CALGARY, May 14, 2015 /CNW/ - Petroamerica Oil Corp. (TSX-V: PTA) ("Petroamerica" or the "Company"), a Canadian oil and gas company operating in Colombia, is pleased to announce the financial and operating results for the three months ended March 31, 2015, and to provide an operational update on the Company's activities in Colombia.

Copies of the Company's Management Discussion and Analysis ("MD&A") and Interim Financial Statements have been filed with the Canadian Securities Regulatory authorities and can be viewed or downloaded at the Company's website at www.petroamericaoilcorp.com or at www.sedar.com. The financial results for all periods presented are in United States dollars unless otherwise indicated.

Quarterly Financial and Operating Highlights:

- Generated over $19 million in revenue (before royalty) in a challenging oil price environment, realising a sales price of almost $47 per barrel and an operating net back of approximately $17 per barrel of oil equivalent ('boe');
- Realised an average daily production of 4,587 boe per day ('boepd') for the quarter;
- Closed the quarter with over $55 million in cash;
- Repaid the CDN$35 million debenture note, and the Company is now debt free;
- Funds flow from operations in the quarter were $2.3 million;
- Corporate efforts to reduce costs over the last two quarters have resulted in production costs decreasing from $17.38/boe in the fourth quarter of 2014 to $10.78/boe in the current quarter, and transportation costs reducing from $14.36/boe to $14.00/boe over the same period. The Company has also significantly reduced its General and Administrative costs;
- Capital expenditures for the first quarter of 2015 were $2.5 million, a reduction of 78% from the first quarter of 2014 and 87% from the fourth quarter of 2014;
- Contract extensions on 3 blocks, with the objective of building in flexibility to the forward capital spending program, have been requested under the low oil price ANH guidelines.

Financial and Operating Results

The following table presents the highlights of Petroamerica's financial and operating results.

(in $000 US except share, per share or unless otherwise noted)	Q1 2015	Q4 2014	Q1 2014
Oil revenue – net of royalties	$17,055	$31,540	$51,702
Funds flow from operations	$2,294	$16,719	$26,627
Funds flow per share- basic	$0.00	$0.02	$0.04
Funds flow per share- diluted	$0.00	$0.02	$0.04
(Loss) income for period	$(6,952)	$(54,121)	$17,612
Total comprehensive (loss) income	$(9,344)	$(51,030)	$13,430
(Loss) income per share - basic	$(0.01)	$(0.06)	$0.03
(Loss) income per share - diluted	$(0.01)	$(0.06)	$0.03
Total assets	$265,016	$290,430	$229,012
Total cash	$55,222	$73,296	$100,699
Notes payable	$27,623	$29,933	$30,638
Shareholders' equity	$171,885	$180,992	$150,547
Exploration costs	$-	$1,232	$91
Capital expenditures - excluding acquisition	$2,538	$19,449	$11,316
Common shares outstanding (000's)	872,521	872,521	595,148
Weighted average shares outstanding:			
Basic (000's)	872,521	872,156	593,538
Diluted (000's)	872,521	872,156	614,623
Average production - boepd	4,587	5,988	6,478
Selling price $/boe	$46.88	$70.07	$105.76
Royalty $/boe	$(5.18)	$(10.56)	$(19.71)
Average transportation costs $/boe	$(14.00)	$(14.36)	$(18.88)
Average production cost $/boe	$(10.78)	$(17.38)	$(3.40)
Operating netback $/boe	$16.92	$27.77	$63.77
Cash netback$/boe	$9.35	$12.90	$45.67
Share trading			
High	$0.16	$0.44	$0.38
Low	$0.11	$0.14	$0.28
Close	$0.14	$0.14	$0.30
Trading volume (000's)	93,548	127,071	61,197

First Quarter Financial Summary

For the three months ended March 31, 2015, the Company reported $19.2 million in revenue (before royalties) from the sale of 409 thousand boe. The realized sales price was $46.88/boe generating an operating netback of $16.92/boe.

For the first quarter of 2015, the Company's net loss was $6.95 million ($0.01 per share diluted). This loss is due to the low realized oil price in the first quarter of 2015 as well as the recognition of over $9 million in non-cash depletion, depreciation and amortization expenses in the current quarter. The Company's capital expenditures for the first quarter were $2.5 million, all invested in Colombia. As at March 31, 2015, the Company held 47 thousand barrels of oil ("Mbbls") in inventory.

Following the precipitous fall in oil prices starting in the third quarter of 2014, the Company has achieved a number of cost savings in the areas of production, operations, transportation and general and administrative costs.

On a per barrel basis, production costs have been reduced from $15.46/boe and $17.38/boe in the third and fourth quarters of 2014 respectively to $10.78 for the first quarter of 2015. Transportation costs have been reduced from $14.87/boe and $14.36/boe in the third and fourth quarters of 2014 respectively to $14.00/boe in the current quarter. These savings have been achieved by negotiating with suppliers and utilizing the lowest cost transportation routes.

