Waldron Energy Corporation Announces First Quarter 2013 Results and Operations Update

13.05.2013 | Marketwired

CALGARY, May 13, 2013 - Waldron Energy Corporation ("Waldron" or the "Corporation") (TSX:WDN) is pleased to announce its financial and operational results for the three months ended March 31, 2013. These reports are available for review at www.sedar.com and on the Corporation's website at www.waldronenergy.ca.

Q1 2013 Highlights

- First quarter average production of 2,119 boe per day (26% oil and liquids);

- First quarter funds from operations of $2.0 million;

- Realized natural gas pricing of $3.49 per mcf and light oil pricing of $82.62 per bbl contributed to an operating netback of $15.97 per boe;

- Net debt, excluding the change in fair value of commodity contracts, decreased from $35.9 million at December 31, 2012 to $34.7 million at March 31, 2013; and

- Disciplined capital program of $0.7 million concentrated on the reactivation of Belly River oil wells at Ferrybank.

Q1 2013 Financial Highlights

Financial (000's except for per share amounts)

	Three months ended March 31, 2013	2012
Petroleum and natural gas sales	$ 5,950	$ 6,736
Funds from operations(1)	1,951	2,183
Per share basic & diluted(1)(2)	0.05	0.06
Net loss	(1,260)	(6,596)
Per share basic & diluted(2)	(0.03)	(0.19)
Capital expenditures(3)	722	3,583
Working capital deficiency (excluding bank debt)	1,215	3,321
Bank debt	33,650	32,150
Property and equipment	82,929	88,964
Exploration and evaluation assets	10,610	13,744
Shareholders' equity	47,367	56,535
Number of shares outstanding at year end	40,035	34,333

Notes:
(1) Funds from operations is a non-GAAP measure and the Corporation calculates this measure as cash provided from operations before changes in non-cash working capital and decommissioning expenses.
(2) At March 31, 2013 there were 2,524,667 (2012 - 2,406,000) options and 7,182,560 (2012 - 7,182,560) warrants outstanding that were not included in the calculation of weighted average shares outstanding as the effect would be anti-dilutive.
(3) Capital expenditures include dispositions and decommissioning expenditures and exclude capitalized stock based compensation.

Q1 2013 Operational Highlights

	Three months ended March 31, 2013	2012
Average Production		
Natural Gas (mcf/d)	9,426	12,404
NGL (bbls/d)	392	588
Light crude oil (bbls/d)	156	150
BOE/day	2,119	2,806
Realized Pricing		
Natural Gas ($/Mcf)	$ 3.49	2.23
Natural gas liquids ($/bbl)	51.89	56.30
Light crude oil ($/bbl)	82.62	88.45
Average realized price ($/boe)	31.20	26.38
Netback per boe		
Sales price	$ 31.20	$ 26.38
Realized loss on commodity contracts	-	(0.04)
Royalties	(2.12)	(3.10)
Operating expenses	(11.24)	(7.61)
Transportation expenses	(1.87)	(1.94)
Operating netback	$ 15.97	$ 13.69
Operating field cash flow ($000's)	$ 3,046	3,496

2013 Guidance

Q2 2013 production is estimated to be approximately 2,000 - 2,050 boe per day. The Corporation will continue to concentrate on debt reduction through to the end of break-up in the second quarter of 2013 and will provide guidance regarding its second half of 2012 capital program in June 2013. Current production is approximately 2,000 boe per day.

Based on current commodity pricing, in place natural gas and oil price hedges and the Corporation's continued efforts to reduce operating costs, the Corporation expects to realize a field netback of approximately $19 - 20 per boe for 2013. Additionally, the Corporation continues to manage its G&A budget and estimates G&A expenses to average approximately $0.6 million per quarter for the last half of the year, down from Q1 2013 G&A expenses of $0.9 million.

2013 Hedging

The Corporation has entered into the following commodity price contracts:

Period	Commodity	Type of Contract	Quantity Contracted	Contract price ($CDN)
Apr 1, 2013 - Dec 31, 2013	Crude Oil	Swap	200 bbl/d	WTI $96.31/bbl
Apr 1, 2013 - Oct 31, 2013	Natural gas	Swap	1,680 mcf/d	AECO $3.77/mcf
May 1, 2013 - Oct 31, 2013	Natural gas	Swap	707 mcf/d	AECO $3.83/mcf

Conversion factor: 1 Mcf = 1.131 GJ

Investor Information

Waldron is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. The Corporation's common shares are currently listed on the Toronto Stock Exchange under the trading symbol "WDN." Additional information regarding Waldron is available under the Corporation's profile at www.sedar.com or at the Corporation's website, www.waldronenergy.ca.

Forward Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. Specifically, this press release contains forward-looking statements relating to 2013 guidance; the results and timing of operations; anticipated G&A expenses and debt reduction; whether or not recent industry results are favorable; whether or not additional reserves are recognized; whether or not the Corporation achieves guidance; operating costs and netback; and number of horizontal drilling locations and opportunities. The forward-looking statements are based on various assumptions including expectations regarding the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; whether or not proved producing reserves form the borrowing base; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; general economic conditions; delays resulting from or inability to obtain required regulatory approvals; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Waldron believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Waldron does not undertake any obligation to publicly update or revise any forward-looking statements.

Note Regarding Non-GAAP Measures

Funds from operations, operating netback and net debt are not recognized measures under IFRS as issued by the International Accounting Standards Board ("IASB"). Management believes that in addition to cash flow from operations and net earnings, funds from operations and operating netback are useful supplemental measures as they demonstrate the Corporation's ability to generate the cash necessary to fund future growth through capital investment or repay debt if incurred in future periods. The Company uses net debt (bank debt plus negative working capital or less positive working capital, both excluding bank debt) as an alternative measure of outstanding debt and is used as a measure to assess the Company's financial position. Investors are cautioned, however, that these measures should not be construed as an alternative to cash flow from operating activities or net earnings determined in accordance with IFRS as an indication of the Corporation's performance or financial position. The Corporation's method of calculating these measures may differ from other entities and, accordingly, they may not be comparable to measures used by other entities. For these purposes, the Corporation defines funds from operations as cash flow from operations before changes in non-cash operating working capital, financing expenditures related to the costs of acquisitions and decommissioning expenditures and defines operating netback as revenue less royalties, operating and transportation expenses. Net debt is defined as current assets less current liabilities.

Note Regarding BOEs

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe 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.

Contact

Waldron Energy Corporation
Ernie Sapieha, President & CEO
esapieha@waldronenergy.ca

Waldron Energy Corporation
Jeff Kearl, VP Finance & CFO
jkearl@waldronenergy.ca

Waldron Energy Corporation
Murray Stodalka, EVP Engineering & Operations
mstodalka@waldronenergy.ca
www.waldronenergy.ca