LONG RUN EXPLORATION LTD.

Management's Discussion and Analysis

March 31, 2014

Management's Discussion and Analysis
For the three months ended March 31, 2014

This Management's Discussion & Analysis ("MD&A") of the financial condition and results of operations of Long Run Exploration Ltd. ("Long Run", the "Company", "its" or "our") should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2014 and the audited financial statements and MD&A for the year ended December 31, 2013. The disclosure which is unchanged from the MD&A for the year ended December 31, 2013 may not be repeated herein.

The Company follows International Financial Reporting Standards ("IFRS"). Amounts shown in the MD&A are in Canadian dollars unless otherwise stated. All production volumes disclosed herein are sales volumes. Certain prior year amounts have been reclassified to conform to current year presentation.

The MD&A contains certain measures that do not have any standardized meaning as prescribed by IFRS and therefore are considered non-Generally Accepted Accounting Principles ("Non-GAAP") measures. Readers are cautioned that the MD&A should be read in conjunction with the disclosure in the Non-GAAP Measures and the Advisory sections located at the end of this document. The Advisory provides information on forward-looking statements and oil and natural gas information.

See the Abbreviations section at the end of this document for abbreviations used throughout.

This document is dated May 5, 2014.

Long Run's Strategy

Long Run is engaged in the development, acquisition, exploration and production of oil and natural gas in western Canada. Specifically, the Company is focused on controlled exploitation and strategic acquisitions within the Peace River and Edmonton regions of the Western Canadian Sedimentary Basin. During the second quarter of 2014, the Company expects to complete the acquisition of assets in the Wapiti and Edson Pine Creek areas of Alberta, providing us with an additional core area in close proximity to the Peace River and Redwater areas.

Long Run has assembled large land blocks and has invested in crude oil and natural gas infrastructure in its key areas so as to obtain operatorship, control infrastructure and build our multi-year inventory of locations. The Company's near term strategy is to develop the potential of Long Run's oil and liquids-rich natural gas resources, selectively explore on our current land base and maintain a strong focus on cost control and efficiencies. Additionally, Long Run will continue to pursue strategic asset and corporate acquisitions of crude oil and natural gas properties.

In 2014, the Company transitioned its business model to a balanced intermediate producer paying a monthly dividend, while continuing to provide annual per share growth to shareholders. This model, supported by operating and developing assets already in the Long Run portfolio of producing properties, is further enhanced with the Wapiti and Edson Pine Creek property acquisition. Long Run expects to fund capital expenditures and dividend payments from its funds flow from operations.

First Quarter Highlights and 2014 Outlook

Q1 2014 Highlights

- Successfully transitioned to a dividend plus growth model, paying an initial monthly dividend of $0.0335 per share. First quarter 2014 declared dividends totaled $0.10 per share, or $12.6 million, with a basic payout ratio of 18%.
- Funds flow from operations was $70.1 million ($0.56 per share), a 44% per share increase over $48.6 million ($0.39 per share) in the first quarter 2013.
- Production averaged of 25,613 BOE/d, an 8% increase from 23,611 BOE/d in the first quarter of 2013.
- Executed an oil focused drilling program of 47.5 net wells, with a 100% success rate. Capital expenditures totaled $100.8 million, concentrated on growing our core Peace River Montney and Redwater Viking areas.
- Issued $75 million of convertible debentures to strengthen the balance sheet by providing Long Run with additional financial flexibility through the diversification of its indebtedness and interest rate certainty on a portion of its debt. The convertible debentures bear an annual interest rate of 6.40% and are convertible into Common Shares of the Company at a conversion price of $7.40/share.

Subsequent to March 31, 2014, the following events occurred:

- Successfully negotiated the previously announced acquisition of certain strategic liquids-rich natural gas assets focused on the Cardium in the Deep Basin area of Alberta (the “Acquisition”). The Acquisition provides Long Run with a new core area with high quality liquids-rich natural gas and light oil opportunities, in close proximity to our existing Peace River and Redwater areas. Total consideration, after closing adjustments, is expected to be approximately $225 million, with an expected close date of on or before May 30, 2014.

  The Acquisition will be funded from the Company’s $120 million bought deal equity financing (the “Offering”), the disposition of 400 BOE/d of heavy oil from our Lloydminster property and the Company’s credit facilities.

  Conditional on the closing of the Acquisition, the Company intends to increase its monthly dividend by 5% from $0.0335 per share to $0.035 per share ($0.42 annualized) starting with the June 2014 dividend payable in July 2014.

2014 Outlook

Long Run is focused on providing long-term value to shareholders through a sustainable dividend plus growth model. We believe maintaining a strong balance sheet and financial flexibility is key to this model. Controlled exploitation of our core assets and strategic acquisitions forms the basis of our goal of funding both capital expenditures and dividends from funds flow from operations.

For 2014, prior to the Acquisition, the Company had a planned capital program of approximately $210 million and an initial monthly dividend of $0.0335 per share. Average production volumes for 2014 were expected to be 26,300 BOE/d, weighted approximately 56% to liquids. The forecast 2014 annual results prior to the Acquisition are on-target with this guidance.

After giving effect to the Acquisition, the Offering, and the change in monthly dividends, we have increased our 2014 guidance. For 2014, we anticipate capital expenditures of $230 million, net acquisitions of $220 million, dividends declared of $58 million and average production of 29,200 BOE/d.

The Company maintains its expectation that 2014 capital expenditures and dividend payments will be funded using funds flow from operations, excluding acquisitions.

Long Run's 2014 capital program will focus on developing current inventory in core areas, specifically the Montney at Peace River and the Viking at Redwater. The Company expects to drill 87 net oil wells. Following the Acquisition, the Company currently plans to drill an additional 5 wells on the acquired properties. Once the Acquisition closes, we will review and update our development plan based on a detailed review of the Acquisition assets, the economics of our current plays, prevailing commodity prices, and strategic priorities.

