

Terrex Energy Inc. Reports First Quarter 2011 Results

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CALGARY, June 7, 2011 /CNW/ - [Terrex Energy Inc.](#) ("Terrex" or the "Company") (TSXV - TER) announces its financial and operating results for the quarter ended March 31, 2011.

The Company has filed its unaudited interim financial statements and related management's discussion and analysis (MD&A) for the three month period ended March 31, 2011 on SEDAR at www.sedar.com and the Company's website at www.terrexenergy.ca. Certain selected financial and operational information for the period is set out below and should be read in conjunction with the Company's interim financial statements and for the period ended March 31, 2011 and the related MD&A.

"The first quarter of 2011 was a very active and productive period for Terrex", stated Ms. Kim Davies, President and CEO.

- "We received approval from the Energy Resources Conservation Board for our first Enhanced Oil Recovery (EOR) project at Strathmore and have finalized specifications and ordered the necessary equipment;
- We acquired our second property at Two Creek and are moving ahead with planning optimization and EOR programs. We anticipate optimization could include drilling of up to two in-fill development wells prior to year-end, and we are excited about the longer term EOR potential of the property. Two Creek and Strathmore combined, have the potential to add four to six million barrels of crude oil reserves, based upon analogous projects; and
- We completed a unique financing through the \$14.7 million hydrocarbon purchase agreement with Sandstorm Metals and Energy Ltd. that permitted us to fund the Two Creek acquisition without dilution to our shareholders.

These activities and transactions have contributed to, and we are pleased with, our progress towards achieving our objective of building a unique oil company focused on Enhanced Oil Recovery", continued Ms. Davies.

Field Operations

First quarter field activities continued to focus on the design of the chemical alkaline-surfactant-polymer (ASP) flood for the Strathmore property. Additionally, activities at Strathmore concentrated on reactivating well bores and pipelines, injector well conversions, and facility modifications and repairs, in advance of commencing the planned ASP flood later in the year. At Two Creek, preliminary evaluation and planning of optimization and EOR programs commenced during the quarter.

Operational and Financial Summary

Periods ended March 31	2011	2010
Average production, boe/d	353	69
Capital expenditures, including acquisitions	\$	15,044,293
Revenue, net of royalties	\$ 1,650,612	\$ 207,319
Funds flow from operations (1)	\$ (420,413)	\$ (109,308)
Per share, basic and diluted	\$ (0.005)	\$ (0.004)
Operating (loss) (1)	\$ (724,695)	\$ (316,175)
Per share, basic and diluted	\$ (0.009)	\$ (0.029)
Net (loss)	\$ (700,910)	\$ (332,263)
Per share, basic and diluted	\$ (0.009)	\$ (0.012)

(1) Funds flow from operations and operating loss are non-IFRS measures and are addressed in the

“Advisories“ section.

Comparative figures for 2010 are for the two month period from February 1, 2010, date of commencement of operations, to March 31, 2010 and have been restated to reflect International Financial Reporting Standards (IFRS) adopted in 2011.

Average production for the first quarter of 2011 increased significantly over the first quarter of 2010 as a result of the Two Creek acquisition and increased production at Strathmore. Two Creek production averaged 240 boe/d for the quarter and average production at Strathmore during the first quarter increased to 113 boe/d, as the result of reactivation activities, as compared to 69 boe/d for the two months ended March 31, 2010. Revenue during the first quarter of 2011 increased significantly over 2010 primarily as a result of the incremental production realized from the Two Creek acquisition which was effective as of January 1, 2011.

Earnings and funds flow from operations continued to reflect lower production rates and higher operating costs typical of mature reservoirs. In addition, operating costs at Strathmore include certain repair costs necessary for the EOR project. As the Company's EOR and optimization programs progress, production and revenue from these properties is expected to increase significantly.

ABOUT TERREX

Terrex Energy Inc. is a Calgary based junior oil company that focuses on the application of proven Enhanced Oil Recovery (EOR) methods to improve oil production from existing mature fields. Terrex targets underexploited and undercapitalized light to medium oil reservoirs in Western Canada. The Company's shares are listed on the TSX Venture Exchange under the trading symbol “TER”.

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

ADVISORIES

Barrels of Oil Equivalent

Production volumes and reserve information are commonly expressed on a barrel of oil equivalent (“Boe”) basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet of natural gas to one barrel of oil based on an energy equivalency at the burner tip and does not represent a value equivalency at the well head. Used in isolation, barrels of oil equivalent may be misleading.

Non-IFRS Information

Included in this news release are references to terms commonly used in the oil and gas industry including funds flow from operations and operating loss. Such terms do not have standard meaning as prescribed under IFRS and therefore may not be comparable with the determination of similar measures for other entities. As used in this news release, funds flow from operations is calculated as cash flow from operating activities less changes in non-cash working capital and, operating loss is calculated as net loss before stock based compensation and accretion of asset retirement obligations. Funds flow from operations is used by management in assessing the Company's ability to fund capital programs and operations and operating loss provides a comparison of operating results between periods, excluding non-cash items subject to significant volatility. The foregoing non-IFRS measures should not be considered an alternative to, or more meaningful than cash provided by operating activities and net loss determined in accordance with IFRS.

Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or future performance and are based on Terrex's current internal expectations, estimates, projections, assumptions and beliefs, including, among other things, assumptions with respect to production, future capital expenditures and cash flow. Readers are cautioned that the assumptions used in the preparation of such information may prove incorrect. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”,

“potential“, “targeting“, “intend“, “could“, “might“, “should“, “believe“ and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Terrex believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this news release should not be unduly relied upon. These forward-looking statements speak only as of the date of this news release.

In particular, this news release contains forward-looking statements pertaining to the following:

- business strategies
- exploration and development plans
- the potential of Two Creek Property
- implementation, benefits and timing of enhanced oil recovery (“EOR“) programs
- other expectations, beliefs, plans, goals, objectives, assumptions or statements about future events or performance

Forward-looking statements are based on Terrex's current beliefs as well as assumptions made by, and information currently available to, Terrex concerning business prospects, strategies, regulatory developments, the ability to obtain equipment in a timely manner to carry out development activities, the ability to obtain financing on acceptable terms, the benefits of IOR and EOR programs and the terms of the Hydrocarbon Purchase Agreement. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. There can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. Actual results will differ, and the difference may be material and adverse to Terrex and its shareholders. These factors include, but are not limited to risks associated with oil and natural gas exploration, financial risks, the history of losses, substantial capital requirements, political and government risks, government regulation, environmental, prices, dependence on key personnel, availability of drilling equipment and access, risks may not be insurable, licenses, resource estimates, variations in exchange rates. Further information regarding these factors may be found under the heading “Risk Factors“ in the company's Annual Information Form. Readers are cautioned the foregoing list of factors that may affect future results is not exhaustive.

The forward-looking statements contained in this news release are made as of the date hereof and Terrex does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

For further information:

please contact Kim Davies, President & CEO, or Norm Knecht, VP Finance and CFO, at (403) 264-4430, or visit the Company's website at www.terrexenergy.ca.

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