General and administrative costs have also been reduced relative to prior periods, from $5.3 million and $7.1 million in the third and fourth quarter of 2014, respectively, to $1.8 million in the current quarter. While some of the variances between the current quarter and the fourth quarter of 2014 can be explained through timing differences and foreign exchange gains the Company has also taken significant steps to reduce the overall salary burden. These steps have effectively reduced the overall staff contingent since the acquisition of Suroco by approximately 15%, resulting in an estimated $0.7 million in annualised savings from employee salaries and benefits. The Company continues to review additional cost savings initiatives that will bring about further reductions to its G&A.

Current Financial Status

The Company currently holds approximately $26.0 million of cash, prior to working capital adjustments, as of the date of this press release. On April 19, 2015, the Company repaid the Canadian dollar denominated $35 million debenture that had been in place since April 2012 using cash-on-hand and now has no debt. The Company is currently projecting that as a direct result of cost savings initiatives, improvements in the realized oil price, and changes to the capital spending plans for the current year, it will maintain sufficient cash to meet all of its planned commitments throughout the rest of 2015 and into early 2016. As a result, while it will continue to review and pursue options for additional capital funds, the Company will not require these funds to continue its planned activities for the rest of 2015.

2015 First Half Guidance

The Company expects to meet its production target for the first six months of 2015 of approximately 4,200 boepd, as well as its capital spending projection for the same period of $12.9 million. Given the continued volatility of the oil markets, the Company continues to review its production and capital guidance for the balance of the year.

Operations Update

Company working interest ('WI') production (before royalties) for the first quarter of 2015 averaged 4,587 boepd, with 2,546 boepd coming from the Llanos Basin and 2,041 boepd from the Putumayo Basin. Production operations, which have been hampered by a number of field issues, were largely back to normal in April, with no significant production disruptions for operational wells and no additional pump failures. The primary focus continues to be on cost control over maximization of oil production. For the month of April, total Company WI production was 4,064 boepd, with 2,260 boepd from the Llanos and 1,804 boepd from the Putumayo.

In the Quinde Field of the Putumayo Block, the drilling rig that has been located at the Quinde surface pad since 2013, and used for both drilling and well servicing operations, is being demobilized. This will allow the remaining well operations at Quinde-3 and Quinde-6 to be conducted with a less expensive, more efficient service rig that will be contracted under terms that reflect the current oil price environment. The Quinde-6 well requires a cleanout and pump repair to resume production, and the Quinde-3 go-forward evaluation plan is still under discussion with the operator. The timing of recommencement of the Cohembi and Quinde development drilling programs is uncertain at this time, and will continue to be revisited as 2015 unfolds.

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Condensed Consolidated Interim Statements of Financial Position

	As at	As at

(thousands of United States dollars)	March 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 55,222	$ 73,296
Trade and other receivables	13,923	13,825
Prepayments and deposits	343	463
Crude oil inventory	1,840	2,096
	71,328	89,680
Non-current assets		
Restricted cash	10,895	11,065
Property, plant and equipment	126,429	134,711
Exploration and evaluation assets	56,364	54,974
	193,688	200,750
Total assets	$ 265,016	$ 290,430
Liabilities		
Current liabilities		
Current equity tax	$ 501	$ -
Current income tax	2,648	2,459
Accounts payable and accrued liabilities	21,986	38,803
Notes payable	27,623	29,933
	52,758	71,195
Non-current liabilities		
Decommissioning liabilities	10,165	9,939
Deferred tax liability	28,825	26,750
Stock appreciation rights liability	1,383	1,554
Total liabilities	93,131	109,438
Shareholders' equity		
Share capital	226,492	226,492
Contributed surplus	24,875	24,638
Translation reserve	(8,758)	(6,366)
Deficit	(70,724)	(63,772)
	171,885	180,992
Total liabilities and shareholders' equity	$ 265,016	$ 290,430

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Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

	Three months ended March 31	
(thousands of United States dollars, except per share amounts)	2015	2014
Revenue		
Oil revenue - net of royalties	$ 17,055	$ 51,702
	17,055	51,702
Expenses		
Production	(4,409)	(2,044)
Transportation	(5,728)	(11,341)
Purchased oil	-	(1,625)
Exploration and evaluation	-	(91)
Depletion and depreciation	(9,050)	(9,533)
Colombian equity tax	(501)	-
General and administration	(1,816)	(2,735)
Share-based payments	(197)	(199)
	(21,701)	(27,568)
Finance and other	(1,510)	(1,292)
Foreign exchange gain	1,943	5,692
	433	4,400
Income (loss) before income taxes	(4,213)	28,534
Current income tax expense	(663)	(6,514)
Deferred tax expense	(2,076)	(4,408)
Net income (loss) for the period	(6,952)	17,612
Other comprehensive loss		
Items that may be reclassified subsequently to income or (loss):		
Reserve on translation of foreign operations	(2,392)	(4,182)
Total comprehensive income (loss)	$ (9,344)	$ 13,430
Basic income (loss) per share	$ (0.01)	$ 0.03
Diluted income (loss) per share	$ (0.01)	$ 0.03
Weighted average number of basic		
common shares outstanding	872,520,851	593,538,038
Weighted average number of diluted		
common shares outstanding	872,520,851	614,623,454