Quarterly Results Overview

	2014	2013			
($000s, except per share or unless otherwise noted)	**Q1**	Q4	Q3	Q2	Q1
Funds flow from operations [1]	**70,050**	55,934	62,304	63,227	48,644
Per share, basic [1]	**0.56**	0.45	0.50	0.50	0.39
Per share, diluted [1]	**0.56**	0.44	0.50	0.50	0.39
Net earnings (loss)	**6,771**	(5,531)	9,524	21,099	(827)
Per share, basic & diluted	**0.05**	(0.04)	0.08	0.17	(0.01)
Dividends declared	**12,639**	-	-	-	-
Per share	**$0.0335**	-	-	-	-
Payout ratio [1]	**18%**	-	-	-	-
Revenues, before royalties	**151,886**	124,816	129,923	117,210	103,613
Capital expenditures	**100,848**	41,637	93,137	38,878	102,919
Net acquisitions (divestitures)	**(3,679)**	86,328	3,331	1,158	17,945
Production					
Oil *(Bbl/d)*	**12,684**	13,251	11,709	11,471	11,109
Natural gas liquids *(Bbl/d)*	**1,584**	1,520	1,478	1,116	1,249
Natural gas *(Mcf/d)*	**68,071**	73,392	72,634	71,058	67,516
Total *(BOE/d)*	**25,613**	27,003	25,293	24,431	23,611
Prices, including derivatives					
Oil *($/Bbl)*	**85.89**	71.14	87.44	81.80	72.77
Natural gas liquids *($/Bbl)*	**86.87**	69.21	76.05	68.91	75.33
Natural gas *($/Mcf)*	**5.53**	4.04	3.23	3.89	3.63
Total *($/BOE)*	**62.67**	49.78	54.29	53.29	49.12
Operating netback *($/BOE)*	**36.55**	27.09	30.74	32.57	27.93

[1] *See Non-GAAP measures section*

First quarter 2014 compared to first quarter 2013

Funds flow from operations for 2014 was $70.1 million, an increase of $21.4 million from 2013 primarily due to higher oil and NGL production volumes and higher commodity prices. The increase was partially offset by higher royalties and higher operating costs associated with the increase in the liquids production. Operating costs were also impacted by the extreme cold weather experienced in Alberta, which increased well servicing, fuel, and labour costs.

Net income for 2014 was $6.8 million, compared to a net loss of $0.8 million in 2013. The increase in net income results from the higher funds flow from operations, partially offset by higher depletion expense related to the increase in production volumes.

Significant Properties

Long Run currently operates within two significant light oil areas, Peace River and Redwater. As well, the Company owns a significant low decline shallow gas property at Boyer in northern Alberta.

Development of the Peace River area, located in northern Alberta, is focused on the Montney oil resource play at Normandville and Girouxville. During the first quarter of 2014, Long Run invested $52.9 million into the Peace River area and drilled 19.5 net wells, including 17.5 net horizontal Montney oil wells, with a 100% success rate. First quarter 2014 production averaged 10,637 BOE/d, consisting of 6,570 Bbl/d of liquids and 24.4 MMcf/d of natural gas. Capital expenditures for 2014 are expected to total $120 million, including the drilling of approximately 23 net additional wells. The Company operates, transports, and processes all of its production within Peace River.

In the Redwater area, located near Edmonton, Alberta, development is focused on the Viking oil resource play. During the first quarter of 2014, Long Run invested $39.5 million in the Redwater area, drilling 27.0 net horizontal Viking oil wells with a 100% success rate. First quarter 2014 production averaged 6,101 BOE/d, consisting of 4,861 Bbl/d of liquids and 7.4 MMcf/d of natural gas. Capital expenditures for 2014 are expected to total $70 million, including the drilling of approximately 16 net additional wells. The Company operates, transports, and processes most of its production within the Redwater area.

Following the Acquisition, the Company will have development and exploration assets in the Greater Wapiti area (Kakwa, Elmworth and Wapiti) and the Edson Pine Creek area, primarily located in western Alberta. The Wapiti area is focused primarily on Cardium liquids-rich natural gas. The Edson Pine Creek area is focused on Cardium light oil. The Acquisition properties were producing approximately 7,000 BOE/d, consisting of 1,700 Bbls/d of liquids and 32.0 MMcf/d of natural gas, on April 9, 2014. We anticipate drilling 5 net wells on the acquired properties in 2014 for approximately $20 million in capital expenditures.

Capital Investment

Capital Expenditures, Acquisitions & Dispositions

($000s)		**Q1 2014**	Q1 2013
Drilling and completion		**75,114**	80,767
Plant and facilities		**23,370**	19,652
Geological and geophysical		**939**	1,314
Other assets		**1,425**	1,186
Capital expenditures		**100,848**	102,919
Acquisitions	– land	**1,201**	10,117
	– properties	**3,562**	13,849
Dispositions		**(8,442)**	(6,021)
Capital investment		**97,169**	120,864

Drilling Activity

	Q1 2014 Wells		Q1 2013 Wells		Success Rate *(net wells)*	
	Gross	**Net**	Gross	Net	**Q1 2014**	Q1 2013
Peace River	**20**	**19.5**	19	19.0	**100%**	95%
Redwater	**27**	**27.0**	30	28.6	**100%**	100%
Other	**1**	**1.0**	4	4.0	**100%**	50%
	48	**47.5**	53	51.6	**100%**	94%

Capital Expenditures

Capital expenditures in the first quarter of 2014 were $100.8 million, reflecting the heavy weighting of the annual capital budget to the beginning of the calendar year. In 2014, capital expenditures focused on oil development in the Peace River and Redwater areas. Of total capital expenditures, $52.9 million (52%) was spent in Peace River and $39.5 million (39%) was spent in Redwater. The Company drilled 48 (47.5 net) wells with a 100% success rate. All the wells drilled in the first quarter have now been tied-in and will be reflected in our second quarter production.

Capital expenditures in the first quarter of 2013 were $102.9 million and also focused on the development in the Peace River and Redwater areas. Of total capital expenditures, $49.7 million (48%) was spent in Peace River and $37.8 million (37%) was spent in Redwater.

