

Insignia Energy Ltd. announces its 2013 first quarter financial and operating results

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CALGARY, May 14, 2013 /CNW/ - [Insignia Energy Ltd.](#) ("Insignia" or the "Company") (TSX: ISN) is pleased to announce its financial and operating results for the first quarter ended March 31, 2013.

Copies of the Financial Statements and Management's Discussion and Analysis for the period ended March 31, 2013 will be filed with Canadian securities regulators on SEDAR on May 14, 2013 and accessible at www.sedar.com or by visiting Insignia's website at www.insigniaenergy.ca.

FINANCIAL AND OPERATING HIGHLIGHTS

- First quarter production averaged 3,424 boe/d; consisting of 14,906 mcf/d of natural gas and 940 bbls/d of crude oil and NGL's. On a boe basis, this is an increase of three percent per cent from the same quarter in 2012 and down five per cent from the previous quarter. The Company is currently producing 3,150 boe/d;
- Funds from operations for the first quarter were \$5.5 million, up 26% from the same quarter a year ago. The increase in funds from operations is largely due to a 41% increase in realized natural gas prices in the first quarter of 2013 compared to the first quarter of 2012;
- During the quarter, the Company's focus was on the drilling of one (1.0 net) Mannville well on its Caroline property and the drilling and completion of one (0.2 net) Cardium horizontal well on its Pembina property. The Cardium well was brought on production in February 2013 and the Caroline well will be completed and tied in after spring break up; and,
- Below are the financial and operating statistics for the first quarter of 2013:

	Three months ended			
	Mar 31,	Dec 31,	Mar 31,	
	2013	2012	2012	
Financial				
(\$ thousands, except per share amounts)				
Oil and natural gas sales	11,349	11,507	9,936	
Funds from operations(1)	5,495	5,639	4,359	
Per share - basic and diluted(1)		0.10	0.10	0.07
Net earnings (loss)	292	(1,443)	1,048	
Per share - basic and diluted		0.01	(0.02)	0.02
Net debt (1)	9,189	11,215	10,243	
Total assets	140,127	141,500	160,366	
Weighted average common shares outstanding (thousands):				
Basic and diluted		57,774	58,132	58,962
Operating				
(boe conversion - 6:1 basis)				
Average daily production				
Natural gas (mcf/d)	14,906	15,587	14,685	
Oil and NGL (bbls/d)	940	997	868	
Total (boe/d)	3,424	3,595	3,316	
Product prices(2)				
Natural gas (\$/mcf)	3.46	3.23	2.46	
Oil and NGL (\$/bbl)	79.35	74.90	84.07	
Total (\$/boe)	36.83	34.79	32.93	
Operating netback (\$/boe)(1)	21.65	20.28	17.70	

(1) Funds from operations, funds from operations per share, operating netback and net debt are not defined by IFRS in Canada and are referred to as non-IFRS measures. Funds from operations is cash provided by

operating activities before changes in non-cash working capital and before abandonment and reclamation costs. Funds from operations per share is calculated by dividing funds from operations by the weighted average number of shares outstanding, consistent with the calculation of net loss per share. Operating netback per boe is calculated as total oil and natural gas revenue less royalties, operating costs, transportation costs and net of any realized income on financial derivative contracts, calculated on a boe basis. Net debt is the sum of bank indebtedness and working capital but excludes financial derivative contracts.

(2) The average selling prices reported are before transportation charges.

Additional First Quarter 2013 Results

- Insignia exited the quarter with net debt of \$9.2 million on its current credit facility with a borrowing base of \$45 million;

- Capital expenditures for the quarter were \$3.5 million. The majority of this capital, \$2.6 million, was related to drilling and completion expenditures. The Board of Directors of Insignia had previously approved a first half 2013 capital budget of \$7.5 million and, based on expenditures to date in 2013, Insignia expects its capital expenditures to be well within budget;

- Q1 2013 drilling activity:

-- At Pembina, the Company successfully drilled and completed one (0.2 net) horizontal well targeting the oil potential in the Cardium formation. The well was brought on stream in February and is currently producing 150 (30 net) boe/d; and,

-- At Caroline, the Company successfully drilled one (1.0 net) well targeting the liquids rich natural gas potential in the Mannville formation. The well will be completed post break up and is expected to be on stream prior to the end of the second quarter of 2013.

