

# Alvopetro Announces Q3 2024 Results and an Operational Update

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CALGARY, Nov. 6, 2024 - [Alvopetro Energy Ltd.](#) (TSXV:ALV) (OTCQX: ALVOF) ("Alvopetro" or the "Company") announces October 2024 sales volumes, an operational update and financial results for the three and nine months ended September 30, 2024. We will host a live webcast to discuss Q3 2024 results on Thursday, November 7, 2024 at 8:00 am Mountain time.

All references herein to \$ refer to United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.

### October Sales Volumes

October sales volumes averaged 1,912 boepd, including natural gas sales of 10.7 MMcfpd, associated natural gas liquids sales from condensate of 108 bopd and oil sales of 14 bopd, based on field estimates.

Natural gas, NGLs and crude oil sales: October September  
Q3 2024

	2024	2024	
Natural gas (Mcfpd), by field:			
Caburé	8,977	10,025	11,378
Murucututu	1,767	1,176	616
Total natural gas (Mcfpd)	10,744	11,201	11,994
NGLs (bopd)	108	87	95
Oil (bopd)	14	9	12
Total (boepd)	1,912	1,963	2,106

### Operational Update

On our Murucututu field, we finished the recompletion of our 183-A3 well in the third quarter. The well came on production during September and with this well on production through much of October, our natural gas sales from the Murucututu field increased 187% compared to Q3 2024. We are continuing to monitor production results from the well and we expect to drill a follow-up location up-dip from the 183-A3 well from a prebuilt well pad starting later this year.

In the fourth quarter we are planning an optimization project on our 183-B1 well which was originally drilled and tested in 2022.

### Financial and Operating Highlights - Third Quarter of 2024

- Our average daily sales increased to 2,106 boepd in Q3 2024 (+24% from Q3 2023 and +29% from Q2 2024) with increased natural gas demand.
- Our average realized natural gas price decreased to \$10.92/Mcf (-16% from Q3 2023) in Q3 2024, due mainly to the devaluation of the BRL relative to the USD, which depreciated 14% compared to Q3 2023. Our overall averaged realized sales was \$66.46 per boe.
- With higher overall sales volumes, our natural gas, condensate and oil revenue increased to \$12.9 million, an increase of \$0.6 million from Q3 2023 and \$2.2 million from Q2 2024.
- Our operating netback<sup>(2)</sup> in the quarter was \$59.19 per boe (-\$11.15 per boe from Q3 2023) due mainly to the reduction in our realized sales price per boe.
- We generated funds flows from operations<sup>(2)</sup> of \$9.9 million (\$0.27 per basic share and \$0.26 per diluted share), an increase of \$0.3 million compared to Q3 2023 and \$2.0 million compared to Q2 2024 due mainly to higher sales volumes, partially offset by lower realized prices.

- We reported net income of \$7.2 million in Q3 2024, an increase of \$1.3 million compared to Q3 2023 and \$4.8 million compared to Q2 2024 due mainly to higher sales volumes and foreign exchange gains in Brazil on U.S. dollar denominated intercompany balances and lease liabilities.
- Capital expenditures totaled \$4.7 million, including costs to recomplete both the 183-A3 and the 183(1) wells on our Murucututu field and costs associated with the facilities upgrade at our Caburé field.
- Our working capital surplus was \$15.8 million as of September 30, 2024, increasing \$2.7 million from December 31, 2023 and \$1.2 million from June 30, 2024.