Acquisitions and Dispositions

The Company had minor property acquisitions and dispositions in the first quarters of both 2014 and 2013. In 2014, the Company received $8.4 million in proceeds primarily related to the disposition of a small property in the Peace River area which was producing approximately 250 BOE/d. The transaction closed on March 27, 2014.

Enhanced Oil Recovery

Enhanced Oil Recovery ("EOR") projects initiated in the Peace River Montney developments at Normandville and Girouxville in 2013 have been successfully injecting to date in-line with our reservoir models. We plan to expand these EOR projects during the second half of 2014.

At Redwater, in the Viking, a second pilot EOR project is planned and will be implemented in the fourth quarter of 2014. This will complement the first EOR project, which was initiated during 2013, and will provide further technical support for field-wide EOR implementation starting in 2015.

Production

Average Production by Product

	Q1 2014	Q1 2013
Liquids *(Bbl/d)*		
Light oil	**11,491**	9,528
Heavy oil	**1,193**	1,581
NGLs	**1,584**	1,249
Total	**14,268**	12,358
Natural Gas *(Mcf/d)*	**68,071**	67,516
Total *(BOE/d)*	**25,613**	23,611

Average Production by Area

	Q1 2014				Q1 2013			
	Oil *(Bbl/d)*	**NGLs** *(Bbl/d)*	**Natural Gas** *(Mcf/d)*	**Total** *(BOE/d)*	Oil *(Bbl/d)*	NGLs *(Bbl/d)*	Natural Gas *(Mcf/d)*	Total *(BOE/d)*
Peace River	**6,314**	**256**	**24,400**	**10,637**	5,317	214	23,529	9,453
Redwater	**4,806**	**55**	**7,438**	**6,101**	3,911	50	7,402	5,195
Boyer	**-**	**-**	**16,392**	**2,732**	-	-	17,627	2,938
Kaybob	**-**	**1,028**	**4,659**	**1,804**	13	774	6,362	1,847
Other	**1,564**	**245**	**15,182**	**4,339**	1,868	211	12,596	4,178
	12,684	**1,584**	**68,071**	**25,613**	11,109	1,249	67,516	23,611

Production for the first quarter of 2014 averaged 25,613 BOE/d, an 8% increase from 23,611 BOE/d in 2013. The increase reflects the results of the active drilling program over the past year, as well as production added from strategic tuck-in acquisitions in late 2013.

In the first quarter of 2014, Peace River production increased 13% to 10,637 BOE/d from 9,453 BOE/d in 2013, while Redwater production increased 17% to 6,101 BOE/d from 5,195 BOE/d. Production at Boyer and Kaybob decreased slightly in the first quarter of 2014, reflecting the impact of cold weather and natural declines.

The Wapiti and Edson Pine Creek properties included in the Acquisition planned for May 30, 2014, were producing approximately 7,000 BOE/d (25% liquids) on April 9, 2014. As part of the Acquisition, the Company is disposing of our Lloydminster property which is currently producing approximately 400 Bbls/d of heavy oil.

Commodity Pricing

	Q1 2014	Q1 2013
Benchmark pricing		
WTI *($US/Bbl)*	**98.68**	94.37
Edmonton Light Sweet *($CAD/Bbl)*	**99.83**	88.19
AECO *($/Mcf)*	**5.72**	3.20
Cdn$/US$ exchange rate	**1.10**	1.01
Prices, excluding derivatives		
Liquids *($/Bbl)*		
Light oil	**91.24**	76.69
Heavy oil	**78.90**	55.10
Total Oil	**90.08**	73.62
NGLs	**86.87**	75.33
Total	**89.72**	73.79
Natural Gas *($/Mcf)*	**5.96**	3.37
Total *($/BOE)*	**65.89**	48.76
Prices, including derivatives		
Liquids *($/Bbl)*		
Oil	**85.89**	72.77
NGLs	**86.87**	75.33
Total	**85.99**	73.03
Natural Gas *($/Mcf)*	**5.53**	3.63
Total *($/BOE)*	**62.67**	49.12

The Company's financial results are influenced by fluctuations in commodity prices and Canadian price differentials. Long Run's average oil price for the first quarter of 2014 was $90.08/Bbl, an increase of $16.46/Bbl over 2013. The increased price primarily reflects a stronger U.S. dollar, higher West Texas Intermediate benchmark pricing and narrower field differentials.

In the first quarter of 2014, Long Run's natural gas price was $5.96/Mcf, an increase of $2.59/Mcf over 2013, reflecting the strengthening of AECO benchmark pricing. AECO pricing in the first quarter of 2014 was favorably influenced by the reduction in gas storage levels brought about by cold winter experienced in North America. The Company's natural gas price reflects premiums received for the liquids content included in the natural gas production.

The Company enters into financial derivative contracts for the purpose of protecting funds flow from operations from the volatility of commodity prices. During the first quarter of 2014, Long Run's oil price including derivative contracts was $85.89/Bbl, which included a realized loss of $4.19/Bbl. The Company's natural gas price including derivatives was $5.53/Mcf, which included a realized loss of $0.43/Mcf.

