

Terrex Energy Inc. Reports Q1/2012 Operational and Financial Results

23.05.2012 | [CNW](#)

[Terrex Energy Inc.](#) ("Terrex" or the "Company") (TSX-V: TER) is pleased to report its operational and financial results for the three months ended March 31, 2012.

The Company has filed its unaudited condensed interim financial statements and related management's discussion and analysis ("MD&A") for the three months ended March 31, 2012 on SEDAR at www.sedar.com and on the Company's website at www.terrexenergy.ca. Certain selected financial information for the period, as set out below, should be read in conjunction with the Company's unaudited condensed financial statements and related MD&A for the period ended March 31, 2012.

OPERATIONS AND OUTLOOK

Field rehabilitation activities, in advance of the implementation of planned EOR programs, were largely completed by year end and as a result, operational activities during the first quarter of 2012 were much reduced from prior periods. At Strathmore, efforts were focused on finalizing the design and development of the planned ASP flood, including the configuration of surface facilities. A substantial amount of the required technical and planning work is complete and the EOR project is in an advanced state of readiness for implementation. At Two Creek, evaluation and planning for a Polymer flood of the Jurassic A pool continued, including a realignment of the existing water flood. The potential of a low pressure water flood of the Jurassic B pool at Two Creek is being evaluated and an application is being prepared for submission to the Energy Resources Conservation Board.

Subsequent to March 31, 2012, GLJ Petroleum Consultants Ltd. ("GLJ") completed their independent assessment and evaluation of the Company's reserves. As a result of the Company's technical work and detailed development plans, GLJ recognized significant reserve additions at both Strathmore and Two Creek.

The Company's EOR projects are now at a point where additional capital is required to advance these projects and realize on their potential. The Company is actively exploring various financing options to fund these capital programs. To this end, a special committee (the "Special Committee") of the board of directors has been formed and has engaged Nova Bancorp Securities Ltd., on a non-exclusive basis, to assist the Special Committee and management with the identification and evaluation of various financing strategies for the Company.

On April 26, 2012, Mr. Jonathan Lexier, P.Eng. was appointed President and CEO of the Company. Mr. Lexier has been charged with pursuing all avenues to realize on the Company's unique and valuable combination of assets and expertise. His appointment reflects the Board's commitment to the ongoing development of the Company.

The Company has elected not to provide market guidance at this time for 2012.

OPERATIONAL AND FINANCIAL SUMMARY

THREE MONTH PERIODS ENDED MARCH 31

\$000s except as noted	2012	2011
Average production, Boe/d	336	353
Capital expenditures, including acquisitions,	\$ 584	\$ 15,044
Revenue, net of royalties,	\$ 1,565	\$ 1,651
Funds flow from operations (1)	\$ (347)	\$ (420)
Per share, basic and diluted	\$ (0.004)	\$ (0.005)
Operating (loss) (1)	\$ (634)	\$ (725)
Per share, basic and diluted	\$ (0.008)	\$ (0.009)

Net (loss)	\$	(672)	\$	(701)
Per share, basic and diluted	\$	(0.008)	\$	(0.009)

(1) Funds flow from operations and operating loss are non-IFRS measures.

Production for the three months ended March 31, 2012 decreased from the comparable period in 2011 primarily as the result of down-hole mechanical problems at a significant gas well at Two Creek. Well repairs will be delayed until natural gas prices strengthen. Total revenues for the quarter also decreased from those reported in 2011 as a result of the reduced gas production and lower realized natural gas and crude oil prices.

As expected, the Company has continued to incur losses in advance of the implementation of optimization and EOR projects. As the Company's EOR and optimization projects progress, production and revenue are anticipated 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

Basis of Presentation - Production and reserve information is commonly expressed in units of a barrel of oil equivalent ("Boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of crude oil using a conversion factor of six thousand cubic feet of natural gas to one barrel of oil. This conversion ratio of 6:1 is 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.

Forward-looking Information - This News Release contains forward-looking information within the meaning of applicable Canadian securities laws. All information other than historical fact is forward-looking information. Forward-looking information relates to future events or future performance and is based on Terrex's current internal expectations, estimates, projections, assumptions and beliefs. Forward-looking information is often, but not always, identified by the use of words such as "expect", "project", "proposed", "intend", "seek", "anticipate", "budget", "plan", "continue", "estimate", "forecast", "may", "will", "predict", "potential", "targeting", "could", "might", "should", "believe" and similar expressions.

Although management considers the assumptions and estimates, reflected in forward-looking information, to be reasonable, based on information currently available, there can be no assurance that such information will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

In particular, this News Release contains forward-looking information relating to estimates and values of recoverable petroleum and natural gas reserves. Information relating to reserves is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the reserves exist in the quantities estimated and that they will be commercially viable to produce in the future. Estimates and assumptions upon which reserve information is based include assumptions as to future commodity prices, currency exchange rates, well production rates, well drainage areas, success rates for future drilling, the timing, implementation and effectiveness of tertiary production programs, and the availability of labour and services.

Undue reliance should not be placed on forward-looking information which is inherently uncertain, and 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 information will not occur. These risks include, but are not limited to risks associated with oil and natural gas exploration, development and production, financial risks, the history of losses, substantial capital requirements, political and government risks, government regulations, environmental, prices, dependence on key personnel, availability and access to equipment, 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.

Non-IFRS Measures - This news release makes reference to terms commonly used in the oil and gas industry including funds flow from operations and operating loss. Such terms do not have a standard meaning as prescribed by IFRS and therefore may not be comparable with the determination of similar measures for other entities. These measures are identified as non-IFRS measures and are used by management to analyze operating performance and leverage. These measures should not be construed as an alternative to, or more meaningful than measures determined in accordance with IFRS.

SOURCE Terrex Energy Inc

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