The following table provides a summary of Alvopetro's financial and operating results for the periods noted. The consolidated financial statements with the Management's Discussion and Analysis ("MD&A") are available on our website at [www.alvopetro.com](http://www.alvopetro.com) and will be available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

	As at and Three Months Ended			As at and Nine Months Ended		
	September 30			September 30,		
	2024	2023	Change (%)	2024	2023	Change (%)
<b>Financial</b>						
(\$000s, except where noted)						
Natural gas, oil and condensate sales	12,879	12,313	5	35,303	44,387	(20)
Net income	7,152	5,819	23	14,052	27,873	(50)
Per share - basic \$( <sup>(1)</sup> )	0.19	0.16	19	0.38	0.75	(49)
Per share - diluted \$( <sup>(1)</sup> )	0.19	0.15	27	0.37	0.74	(50)
Cash flows from operating activities	10,714	12,469	(14)	27,787	39,798	(30)
Per share - basic \$( <sup>(1)</sup> )	0.29	0.34	(15)	0.75	1.07	(30)
Per share - diluted \$( <sup>(1)</sup> )	0.28	0.33	(15)	0.74	1.05	(30)
Funds flow from operations( <sup>(2)</sup> )	9,886	9,618	3	26,309	35,637	(26)
Per share - basic \$( <sup>(1)</sup> )	0.27	0.26	4	0.71	0.96	(26)
Per share - diluted \$( <sup>(1)</sup> )	0.26	0.25	4	0.70	0.94	(26)
Dividends declared	3,295	5,122	(36)	9,887	15,335	(36)
Per share( <sup>(1)</sup> ( <sup>(2)</sup> )	0.09	0.14	(36)	0.27	0.42	(36)
Capital expenditures	4,747	10,703	(56)	10,623	22,515	(53)
Cash and cash equivalents	24,515	22,779	8	24,515	22,779	8
Net working capital( <sup>(2)</sup> )	15,848	11,392	39	15,848	11,392	39
<b>Weighted average shares outstanding</b>						
Basic (000s)( <sup>(1)</sup> )	37,300	37,138	-	37,286	37,086	1
Diluted (000s)( <sup>(1)</sup> )	37,662	37,868	(1)	37,671	37,748	-
<b>Operations</b>						
Natural gas, NGLs and crude oil sales:						



# Natural gas (Mcfpd), by field:

Caburé (Mcfpd)	11,378	8,949	27	9,817	11,757	(17)
Murucututu (Mcfpd)	616	726	(15)	490	467	5
Total natural gas (Mcfpd)	11,994	9,675	25	10,307	12,224	(16)
NGLs - condensate (bopd)	95	81	17	83	101	(18)
Oil (bopd)	12	3	300	12	4	200
Total (boepd)	2,106	1,696	24	1,813	2,142	(15)

# Average realized prices<sup>(2)</sup>:

Natural gas (\$/Mcf)	10.92	13.06	(16)	11.70	12.57	(7)
NGLs - condensate (\$/bbl)	86.70	89.43	(3)	88.77	85.31	4
Oil (\$/bbl)	68.36	73.08	(6)	68.48	69.18	(1)
Total (\$/boe)	66.46	78.90	(16)	71.06	75.90	(6)

# Operating netback (\$/boe)<sup>(2)</sup>

Realized sales price	66.46	78.90	(16)	71.06	75.90	(6)
Royalties	(1.89)	(2.04)	(7)	(1.94)	(2.14)	(9)
Production expenses	(5.38)	(6.52)	(17)	(6.23)	(5.22)	19
Operating netback	59.19	70.34	(16)	62.89	68.54	(18)

(1) Per share amounts are based on weighted average shares outstanding other than dividends per share, which is based on the number of common shares outstanding at each dividend record date. The weighted average number of diluted common shares outstanding in the computation of funds flow from operations and cash flows from operating activities per share is the same as for net income per share.

(2) See "Non-GAAP and Other Financial Measures" section within this news release.

# Q3 2024 Results Webcast

Alvopetro will host a live webcast to discuss our Q3 2024 financial results at 8:00 am Mountain time on Thursday November 7, 2024. Details for joining the event are as follows:

DATE: November 7, 2024  
TIME: 8:00 AM Mountain/10:00 AM Eastern  
LINK: <https://us06web.zoom.us/j/82907827720>  
DIAL-IN NUMBERS: <https://us06web.zoom.us/j/82907827720>  
WEBINAR ID: 829 0782 7720

The webcast will include a question-and-answer period. Online participants will be able to ask questions through the Zoom portal. Dial-in participants can email questions directly to [socialmedia@alvopetro.com](mailto:socialmedia@alvopetro.com).

# Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:  
<http://www.alvopetro.com/corporate-presentation>.

## Social Media

Follow Alvopetro on our social media channels at the following links:

X (Twitter) - <https://x.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

Alvopetro Energy Ltd.'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé and Murucututu natural gas fields and our strategic midstream infrastructure.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

## Abbreviations:

\$000s = thousands of U.S. dollars

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

BRL = Brazilian Real

Mcf = thousand cubic feet

Mcfpd = thousand cubic feet per day

MMcf = million cubic feet

MMcfpd = million cubic feet per day

NGLs = natural gas liquids (condensate)

Q3 2023 = three months ended September 30, 2023

Q2 2024 = three months ended June 30, 2024

Q3 2024 = three months ended September 30, 2024

USD = United States dollars

GAAP = IFRS Accounting Standards

## Non-GAAP and Other Financial Measures

This news release contains references to various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure. Such measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by IFRS and might not be comparable to similar financial measures disclosed by other issuers. While these measures may be common in the oil and gas industry, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. The non-GAAP and other financial measures referred to in this report should not be considered an alternative to, or more meaningful than measures prescribed by IFRS and they are not meant to enhance the Company's reported financial performance or position. These are complementary measures that are used by management in assessing the Company's financial performance, efficiency and liquidity and they may be used by investors or other users of this document for the same

purpose. Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures used in this news release. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures and Other Financial Measures" section of the Company's MD&A which may be accessed through the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

## Non-GAAP Financial Measures

### Operating netback

Operating netback is calculated as natural gas, oil and condensate revenues less royalties and production expenses. This calculation is provided in the "Operating Netback" section of the Company's MD&A using our IFRS measures. The Company's MD&A may be accessed through the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca). Operating netback is a common metric used in the oil and gas industry used to demonstrate profitability from operations.

## Non-GAAP Financial Ratios

### Operating netback per boe

Operating netback is calculated on a per unit basis, which is per barrel of oil equivalent ("boe"). It is a common non-GAAP measure used in the oil and gas industry and management believes this measurement assists in evaluating the operating performance of the Company. It is a measure of the economic quality of the Company's producing assets and is useful for evaluating variable costs as it provides a reliable measure regardless of fluctuations in production. Alvopetro calculated operating netback per boe as operating netback divided by total sales volumes (boe). This calculation is provided in the "Operating Netback" section of the Company's MD&A using our IFRS measures. The Company's MD&A may be accessed through the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca). Operating netback is a common metric used in the oil and gas industry used to demonstrate profitability from operations on a per boe basis.

### Operating netback margin

Operating netback margin is calculated as operating netback per boe divided by the realized sales price per boe. Operating netback margin is a measure of the profitability per boe relative to natural gas, oil and condensate sales revenues per boe. This calculation is provided in the and is calculated as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Operating netback - \$ per boe	59.19	70.34	62.89	68.54
Average realized price - \$ per boe	66.46	78.90	71.06	75.90
Operating netback margin	89 %	89 %	89 %	90 %

### Funds Flow from Operations Per Share

Funds flow from operations per share is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash working capital, divided by the weighted average shares outstanding for the respective period. For the periods reported in this news release the cash flows from operating activities per share and funds flow from operations per share is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
\$ per share	2024	2023	2024	2023
Per basic share:				
Cash flows from operating activities	0.29	0.34	0.75	1.07
Funds flow from operations	0.27	0.26	0.71	0.96
Per diluted share:				
Cash flows from operating activities	0.28	0.33	0.74	1.05
Funds flow from operations	0.26	0.25	0.70	0.94
Capital Management Measures				