Operating Results

Operating Netback & Funds Flow from Operations

	Q1 2014		Q1 2013	
	$000s	**$/BOE**	$000s	$/BOE
Revenues	**151,886**	**65.89**	103,613	48.76
Royalties	**(18,466)**	**(8.01)**	(11,790)	(5.55)
	133,420	**57.88**	91,823	43.21
Realized gain (loss) on derivatives	**(7,422)**	**(3.22)**	756	0.36
Transportation costs	**(5,543)**	**(2.41)**	(4,483)	(2.11)
Operating costs	**(36,194)**	**(15.70)**	(28,742)	(13.53)
Operating netback	**84,261**	**36.55**	59,354	27.93
General and administrative	**(8,729)**	**(3.79)**	(7,461)	(3.51)
Interest	**(4,916)**	**(2.13)**	(3,223)	(1.52)
Exploration expenses	**(566)**	**(0.24)**	-	-
Capital and other taxes	**-**	**-**	(26)	(0.01)
Funds flow from operations[1]	**70,050**	**30.39**	48,644	22.89

[1] *See Non-GAAP Measures section.*

In the first quarter of 2014, funds flow from operations was $70.1 million, an increase of $21.4 million from the first quarter of 2013 reflecting:

- Higher liquids and natural gas production, attributable to successful drilling programs and properties acquired during calendar 2013, increased revenue by $17.1 million; and

- Higher liquids and natural gas prices, excluding derivative contracts, increased revenue by $31.2 million;

Partially offset by:

- Royalties associated with increased revenue were $6.7 million higher, averaging 12.2% of revenue in the first quarter of 2014 compared to 11.4% in the first quarter of 2013. The increase reflects the impact of higher liquids production;

- A realized loss on financial derivative contracts of $7.4 million, compared to a realized gain of $0.8 million in 2013. During 2014, we realized a loss on both oil and natural gas derivative contracts, of $4.8 million and $2.6 million, respectively, due to higher benchmark pricing;

- Higher operating costs of $7.5 million resulted from the increase in liquids production volumes and the extreme cold weather experienced in Alberta, which increased well servicing, fuel, and labour costs. Operating costs are expected to average $14.75/BOE for 2014, prior to the Acquisition;

- Increased general and administrative costs of $1.3 million relating to higher employee costs. General and administrative costs are expected to average $3.10/BOE for 2014, prior to the Acquisition; and

- Increased interest expense of $1.7 million is attributable to a higher average debt outstanding resulting from the growth in our core areas through a combination of acquisitions and development.

Other Income & Expenses

($000s)	**Q1 2014**	Q1 2013
Unrealized loss on derivatives	**(10,783)**	(10,760)
Share-based compensation	**(582)**	(988)
Accretion	**(2,122)**	(1,458)
Depletion and depreciation	**(49,663)**	(37,459)
Gain on dispositions	**2,328**	1,553
Deferred income tax expense	**(2,457)**	(359)
	(63,279)	(49,471)
Funds flow from operations[1]	**70,050**	48,644
Net earnings (loss)	**6,771**	(827)

[1] See Non-GAAP Measures section.

In comparing the first quarter of 2014 with the first quarter of 2013:

- An unrealized loss on financial derivative contracts of $10.8 million was consistent with the loss recognized during 2013. Unrealized losses of $1.9 million on crude oil derivative contracts and $9.0 million on natural gas derivative contracts were recorded in 2014 reflecting increases in the forward commodity prices.

- Depletion and depreciation expense increased $12.2 million due to the increase in production volumes and the depletion rate. The depletion rate for 2014 of $21.55/BOE compared to $17.65/BOE in 2013. The 2014 rate reflects the costs associated with the development of oil properties.

In determining deferred income tax expense, the Company's effective tax rate differs from the Canadian statutory tax rate due to permanent differences that primarily arise due to share-based compensation costs. The Company's statutory tax rate is 25%.

Liquidity and Capital Resources

Net Debt

($000s)	March 31, 2014	December 31, 2013
Bank debt	**370,941**	423,553
Working capital deficiency	**49,807**	28,602
Convertible Debentures – face value	**75,000**	-
Net debt[1]	**495,748**	452,155

[1] *See Non-GAAP Measures section.*

The Company's net debt at March 31, 2014 has increased $43.6 million from December 31, 2013, primarily as a result of planned capital expenditures and dividend payments totaling $109.8 million exceeding funds flow of $70.1 million during the quarter. Of the $210 million in planned 2014 capital expenditures, $100.8 million was incurred in the first quarter. For 2014, we expect capital expenditures and dividend payments to be funded using funds flow from operations, excluding the Acquisition costs.

The capital intensive nature of the Company's activities generally results in the Company carrying a working capital deficit, as reflected in the net debt calculation. The Company maintains sufficient unused credit facilities to satisfy working capital deficiencies.

The Company's bank debt at March 31, 2014 decreased $52.6 million from December 31, 2013 due to the proceeds received from the convertible debentures issuance being applied to bank debt. On January 28, 2014, we issued $75.0 million face value of convertible debentures, which are described further below.

Credit Facilities

The Company currently has credit facilities of $475 million, consisting of a $445 million revolving syndicated facility and a $30 million operating facility. Total borrowings permitted under these facilities cannot exceed the borrowing base, which is determined by the lenders on a semi-annual basis or upon the occurrence of a material event. At March 31, 2014, the Company had $104.1 million of unused capacity on its credit facilities.

The credit facilities borrowing base is expected to increase by $100 million to $575 million upon closing of the Acquisition in May 2014. The Acquisition will be funded from the Company's $120 million Offering, the disposition of 400 BOE/d of heavy oil from our Lloydminster property and the Company's credit facilities.

The credit facilities have a termination date of May 31, 2016, and are subject to semi-annual review in May of 2014. The Company has determined that as it does not intend to repay the facility within the next twelve months, the bank debt should be classified as long term on the statement of financial position. While the Company does not anticipate a reduction to the borrowing base below the level of bank debt currently outstanding, there is no assurance that the borrowing base will be maintained at current levels until May 31, 2016.

At March 31, 2014, the Company was in compliance with all covenants, obligations, and conditions of its credit agreement. The covenant requirements under the credit facilities have not changed since December 31, 2013. These covenants relate to bank debt and total debt to trailing 12 month EBITDA, interest coverage, permitted dispositions and permitted hedging. EBITDA is defined in the credit facilities as earnings before interest, exploration expenses, taxes, depletion and depreciation, and other non-cash items. The bank covenants require a senior debt to EBITDA ratio of less than 3:1 (March 31, 2014 – 1.4:1) and a total debt to EBITDA ratio of less than 3.5:1 (March 31, 2014 – 1.4:1). The interest coverage ratio, defined as EBITDA to interest expense, must be at least 3.5:1 (March 31, 2014 – 16.3:1).