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Condensed Consolidated Interim Statements of Changes in Equity

(thousands of United States dollars)	Share Capital	Contributed surplus	Translation reserve	Deficit	Total equity
Balance at January 1, 2015	$ 226,492	$ 24,638	$ (6,366)	$ (63,772)	$ 180,992
Net loss for the period	-	-	-	(6,952)	(6,952)
Other comprehensive loss	-	-	(2,392)	-	(2,392)
Total comprehensive loss	-	-	(2,392)	(6,952)	(9,344)
Share-based payments	-	237	-	-	237
Balance at March 31, 2015	$ 226,492	$ 24,875	$ (8,758)	$ (70,724)	$ 171,885

(thousands of United States dollars)	Share Capital	Contributed surplus	Translation reserve	Deficit	Total equity
Balance at January 1, 2014	$ 138,936	$ 24,079	$ (1,172)	$ (25,745)	$ 136,098
Net income for the period	-	-	-	17,612	17,612
Other comprehensive loss	-	-	(4,182)	-	(4,182)
Total comprehensive income (loss)	-	-	(4,182)	17,612	13,430
Warrants exercised	1,117	(166)	-	-	951
Share-based payments	-	68	-	-	68
Balance at March 31, 2014	$ 140,053	$ 23,981	$ (5,354)	$ (8,133)	$ 150,547

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Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31	
(thousands of United States dollars)	2015	2014
Operating activities		
Net income (loss) for the year	$ (6,952)	$ 17,612
Items not involving cash:		
Share-based payments	197	199
Depletion and depreciation	9,050	9,533
Unrealized foreign exchange gain	(2,352)	(5,408)
Deferred tax expense	2,076	4,408
Accretion and amortization	275	283
	2,294	26,627
Net changes in non-cash working capital	(18,027)	20,679
Cash provided by (used in) operating activities	(15,733)	47,306
Investing activities		
Exploration and evaluation expenditures	(1,390)	(1,358)
Property, plant and equipment expenditures	(951)	(9,937)
Cash used in investing activities	(2,341)	(11,295)
Financing activities		
Warrants exercised	-	951
Cash provided by financing activities	-	951
Increase (decrease) in cash and cash equivalents during the period	(18,074)	36,962
Cash and cash equivalents, beginning of period	73,296	63,737
Cash and cash equivalents, end of period	$ 55,222	$ 100,699

Forward Looking Statements:

This news release includes information that constitutes "forward-looking information" or "forward-looking statements". Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. More particularly, this news release contains statements concerning expectations regarding regulatory and partner approvals on the Company's development plan, drilling and operational opportunities and the timing associated therewith, expectations regarding the establishment of a new debt facility, test results and the timing thereof, anticipated reserve life of the Company's assets, potential future acquisitions and other statements, expectations, beliefs, goals, objectives, assumptions and information about possible future conditions, results of operations or performance, the use of available cash on hand in addition to the potential exploration and development opportunities and expectations regarding regulatory approval and the overall strategic direction of the Company. The forward-looking statements contained in this document, including expectations and assumptions concerning the obtaining of the necessary regulatory approvals, including ANH approval, and the assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are uncertain and subject to risks.

A multitude of factors can cause actual events to differ significantly from any anticipated developments and although the

Company believes that the expectations represented by such forward-looking statements are reasonable, undue reliance should not be placed on the forward-looking statements because there can be no assurance that such expectations will be realized. Material risk factors include, but are not limited to: the inability to obtain regulatory approval, including ANH approval, for the transfer of participating interests and/or operatorship for the Company's properties, the risks of the oil and gas industry in general, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable shortages of equipment and/or labour, changes or fluctuations in production levels, the size of oil and natural gas reserves or resources; incorrect assessments of the value of acquisitions and exploration and development programs; geological, technical, drilling, production and processing problems; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates, and reliance on industry partners.

Readers should also note that even if the drilling program as proposed by the Company is successful, there are many factors that could result in production levels being less than anticipated or targeted, including without limitation, greater than anticipated declines in existing production due to poor reservoir performance, mechanical failures or inability to access production facilities, among other factors.

Neither the Company nor any of its subsidiaries nor any of its officers, directors or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does any of the foregoing accept any responsibility for the future accuracy of the opinions expressed in this document or the actual occurrence of the forecasted developments.

The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Use of "boe"

'boe' may be misleading if used in isolation. Throughout this press release the calculation of barrels of oil equivalent ("boe") is at a conversion rate of 6,000 cubic feet ("cf") of natural gas for one barrel of oil and is based on an energy conversion method at the burner tip and does not represent a value equivalence at the wellhead.

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