

# Canamax Provides Operations and Financial Update

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CALGARY, April 7, 2014 - [Canamax Energy Ltd.](#) ("Canamax" or the "Company") (TSX VENTURE:CAC) is pleased to provide the following:

1. Update on Wapiti well;
2. Update on Flood property;
3. Updated production information; and
4. Preliminary financial and operating results for the fourth quarter and year ended February 28, 2014.

## (1) UPDATE ON WAPITI WELL

Further to Canamax's March 17, 2014 press release, the 9-21-67-8W6 Wapiti well (in which Canamax has a 70% working interest) was placed on production through permanent facilities on March 25th. Based on field estimates, the gross production rate for the period from March 25 - April 3 was as follows: 369 barrels of oil per day, 418 MCF per day of sales natural gas and 36 barrels per day of natural gas liquids (gross BOE/D of 475 and net BOE/D of 333).

The above initial production results are not indicative of long-term performance or ultimate recovery. As noted in the March 17th release, Canamax management anticipates that the initial 30-day average production ("IP 30") rate for the 9-21 well will be in the range of 310 BOE/D gross (217 BOE/D net), comprised 81% oil and natural gas liquids, and 19% natural gas. This estimate is based upon the well's initial production data and initial rates of several offsetting producing wells in the local area.

## (2) UPDATE ON FLOOD PROPERTY

On February 14, 2014, Canamax reported that the Company had drilled a potential water disposal well at 1-7-85-24W5 and had also drilled a Montney oil well at 5-8-85-24W5. On March 24th, Canamax received approval from the Alberta Energy Regulator (the "AER") to utilize the 1-7 well as a water disposal well. An upgrade of the existing battery on the property is in the process of being completed, including the addition of an injection pump and recycle pump for the water disposal system. The existing tank farm is also being modified to treat oil/water emulsion and dispose of excess water.

Once the battery and water disposal facilities are completed (expected in June), the recently drilled 5-8 well, plus three currently shut-in Montney wells nearby, are scheduled to be brought on production. Canamax has a 100% working interest in all of the facilities and wells in the Flood property. The aggregate production rate from the four wells is estimated at 100 barrels of oil per day.

## (3) UPDATED PRODUCTION INFORMATION

Canamax recorded average production of 429 BOE/D (39% Oil and natural gas liquids ("NGL's") and 61% natural gas) for the fourth quarter ended February 28, 2014 with an exit rate of approximately 430 BOE/D. Using the estimated IP 30 rate from the recently drilled Wapiti well, the Company's current net production rates are estimated as follows:

Property	Production Rate (Net BOE/D)	% Oil & NGL
Brazeau	430	39%
Wapiti	217	81%
Total	647	53%

In addition to this production base, Canamax anticipates adding approximately 330 net BOE/D (34% oil and NGL) upon closing of the Ki Exploration acquisition scheduled on or about April 30, 2014 (as announced on March 17th) and adding another 100 BOE/D (100% oil and NGL) once the four Flood wells are placed on

production.

#### (4) PRELIMINARY FINANCIAL AND OPERATING RESULTS FOR THE YEAR AND FOURTH QUARTER ENDED FEBRUARY 28, 2014

The following financial results are based on available, preliminary, unaudited information as at February 28, 2014 and for the year-end and fourth quarter then ended. The audited year-end 2014 results are scheduled to be released in June.

##### Financial Results

(unaudited)	Periods ended February 28, 2014		
(\$000)	Three Months	Twelve Months	
Revenue (Oil, NGL and natural gas)		\$1,872	\$2,791
Operating net back (1)	\$1,067	\$1,658	
Capital expenditures (net) (2)	\$4,658	\$6,924	
Proceeds from financings (net) (3)	\$3,325	\$8,142	
Cash and working capital balance - end of period		\$805	\$805

##### Notes:

1. Operating net back reflects revenue from oil, NGL's and natural gas less related crown royalties, transportation expenses and operating expenses at the field level.
2. Net capital expenditures reflect corporate, working interest and property acquisitions (net of dispositions), combined with drilling, completion and facility expenditures.
3. Net proceeds from financings includes private placement financings combined with exercises of share purchase warrants. An additional \$360,000 was received by Canamax during the period from March 1 through April 3, 2014 from the exercise of share purchase warrants and stock options.
4. Since these financial results are preliminary and unaudited, undue reliance should not be placed on these figures as there is risk that they may vary materially from the subsequent audited results. Financial information for the comparable periods in 2013 has not been provided as Canamax did not have material operations in Canada during those periods.

At February 28, 2014, there was approximately \$2.6 million in additional capital expenditures planned for the following two projects for the period from March 1 through June 30, 2014:

- Completion, equipping and tie-in of the 9-21 Wapiti well (all which were completed in March); and
- Upgrade of battery and construction of water disposal facility at Flood.

Canamax is currently working with a lending institution and expects to have credit facilities established prior to the end of May, 2014.

##### Operating Results

(unaudited)	Periods ended February 28, 2014		
Three months	Twelve months		
Daily Production			
Oil and NGL's (bbls/d)	166		69
Natural gas (mcf/d)	263		102
Oil equivalent (boe/d)	429		171
Revenue			
Oil and NGL's (\$/bbl)	\$71.41	\$67.42	
Natural gas (\$/mcf)	\$5.69	\$4.92	
Oil equivalent (\$/boe)	\$48.50	\$44.75	
Royalties, transportation & production expenses (\$/boe)			\$20.86
Operating netback (\$/boe)	\$27.63	\$26.58	\$18.00

##### Notes:

1. Substantially all of the production for the two periods noted above was from the Company's Brazeau property.

2. Operating information for the comparable periods in 2013 has not been provided as Canamax did not have material operations in Canada during those periods.

### **About Canamax**

Canamax is a junior oil and gas company in the business of consolidating micro-cap junior oil and gas companies and exploiting low risk development opportunities in the Western Sedimentary Basin.

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### **Forward-Looking Statements**

*Certain information in this press release constitutes forward-looking statements under applicable securities law. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expects", "seeks", "potential", "plans", "estimates", and similar expressions. Specific forward-looking statements included in this press release include comments related to the expected production rates of the wells discussed herein, the anticipated hydrocarbon composition of the production from such wells, the completion of the battery and water disposal facilities for the Flood property, the completion of the previously announced proposed acquisition of Ki Exploration Inc. and the amount of potential capital expenditures to be incurred by Canamax prior to June 30, 2014.*

*Forward-looking statements necessarily involve known and unknown risks and uncertainties, including, without limitation, the risks associated with oil and gas production; marketing and transportation; loss of markets; volatility of commodity prices; currency and interest rate fluctuations; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions or dispositions; inability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to income tax, environmental laws and regulatory matters. Readers are cautioned that the foregoing list of factors is not exhaustive.*

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*The forward-looking statements contained in this news release are made as of the date of this news release, and Canamax 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 expressly required by securities law.*

### **Conversion**

*BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl 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, given that the value ratio based on the current price of crude oil as compared to natural gas 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.*

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