The convertible debentures issued in January 2014 are not considered debt for the debt to EBITDA ratio calculations under the credit agreement. Dispositions are permitted up to 10% of the borrowing base without formal approval of the lending syndicate. Commodity hedges are permitted on up to 75% of 2014 forecasted oil and natural gas production net of royalties (2015 - 75%; 2016 - 50%). Interest rate hedges are permitted up to 75% of the 2014 total debt balance (2015 - 75%; 2016 - 50%). Further details on the calculations of the covenants can be found in the Company's credit facility agreement filed on SEDAR at www.sedar.com on May 5, 2014 under the Company's profile.

Convertible Debentures

On January 28, 2014, the Company issued convertible unsecured subordinated debentures (the "convertible debentures") in the principal amount of $75.0 million at par. The convertible debentures bear interest at an annual rate of 6.40%, payable semi-annually in arrears. Prior to maturity on January 29, 2019, the convertible debentures are convertible into Common Shares at a conversion price of $7.40 per Common Share, subject to adjustments in certain events. The increase in the Company's dividend rate associated with the closing of the Acquisition is not expected to adjust the convertible debentures conversion price in 2014.

Share Capital

# of units (000s)	**May 5, 2014**	**March 31, 2014**	December 31, 2013
Common Shares	**110,490**	**110,352**	110,143
Non-Voting Convertible Shares[1]	**15,513**	**15,513**	15,513
Subscription Receipts	**23,530**	**-**	-
Options	**9,308**	**9,507**	10,266
Warrants	**2,300**	**2,300**	2,300

[1] Each Non-Voting Convertible Share is convertible into one Common Share in certain events, including on transfer to a holder that would not be a Control Person (as defined in the share provisions thereof)

In the first quarter of 2014, there were 209,000 Common Shares issued on the exercise of stock options, and no changes to the Non-Voting Convertible Shares. The Company did not grant stock options in the first quarter of 2014. At March 31, 2014, there were 125.9 million Common Shares and Non-Voting Convertible Shares outstanding.

In connection with the Acquisition, on April 30, 2014, Long Run closed the Offering of 23.5 million subscription receipts ("Subscription Receipts") at a price of $5.10 per Subscription Receipt. Each Subscription Receipt entitles the holder to receive one Common Share, without additional payment, upon closing of the Acquisition. The proceeds from the Offering will be held in escrow until the closing of the Acquisition, at which time the monies will be used to partially fund the Acquisition cost.

On April 30, 2014, Long Run and Sprott Resource Corp. announced they entered into an agreement with a syndicate of underwriters for a secondary offering by Sprott Resource Corp. of 12.7 million Long Run Common Shares on a bought deal basis at a price of $5.35 per share. Long Run will receive no proceeds from this transaction and the total number of Long Run shares outstanding will not change. The transaction is expected to close on or about May 21, 2014. Sprott Resource Corp. announced that upon completion of the secondary offering, they intend to convert their 15.5 million Long Run Non-Voting Convertible Shares into 15.5 million Long Run Common Shares. This also will have no impact on the total number of Long Run shares outstanding or Long Run's total shareholders' equity.

The Company has 2.3 million warrants outstanding. Each warrant originally entitled the holder to acquire 0.4167 Common Shares at an exercise price of $3.10 per 0.4167 of a share until September 15, 2014. The exchange ratio and exercise price are subject to adjustment upon the payment of dividends by the Company and certain other events. In March 2014, the warrants were adjusted for January and February dividends paid. At March 31, 2014, the warrants entitled the holder to acquire 0.4222 Common Shares at an exercise price of $3.06 per 0.4222 per share. The warrants are not exercisable until the twenty-day volume weighted average trading price of the Common Shares exceeds $12.00 per share.

Dividends

In the first quarter of 2014 the Company transitioned its business model to a dividend plus moderate growth model. Dividends are payable on Common Shares and Non-Voting Convertible Shares. Long Run has established a monthly dividend to shareholders of $0.0335 per share ($0.402 per share per year). The first monthly dividend of $0.0335 per share was declared January 15, 2014 and paid to shareholders on February 14, 2014 ($4.2 million). At March 31, 2014, dividends of $12.6 million ($0.10 per share) had been declared. From April 1, 2014 to May 5, 2014, an additional $4.2 million ($0.0335 per share) of dividends have been declared, which will be paid on May 15, 2014.

Assuming the completion of the Acquisition, Long Run’s monthly dividend will increase to $0.035 per share ($0.42 per share per year). The dividend increase will become effective for the June 2014 dividend, payable in July 2014.

Long Run’s dividend rate is subject to Board approval and will be reviewed regularly. Factors and conditions potentially impacting the monthly dividend rate include production volumes, current and future commodity prices, commodity hedging, foreign exchange rates, and acquisition opportunities.

Capital Structure

Long Run’s capital structure consists of debt plus equity. The Company's primary capital management objective is to maintain a strong statement of financial position, which is expected to provide Long Run with financial flexibility and access to capital. This supports our objective of paying a monthly dividend while providing annual per share growth to shareholders.

The Company currently targets net debt to funds flow from operations at or below 1.5 times and debt to debt plus equity at or below 0.4 times. While the Company may exceed these ratios from time to time, efforts are made after a period of variation to bring the measures back in line. To manage the capital structure, the Company may adjust capital spending, adjust the dividend rate, issue equity, issue new debt or repay existing debt in response to changes in the business environment.

For the calculation of these metrics, see note 10 to the interim financial statements for three months ended March 31, 2014.

At March 31, 2014, net debt to funds flow from operations was 1.8 times compared to 2.0 times at December 31, 2013. The Company expects net debt to funds flow from operations to be 1.6x at December 31, 2014, prior to giving effect to the Acquisition. After giving effect to the Acquisition, the Offering and the increase in the monthly dividend, we expect to exit 2014 at a net debt to funds flow from operations ratio of approximately 1.8 times, which is expected to reduce through 2015. At March 31, 2014, our debt to debt plus equity ratio was 0.4 times, in line with our target objective. This ratio is not expected to significantly change after the Acquisition and the Offering.

