

Ironhorse Announces 2016 Fourth Quarter and Year End Results

CALGARY, March 16, 2017 /CNW/ - Ironhorse Oil & Gas Inc. ("Ironhorse" or the "Company") (TSX-V: IOG) announces its fourth quarter and full year 2016 financial and operating results and year-end reserves information.

Highlights of 2016:

- Funds from operations decreased 113% to negative \$30,000 for the year ended December 31, 2016 from positive \$228,000 for the year ended December 2015.
- Despite producing for just 31 days during the first seven months of 2016 as a result of being shut-in, annual production from the Pembina area averaged 105 boe/d net, a decrease of 43% compared to 2015.
- Realized net loss of \$1.0 million for 2016 triggered primarily by the \$0.8 million impairment of the Pembina asset due to a decline in estimated future commodity prices provided by the Company's third party external reserve report evaluators as compared with 2015.
- General and administrative costs decreased 38% to \$427,000 compared to \$688,000 for the year ended December 31, 2015 which incurred \$270,000 in costs in defense of the unsolicited take-over-bid by 1927297 Alberta Ltd. initiated on November 4, 2015 which expired on February 5, 2016.
- The Company's proved plus probable reserve volumes are 85% oil and natural gas liquids weighted, with 73% of reserve volumes being proved.

Outlook 2017:

Production from the Nisku L2L Pool (the "Pool"), the Company's primary source of cash flows, is projected to average in the range of 140 boe/d to 170 boe/d for the next six months as the operator manages reservoir performance and optimizes the Pool production and water injection requirements. During the second half of 2017 downhole pump upgrades are to be completed on the Pembina producer wells which will impact production slightly.

Additional expenditures will be incurred in 2017 related to capital costs for pump upgrades at Pembina and surface reclamation activity primarily related to the Company's Dawson, Alberta operated property.

SELECTED INFORMATION (\$ thousands except per share & unit amounts)	Three months ended		Year ended December 31	
	December 31 2016	2015	2016	2015
Financial				
Petroleum and natural gas revenues ⁽¹⁾	884	892	1,731	3,343
Funds from operations ⁽²⁾	142	(144)	(30)	228
Per share – basic and diluted	0.01	(0.01)	-	0.01
Net (loss)	(700)	(2,076)	(1,036)	(5,719)
Per share – basic and diluted	(0.03)	(0.07)	(0.04)	(0.21)
Capital expenditures ⁽³⁾	-	-	(1)	44
Operation				
Production				
Gas (mcf/d)	212	202	142	192
Oil & NGL (bbl/d)	167	197	89	164
Total (boe/d)	202	231	113	196
Petroleum and natural gas revenues (\$/boe)	47.61	42.08	41.81	46.83
Royalties (\$/boe)	19.09	18.00	15.48	17.62
Operating expenses (\$/boe)	16.41	12.55	17.16	16.60
Operating netback (\$/boe)	12.11	11.53	9.17	12.61

(1) Petroleum and natural gas revenues are before royalty expense.

(2) Funds from operations and net debt are non-GAAP measures as defined in the Advisory section of the MD&A.

(3) Capital expenditures are before acquisitions and dispositions.

The Company's year-end reserves evaluation with the effective date of December 31, 2016 was prepared by Sproule Associates Limited in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and NI 51-101 "Standards of Disclosure for Oil & Gas Activities". Reserves included herein are stated on a company gross basis (working interest before deduction of royalties without including any royalty interest) unless otherwise noted.

Reserves Summary – Oil Equivalent (Mboe)

(Mboe)	Proved			Total Proved	Total Probable	Proved plus Probable
	Producing	Developed Non-Producing	Undeveloped			
2015	483	89	-	572	175	747
2016	450	2	-	452	165	617

Net Present Value Summary⁽¹⁾

(\$ thousands)	Proved			Total Proved	Total Probable	Total Proved plus Probable
	Producing	Developed Non-Producing	Undeveloped			
10%	6,834	3	-	6,838	2,324	9,162
15%	6,012	6	-	6,019	1,795	7,813

(1) Net present value summary is before income taxes

Reserves Reconciliation - Oil Equivalent (Mboe)

(Mboe)	Total		
	Proved	Proved plus Probable	Probable
December 31, 2015	572	175	747

Technical Revisions	(79)	(10)	(89)
Dispositions	-	-	-
Economic Factors	(0.1)	-	(0.1)
Production	(41)	-	(41)
December 31, 2016	452	165	617

Net Asset Value ("NAV") before income tax – Discounted at 10%

(\$ thousands except share and per share data)	December 31,	
	2016	2015
Net present value-proved and probable	9,162	10,538
Net working capital ⁽¹⁾	2,788	2,915
Net asset value	11,950	13,453
Common shares outstanding	27,885,824	27,885,824
NAV per share, December 31	0.43	0.48

Sproule Price Forecasts as of December 31, 2016 ⁽¹⁾

Year	Canadian Light Sweet Oil Price At Edmonton AECOMIT	Spot Gas
	40° API (\$Cdn/bbl)	Price (\$Cdn/Mmbtu)
2017	65.58	3.44
2018	74.51	3.27
2019	78.24	3.22
2020	80.64	3.91
2021	82.25	4.00
2022	83.90	4.10
2023	85.58	4.19
2024	87.29	4.29
2025	89.03	4.40
2026	90.81	4.50
2027	92.63	4.61
Thereafter	+2.0%/year	+2.0%/year

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer

Additional Information

Ironhorse's complete results for the year ended December 31, 2016, including audited financial statements and the management's discussion and analysis, statement of reserves data and other oil and gas information are available on SEDAR or the Company's web site at www.ihorse.ca.

About Ironhorse:

Ironhorse Oil & Gas Inc. is a Calgary-based junior oil and natural gas production company trading on the TSX Venture Exchange under the symbol "IOG."

Forward-looking statements:

Statements throughout this release that are not historical facts may be considered to be "forward looking statements." 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, including management's assessment of future plans and operations, drilling plans and timing thereof, expected production rates and additions and the expected levels of activities may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to complete and/or 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 and changes in the regulatory and taxation environment. As a consequence, the Company'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 ability of the Company to obtain 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; and field production rates and decline rates. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company'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). Furthermore, the forward-looking statements contained in this release are made as at the date of this release.

Boe Conversion – Certain natural gas volumes have been converted to barrels of oil equivalent ("boe") whereby six thousand cubic feet (mcf) of natural gas is equal to one barrel (bbl) of oil. This conversion ratio is based on an energy equivalency conversion applicable at the burner tip and does not represent a value equivalency at the wellhead.

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