.50/Bbl in 2015, reflecting lower market prices.

Natural gas prices including derivatives averaged \$2.46/Mcf compared to \$3.17/Mcf in 2015, primarily attributable to weaker AECO benchmark prices, partially offset by a higher realized gain on financial derivatives.

- Generated an operating netback of \$6.08/Boe compared to \$16.94/Boe in 2015. The 2016 netback reflects weak commodity prices and a lower gain on financial derivatives, partially offset by lower operating costs and lower royalties. Operating costs improved to \$11.84/Boe from \$12.85/Boe in 2015 primarily due to lower maintenance, chemical and fluid trucking costs.
- Reported a net loss of \$41.5 million compared to a net loss of \$22.8 million in 2015. The change reflects lower funds flow from operations, partially offset by lower depletion expense and an unrealized gain on financial derivatives.
- Exited with bank debt of \$584.2 million. On January 29, 2016, the Company entered into an amending credit facilities agreement with its bank syndicate. The Company's total credit facilities of \$620.0 million 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 quarter ended March 31, 2016, which will be available for review at www.sedar.com and on our website at www.longrunexploration.com.

SUMMARY OF QUARTERLY RESULTS

	Three months ended March 31		
(\$000s, except per share amounts or unless otherwise noted) 2016	2015		
Funds flow from operations ¹	(2,054) 39,958	
Per share, basic ¹	(0.01) 0.21	
Per share, diluted ¹	(0.01) 0.21	
Net earnings (loss)	(41,504) (22,818)
Per share, basic	(0.21) (0.12)
Per share, diluted	(0.21) (0.12)

Production		
Oil (Bbl/d)	6,773	10,557
NGLs (Bbl/d)	4,234	5,210
Liquids (Bbl/d)	11,007	15,767
Natural Gas (Mcf/d)	100,608	119,007
Total (Boe/d)	27,775	35,602
Prices, including derivatives		
Oil (\$/Bbl)	36.25	65.34
NGLs (\$/Bbl)	19.58	22.50
Liquids (\$/Bbl)	29.84	51.18
Natural Gas (\$/Mcf)	2.46	3.17
Total (\$/Boe)	20.94	33.45
Revenues, before royalties	45,690	81,324
Capital expenditures	4,316	45,315
Net acquisitions (divestitures)	(83) (1,392
Net capital expenditures	4,233	43,923
Total assets	1,154,422	1,912,284
Bank debt	584,188	625,702
Net debt ¹	681,685	748,566
Non-current financial liabilities, excluding bank loan	69,977	68,765

¹See *Advisories - Non-GAAP Measures*.

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 and the quarter ended March 31, 2016, which will be 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

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. Operating netback is a commonly used metric in the oil and gas industry; however, as this metric does not have a standardized meaning, it may not be comparable to this metric 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 but not limited to statements regarding the timing of closing of the Arrangement and the anticipated receipt of regulatory approvals for the Arrangement. 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 expense; 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; Long Run's ability to access capital and obtain 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).

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

Oil and Natural Gas Liquids	Natural Gas
Bbl barrels	Mcf thousand cubic feet
Bbl/d barrels per day	Mcf/d thousand cubic feet per day
NGLs 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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