The Company believes that it has access to sufficient capital through operating activities, external debt and equity sources, and undrawn committed credit facilities to meet 2014 guidance on capital spending and dividend payments.

Contractual Obligations and Contingencies and Related Parties

Contractual Obligations

($000s)	2014	2015	2016	2017	2018	Thereafter	Total
Bank loan	-	-	370,941	-	-	-	370,941
Convertible debentures [1]	-	-	-	-	-	75,000	75,000
Operating leases	2,306	3,132	3,069	4,805	6,546	54,109	73,967
Firm transportation agreements	2,300	2,569	1,826	1,361	1,123	598	9,777
Capital commitments	5,493	-	-	-	-	-	5,493
	10,099	5,701	375,836	6,166	7,669	129,707	535,178

[1] *Face value*

Operating lease payments are primarily for office space, firm transportation agreements relate to the transportation of natural gas, and capital commitments include contracts for drilling rig services.

Other than the operating leases, the Company has no off-balance sheet financing arrangements.

Contingencies

The Company is involved in various claims and legal actions arising in the normal course of business. The Company does not expect that the outcome of these proceedings will have a material adverse effect on the Company as a whole.

Risk Management

Long Run is engaged in the development, acquisition, exploration and production of oil and natural gas in western Canada. The Company is exposed to a number of risks, both financial and operational, through the pursuit of its strategic objectives. Actively managing these risks improves the ability to effectively execute our business strategy. Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates, currency exchange rates and the cost of goods and services. Financial risks also include third party credit risk and liquidity risk. Operational risks include reservoir performance uncertainties, competition, and regulatory, environment and safety concerns. Exposure to these risks has not changed substantially since December 31, 2013.

For a further and more in-depth discussion of risk management, see the Company's annual financial statements and MD&A for the year ended December 31, 2013 and the Company's Annual Information Form for the year ended December 31, 2013.

Commodity Price

To partially mitigate exposure to commodity price risk, the Company enters into various financial derivative instruments. The Company has entered into crude oil and natural gas derivative contracts, including costless collars, fixed price, calls and call swaptions. The Company currently has contracts for crude oil volumes of 8,390 Bbl/d for the remainder of 2014 and 1,158 Bbl/d for 2015. As well, the Company currently has average natural gas volumes of 49.3 MMcf/d contracted for the remainder of 2014 and 41.9 MMcf/d for 2015. Further details on the derivative contracts can be found in notes 13 and 16 of the interim financial statements for the three months ended March 31, 2014.

In the first quarter of 2014, the Company realized a $7.4 million loss as a result of its commodity price risk management. The realized loss included a $4.8 million loss on crude oil contracts and a $2.6 million loss on natural gas financial derivative contracts. In the first quarter of 2014, the Company recognized an unrealized loss on crude oil financial derivative contracts of $1.9 million and an unrealized loss on natural gas financial derivative contracts of $9.0 million. At March 31, 2014, the fair value of crude oil derivatives was a liability of $19.0 million and the fair value of natural gas derivatives was a liability of $9.5 million.

Critical Accounting Judgments, Estimates and Accounting Policies

For a full understanding of the Company’s critical accounting judgments, estimates and accounting policies, the following should be read in conjunction with the annual audited financial statements and MD&A for the year ended December 31, 2013.

Critical Accounting Estimates

The Company is required to make judgments, estimates and assumptions in the application of accounting policies that could have a significant impact on its financial results. Actual results may differ from those estimates and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. Further details on the basis of presentation and significant accounting policies can be found in the annual financial statements and MD&A for the year ended December 31, 2013. There have been no significant changes to the accounting policies since December 31, 2013.

Adoption of New Accounting Policies

As required by IFRS, the Company adopted IFRIC 21 – *Levies* and the amendments to IAS 36 - *Impairment of Assets* as of January 1, 2014. The adoption did not have an impact on the Company’s financial results. Further details of these standards can be found in note 3 of the financial statements for the period ended March 31, 2014.

Control Environment

Disclosure Controls and Procedures

The Company's Chief Executive Officer (“CEO”) and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles applicable to the Company.

The Company is required to disclose any change in the Company's internal controls over financial reporting that occurred during the Company’s most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting. No material changes in the Company’s internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Detailed Quarterly Results

The Corporation's quarterly funds flow from operations is significantly impacted by changes in production volumes, fluctuations in commodity prices, exchange rates and realized gains and losses on financial derivative contracts. In addition to these items, net earnings are impacted by impairments and unrealized gains and losses on financial derivative contracts. Acquisitions and divestitures can also have a significant impact on Long Run's results. The following significant transactions have impacted the Company's quarterly results:

- In the fourth quarter of 2013, Long Run completed two significant light oil acquisitions in the Peace River and Redwater areas for total consideration of approximately $95 million, with combined production of approximately 1,800 BOE/d (70% liquids) at the closing dates.
- In the third quarter of 2012, the Company completed a plan of arrangement to acquire Guide Exploration Ltd. ("Guide"). Funds flow from operations and net earnings prior to October 23, 2012 do not include the results of operations from the Guide properties.