- Subsequent to the Quarter:

-- On May 6, 2013 the Company announced that it had received a proposal (the "Proposal") from Brookfield Capital Partners Ltd. to privatize Insignia. Under the Proposal, all shareholders of Insignia, other than those participating in the Proposal, would receive \$1.35 cash for each of their common shares of Insignia ("Common Shares"). The proposed offer price translates into a premium of 95% based on the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the previous twenty (20) trading dates ended May 3, 2013. Please see the Insignia News Release dated May 6, 2013 for more details; and,

-- Shareholders are cautioned that the Company has only received the Proposal and that no decisions or recommendations have been made by the special committee of the board of directors or the board of directors of Insignia in response thereto. The Proposal is non-binding, and there can be no assurance that the transaction contemplated by the Proposal, or any other transaction, will be proceeded with or recommended by the board of directors.

Advisories

The discussion of our oil and natural gas production and related performance measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, natural gas is converted to a barrel of oil equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil. Readers are cautioned that boe's may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. In this press release: boe/d means boe per day; mcf/d means thousand cubic feet per day, bbl means barrel, mbbl means thousand barrels, mmcf means million cubic feet; mboe means thousand boe's and NGLs means natural gas liquids.

Any reference to production tests or final production test rates included in this press release are not

necessarily indicative of long-term performance or ultimate recovery.

Investors are further cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards as adopted by Canadian generally accepted accounting principles ("Canadian GAAP") requires management to make estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and our revenues and expenses during the reporting period. Our management reviews these estimates, including those related to accruals, environmental and asset retirement obligations, income taxes, and the determination of proved reserves on an ongoing basis. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates.

Certain financial measures referenced to in this news release are not prescribed by Canadian GAAP. These non-GAAP financial measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. We include these measures because management utilizes them to analyze operating and financial performance. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with the Canadian GAAP. We use funds from operations which is cash provided by operating activities before changes in non-cash working capital and before abandonment and reclamation costs. Funds from operations per share is calculated by dividing funds from operations by the weighted average number of shares outstanding, consistent with the calculation of net loss per share. Operating netback per boe is calculated as total oil and natural gas revenue less royalties, operating costs, transportation costs and net of any realized financial instrument income calculated on a boe basis. Net debt is the sum of bank indebtedness and working capital but excludes financial derivative contracts.

Forward Looking Statements

Statements throughout this Press Release that are not historical facts may be considered to be "forward looking statements". These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals, or future plans, including, without limitation, management's assessment of future plans and operations, anticipated commodity prices and their impact, anticipated demand for commodity prices, budgeted capital expenditures and the nature of those expenditures drilling plans and the timing of drilling and wells to be brought on production, completion and tie-in of wells and the timing thereof and the timing of the next review of the credit facility, statements regarding the Proposal and terms and conditions thereof may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, volatility of commodity prices, imprecision of reserve estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to complete and/or realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and changes in the regulatory and taxation environment, and the risk that the parties will not proceed with the Proposal, that the terms of the Proposal will vary materially from those proposed, that the conditions precedent to proceeding with the Proposal may not be met on a timely basis or at all, including negotiation and execution of definitive documentation. As a consequence, the Company's actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the ability of the Company to obtain equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manor; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through development of exploration; future oil and natural gas prices; interest rates; the regulatory framework regarding royalties, and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included elsewhere herein and in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), or at the Company's website (www.insigniaenergy.ca). Furthermore, the forward-looking statements contained in this Press Release are made as at the date of this Press Release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Insignia is a publicly listed junior oil and gas exploration and development company based in Calgary, Alberta. Insignia's shares trade on the TSX under the symbol "ISN".

For further information:

[Insignia Energy Ltd.](#)

Jeff Newcommon, President & CEO

(403) 536-8138

info@insigniaenergy.ca

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