#### Funds Flow from Operations

Funds flow from operations is a non-GAAP capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. The most comparable GAAP measure to funds flow from operations is cash flows from operating activities. Management considers funds flow from operations important as it helps evaluate financial performance and demonstrates the Company's ability to generate sufficient cash to fund future growth opportunities. Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flows from operating activities however management finds that the impact of working capital items on the cash flows reduces the comparability of the metric from period to period. A reconciliation of funds flow from operations to cash flows from operating activities is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Cash flows from operating activities	10,714	12,469	27,787	39,798
Add back changes in non-cash working capital (828)		(2,851)	(1,478)	(4,161)
Funds flow from operations	9,886	9,618	26,309	35,637
Net Working Capital				

Net working capital is computed as current assets less current liabilities. Net working capital is a measure of liquidity, is used to evaluate financial resources, and is calculated as follows:



As at September 30

	2024	2023
Total current assets	30,197	27,354
Total current liabilities (14,349)	(15,962)	
Net working capital	15,848	11,392

#### Supplementary Financial Measures

"Average realized natural gas price - \$/Mcf" is comprised of natural gas sales as determined in accordance with IFRS, divided by the Company's natural gas sales volumes.

"Average realized NGL - condensate price - \$/bbl" is comprised of condensate sales as determined in accordance with IFRS, divided by the Company's NGL sales volumes from condensate.

"Average realized oil price - \$/bbl" is comprised of oil sales as determined in accordance with IFRS, divided by the Company's oil sales volumes.

"Average realized price - \$/boe" is comprised of natural gas, condensate and oil sales as determined in accordance with IFRS, divided by the Company's total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

"Dividends per share" is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

"Production expenses per boe" is comprised of production expenses, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

#### BOE Disclosure

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

#### Forward-Looking Statements and Cautionary Language

This news release contains forward-looking information within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the expectations discussed in the forward-looking statements. These forward-looking statements reflect current assumptions and expectations regarding future events. Accordingly, when relying on forward-looking statements to make decisions, Alvopetro cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. More particularly and without limitation, this news release contains forward-looking statements concerning the plans relating to the Company's operational activities, proposed exploration development activities and the timing for such activities, the expected natural gas price, gas sales and gas deliveries

under Alvopetro's long-term gas sales agreement, exploration and development prospects of Alvopetro, capital spending levels, future capital and operating costs, future production and sales volumes, production allocations from the Caburé natural gas field, anticipated timing for upcoming drilling and testing of other wells, projected financial results, and sources and availability of capital. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to, expectations and assumptions concerning the timing of regulatory licenses and approvals, equipment availability, the success of future drilling, completion, testing, recompletion and development activities and the timing of such activities, the performance of producing wells and reservoirs, well development and operating performance, expectations regarding Alvopetro's working interest and the outcome of any redeterminations, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the outlook for commodity markets and ability to access capital markets, foreign exchange rates, general economic and business conditions, forecasted demand for oil and natural gas, the impact of global pandemics, weather and access to drilling locations, the availability and cost of labour and services, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. In addition, the declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors and may vary depending on numerous factors, including, without limitation, the Company's operational performance, available financial resources and financial requirements, capital requirements and growth plans. There can be no assurance that dividends will be paid at the intended rate or at any rate in the future. Similarly, the decision by the Company to repurchase shares pursuant to the NCIB and the amount and timing of such repurchases is uncertain and there can be no assurance that the Company will repurchase any shares in the future. Although we believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because we can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, reliance on industry partners, availability of equipment and personnel, uncertainty surrounding timing for drilling and completion activities resulting from weather and other factors, changes in applicable regulatory regimes and health, safety and environmental risks), commodity price and foreign exchange rate fluctuations, market uncertainty associated with financial institution instability, and general economic conditions. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Although Alvopetro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvopetro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on factors that could affect the operations or financial results of Alvopetro are included in our AIF which may be accessed on Alvopetro's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). The forward-looking information contained in this news release is made as of the date hereof and Alvopetro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE Alvopetro Energy Ltd.

## Contact

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