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Funds flow from operations [1] *($000s)*	70,050	55,934	62,304	63,227	48,644	38,407	26,546	34,385
Per share, basic [1]	0.56	0.45	0.50	0.50	0.39	0.33	0.32	0.41
Per share, diluted [1]	0.56	0.44	0.50	0.50	0.39	0.33	0.32	0.41
Net earnings (loss) *($000's)*	6,771	(5,531)	9,524	21,099	(827)	(56,590)	(4,747)	17,506
Per share, basic & diluted	0.05	(0.04)	0.08	0.17	(0.01)	(0.49)	(0.06)	0.21
Dividend *($000's)*	12,639	-	-	-	-	-	-	-
Per share	0.0335	-	-	-	-	-	-	-
Payout ratio [1]	18%	-	-	-	-	-	-	-
Capital *($000's)*								
Drilling and completion	75,114	30,750	72,746	19,541	80,767	46,623	18,957	30,374
Plant and facilities	23,370	8,760	18,699	17,697	19,652	10,590	9,149	12,003
Geological and geophysical	939	566	601	779	1,314	772	1,007	999
Other assets	1,425	1,561	1,091	861	1,186	355	79	1,239
Capital expenditures	100,848	41,637	93,137	38,878	102,919	58,340	29,192	44,615
Net acquisitions (dispositions)	(3,679)	86,328	3,331	1,158	17,945	(169,731)	(138)	466
Capital investment	97,169	127,965	96,468	40,036	120,864	(111,391)	29,054	45,081
Wells Drilled *(net)*								
Peace	19.5	9.5	19.5	4.0	19.0	5.0	-	-
Redwater	27.0	1.0	26.6	8.0	28.6	12.0	4.0	12.6
Other	1.0	1.0	4.0	-	4.0	-	3.0	-
	47.5	11.5	50.1	12.0	51.6	17.0	7.0	12.6
Plato – disposed 2012	-	-	-	-	-	9.5	14.0	9.0
Total	47.5	11.5	50.1	12.0	51.6	26.5	21.0	21.6
Production								
Liquids *(Bbl/d)*								
Light oil	11,491	11,811	10,322	9,802	9,528	9,125	6,057	6,310
Heavy oil	1,193	1,440	1,387	1,669	1,581	1,538	1,128	868
NGLs	1,584	1,520	1,478	1,116	1,249	1,332	669	1,113
	14,268	14,771	13,187	12,587	12,358	11,995	7,854	8,291
Natural Gas *(Mcf/d)*	68,071	73,392	72,634	71,058	67,516	56,453	18,214	19,548
Total *(BOE/d)*	25,613	27,003	25,293	24,431	23,611	21,405	10,890	11,549
Production by Area *(BOE/d)*								
Peace River	10,637	11,500	10,101	9,952	9,453	6,691	-	-
Redwater	6,101	6,285	5,875	5,444	5,195	5,050	6,023	6,748
Boyer	2,732	2,861	3,241	3,274	2,938	2,220	-	-
Kaybob	1,804	1,851	1,923	1,426	1,847	2,118	2,044	2,657
Other	4,339	4,506	4,153	4,335	4,178	3,615	1,182	959
	25,613	27,003	25,293	24,431	23,611	19,694	9,249	10,364
Plato – disposed 2012	-	-	-	-	-	1,711	1,641	1,185
Total	25,613	27,003	25,293	24,431	23,611	21,405	10,890	11,549

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Benchmark pricing								
WTI *($US/Bbl)*	98.68	97.46	105.83	94.20	94.37	88.18	92.22	93.49
Edmonton Light Sweet *($CAD/Bbl)*	99.83	86.58	104.98	92.33	88.19	83.99	84.33	83.95
AECO *($/Mcf)*	5.72	3.53	2.43	3.53	3.20	3.21	2.29	1.90
Cdn$/US$ exchange rate	1.10	1.05	1.04	1.02	1.01	0.99	1.00	1.01
Prices, excluding derivatives								
Liquids *($/Bbl)*								
Light oil	91.24	75.06	95.47	83.70	76.69	76.24	80.28	82.79
Heavy oil	78.90	62.69	87.40	71.52	55.10	57.89	59.77	64.03
NGLs	86.87	69.21	76.05	68.91	75.33	67.08	62.24	74.95
Total	89.72	73.25	92.44	80.78	73.79	72.87	75.78	79.77
Natural Gas *($/Mcf)*	5.96	3.73	2.65	3.73	3.37	3.35	2.44	1.94
Total *($/BOE)*	65.89	50.24	55.84	52.72	48.76	50.27	59.98	60.92
Prices, including derivatives								
Oil *($/Bbl)*	85.89	71.14	87.44	81.80	72.77	76.54	79.14	81.58
NGLs *($/Bbl)*	86.87	69.21	76.05	68.91	75.33	67.08	62.24	74.95
Natural Gas *($/Mcf)*	5.53	4.04	3.23	3.89	3.63	4.19	2.44	1.94
Total *($/BOE)*	62.67	49.78	54.29	53.29	49.12	53.99	61.34	61.57
Netback *($/BOE)*								
Revenues	65.89	50.24	55.84	52.72	48.76	50.27	59.98	60.92
Royalties	(8.01)	(7.33)	(6.61)	(4.38)	(5.55)	(6.36)	(5.87)	(5.52)
Realized gain (loss) on derivatives	(3.22)	(0.46)	(1.54)	0.57	0.36	3.72	1.36	0.65
Transportation costs	(2.41)	(2.00)	(2.50)	(2.36)	(2.11)	(2.27)	(2.04)	(1.94)
Operating costs	(15.70)	(13.36)	(14.45)	(13.98)	(13.53)	(11.78)	(18.20)	(15.35)
Operating Netback	36.55	27.09	30.74	32.57	27.93	33.58	35.23	38.76
G&A	(3.79)	(2.82)	(2.31)	(2.47)	(3.51)	(11.86)	(6.68)	(3.90)
Interest	(2.13)	(1.73)	(1.56)	(1.63)	(1.52)	(1.96)	(1.84)	(2.06)
Corporate Netback	30.63	22.54	26.87	28.47	22.90	19.76	26.71	32.80
Funds Flow from Operations[1] *($000s)*								
Revenues	151,886	124,816	129,923	117,210	103,613	99,000	60,094	64,025
Royalties	(18,466)	(18,213)	(15,377)	(9,753)	(11,790)	(12,521)	(5,882)	(5,814)
Realized gain (loss) on derivatives	(7,422)	(1,145)	(3,585)	1,285	756	7,320	1,362	682
Transportation costs	(5,543)	(4,971)	(5,816)	(5,250)	(4,483)	(4,474)	(2,048)	(2,037)
Operating costs	(36,194)	(33,198)	(33,614)	(31,083)	(28,742)	(23,195)	(18,238)	(16,128)
	84,261	67,289	71,531	72,409	59,354	66,130	35,288	40,728
G&A	(8,729)	(7,017)	(5,378)	(5,493)	(7,461)	(23,351)	(6,696)	(4,100)
Interest	(4,916)	(4,300)	(3,633)	(3,634)	(3,223)	(3,864)	(1,844)	(2,161)
Other	(566)	(38)	(216)	(55)	(26)	(508)	(202)	(82)
	70,050	55,934	62,304	63,227	48,644	38,407	26,546	34,385

[1] *See Non-GAAP Measures section.*

Non-GAAP Measures

The MD&A contains terms commonly used in the oil and natural gas industry, such as funds flow from operations, funds flow from operations per share, net debt and payout ratio. These terms are not defined by IFRS and therefore may not be comparable to similar measures presented by other companies. There are measures 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. These terms should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with IFRS as indicators of Long Run's performance.

Quarterly Funds Flow from Operations

	2014	2013				2012		
($000s)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Cash flow from operating activities	**59,781**	65,932	61,756	60,835	45,733	43,325	31,417	27,941
Change in non-cash working capital	**8,923**	(11,758)	(266)	1,958	1,949	(5,722)	(4,871)	6,444
Abandonment costs	**1,346**	1,760	814	434	962	804	-	-
Funds flow from operations	**70,050**	55,934	62,304	63,227	48,644	38,407	26,546	34,385
Weighted average outstanding shares *(000s)*								
- Basic	**125,730**	125,629	125,620	125,620	125,620	115,421	82,969	82,969
- Diluted	**126,129**	126,245	125,620	125,620	125,620	115,421	83,016	83,061
Funds flow from operations per share *($/share)*								
- Basic	**0.56**	0.45	0.50	0.50	0.39	0.33	0.32	0.41
- Diluted	**0.56**	0.44	0.50	0.50	0.39	0.33	0.32	0.41

Net Debt

($000s)	**March 31, 2014**	December 31, 2013
Bank debt	**370,941**	423,553
Working capital deficiency		
Accounts payable and accrued liabilities	**121,319**	89,606
Accounts receivable	**(65,751)**	(53,433)
Prepaid expenses and deposits	**(5,761)**	(7,571)
Convertible debentures – face value	**75,000**	-
Net Debt	**495,748**	452,155

Payout Ratio

Payout ratio is defined as dividends declared divided by funds flow from operations.

Advisory

Forward-Looking Statements

This document contains forward-looking statements and forward-looking information (collectively "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, financial, operating and production results and opportunities, including expected effects of the Acquisition and the Offering, anticipated 2014 operating and general and administrative costs, 2014 average production, commodity mix, capital expenditures, dividends and dividends per share, exit net debt to funds flow from operations, our capital expenditure program, nature of expenditures and method of funding capital expenditures and dividends, drilling and development plans and the timing thereof, sources of funding, timing of new wells being brought on production, and timing of field implementation of EOR and timing of second pilot EOR at Redwater and effect thereof. In addition, and without limiting the generality of the foregoing, this document contains forward-looking information regarding the Acquisition, the Offering and the benefits to be acquired therefrom and the impacts on Long Run and its financial and operating results and development plan including anticipated production and commodity mix, capital expenditures, outstanding debt levels, dividends, including anticipated dividend increase and the amount and timing of such increase, and 2014 debt to funds flow from operations and future expectations relating thereto. This document also contains forward-looking information relating to the estimated purchase price of the Acquisition, the sources of funding of the Acquisition, the anticipated increase in Long Run's credit facilities in connection with the Acquisition, and the anticipated closing date for the Acquisition. 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 prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource 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 obtaining the necessary regulatory approvals, including satisfaction of the conditions to closing the Acquisition and on the timeframes contemplated. Included herein are estimates of Long Run's 2014 12-month pre-Acquisition and 2014 post Acquisition exit net debt to funds flow from operations based on assumptions provided herein and other assumptions utilized in arriving at Long Run's capital budget on a post-Acquisition and Offering basis. To the extent such estimates constitute a financial outlook, they were approved by management on April 9, 2014 and are included herein to provide readers with an understanding of the effects of the Acquisition and the Offering and anticipated funds available to Long Run to fund its capital expenditures, dividends and the effects thereof on debt levels and readers are cautioned that the information may not be appropriate for other purposes.

These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or future plans are forward-looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks associated with oil and natural gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. The payment of a dividend by the Company is subject to declaration thereof by the board of directors and continuation of the dividend policy will be subject to and dependent on the Company's cash flow and other expenditures, including capital expenditures. As a consequence, Long Run’s actual results may differ materially from those expressed in, or implied by, the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could affect Long Run’s operations and financial results are included elsewhere herein and in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at Long Run’s website (www.longrunexploration.com). Furthermore, the forward-looking statements contained herein are made as at the date hereof and Long Run does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Oil & Natural Gas Information

Petroleum and natural gas reserves and volumes are converted to a common unit of measure on a basis of six thousand cubic feet of natural gas to one barrel of oil. BOEs may be misleading, particularly if used in isolation. The forgoing conversion ratio 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 than the energy equivalency of six to one, utilizing a conversion on a six to one basis may be misleading as an indication of value.

Abbreviations

Oil and Natural Gas Liquids		Natural Gas	
MBbl	thousand barrels	MMcf	million cubic feet
MMBbl	million barrels	Mcf/d	thousand cubic feet per day
Bbl/d	barrels per day	MMcf/d	million cubic feet per day
NGL	natural gas liquids	Mmbtu	million British Thermal Units
BOE	barrels of oil equivalent		
BOE/d	barrels of oil equivalent per day		
Liquids	light oil, heavy oil, and NGLs		

Additional Information

Additional information relating to Long Run, including Long Run's Annual Information Form, can be accessed on-line on SEDAR at www.sedar.com, or from the Company's website at www.longrunexploration.com.