

Alvopetro Announces Year-End 2013 Financial Results and Filing of Annual Information Form

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CALGARY, ALBERTA--(Marketwired - Apr 22, 2014) - [Alvopetro Energy Ltd.](#) (TSX VENTURE:ALV) is pleased to announce our fourth quarter 2013 and year-end 2013 financial and operating results.

Operating Plan and Strategy

Since creating Alvopetro as a standalone company in the fourth quarter of 2013, we have made considerable progress, including assembling a complete team of highly qualified professionals, successfully drilling our first well on Block 197 and reprocessing 3D seismic over our land base. Our significant financial resources, combined with our experienced team and local operating capabilities, position us to achieve our goal of applying innovation to underexploited opportunities.

Our activities to-date and our plans for 2014 are focused on targeting our mature fields, shallow conventional exploration, and proving the commercial potential of the Gomo tight oil play in the Recôncavo Basin. Our initial 2014 operating plan is expected to include up to: two workovers, three vertical Gomo wells, two Bom Lugar development wells and facilities, and one conventional exploration well. We expect to spud our next well on Block 183 later in the second quarter 2014.

Recent Highlights

- Alvopetro's independent reserve evaluation reported before tax net present value of our proved plus probable reserves, discounted at 10 percent, of \$22.8 million as at December 31, 2013.
- Based on the results of mud-logging and open-hole logs, we have filed a Notice of Discovery with the National Agency of Petroleum, Natural Gas and Biofuels (the "ANP") for our 1ALV5BA well located on Block 197.
- Based on open-hole logs, the 1ALV5BA well encountered 43 meters of potential net hydrocarbon pay over several separate intervals, with an average porosity of 9.5 percent, using an 8 percent porosity cut-off. Additional technical work and testing is required to determine the extent, if any, of potential commercial hydrocarbons associated with the 1ALV5BA well. The 1ALV5BA well was not evaluated as part of our year-end 2013 independent reserves evaluation.

Financial and Operating Highlights

- On December 11, 2012, [Petrominerales Ltd.](#) entered Brazil through the acquisition of 75 percent of the shares of Alvopetro Oil and Gas Investments Inc. ("AOGI"), a non-publicly traded Canadian company that held certain Brazil assets.
- In May 2013, we entered into farm-in agreements with third parties to acquire Blocks 170 and 183.
- In May 2013, Blocks 106 and 107 in the Recôncavo Basin, and Block 177 in the Tucano Basin were acquired through the 11th Brazil Bid Round.
- On November 19, 2013, we acquired the remaining 25 percent interest in AOGI.
- On November 28, 2013, Pacific Rubiales acquired all of Petrominerales' outstanding shares, with former shareholders of Petrominerales receiving, for each Petrominerales share held, cash consideration of CAD\$11.00 and one share of Alvopetro.
- On closing of the Arrangement, Petrominerales transferred its entire interest in its Brazil properties to [Alvopetro Energy Ltd.](#) and \$85.6 million (CAD\$91.0 million) in cash.
- Alvopetro, with its current management team and Board of Directors, commenced operations as a new resource company on November 28, 2013.
- In November 2013, Alvopetro was awarded Blocks REC-T 169, REC-T 198, REC-T 255 and REC-T 256 in the Recôncavo Basin in the 12th Brazil Bid Round.

Summary of Q4 2013 and Year-End 2013 Results

Alvopetro was established effective November 28, 2013 as a result of an agreement among [Petrominerales Ltd.](#) ("Petrominerales"), [Pacific Rubiales Energy Corp.](#) ("Pacific Rubiales") and [Alvopetro Energy Ltd.](#) (formerly 1774501 Alberta Ltd.) whereby the parties agreed to complete an arrangement (the "Arrangement") under section 193 of the *Business Corporations Act* (Alberta). The following table provides a summary of Alvopetro's financial and operating results for the period noted. The consolidated financial statements with the Management's Discussion and Analysis ("MD&A") are available on our website at www.alvopetro.com and will be available on the SEDAR website at www.sedar.com. The summary of annual and quarterly results contained in this press release represents a comparison of the 20-day period from December 12, 2012 to December 31, 2012, the year ended December 31, 2013 and the three months ended December 31, 2013. Readers are cautioned that the 20-day period data for 2012 below has not been annualized for comparison purposes.

	Q4	2013	2012
Financial			
(\$000s, except where noted)			
Oil sales	363	1,239	73
Funds flow from operations ⁽¹⁾	(1,690)	(4,836)	(234)
Per share - basic and diluted (\$) ⁽²⁾	(0.02)	(0.06)	-
Net income (loss)	1,333	(8,671)	(282)
Net income (loss) attributable to common shareholders	398	(7,398)	(246)
Per share - basic and diluted (\$) ⁽²⁾	-	(0.09)	-
Capital expenditures	4,187	7,709	18
Total assets	155,456	155,456	50,312
Debt	-	-	-
Net working capital surplus ⁽¹⁾	98,507	98,507	1,086
Common shares outstanding, end of year (000s)			
Basic ⁽²⁾	85,167	85,167	85,167
Diluted ⁽³⁾	88,162	88,162	85,167
Operations			
Operating netback (\$/bbl) ⁽¹⁾			
Brent benchmark price	109.35	108.52	111.44
Sales price	91.88	97.01	110.04
Transportation expenses	(2.75)	(2.92)	(2.85)
Realized sales price	89.13	94.09	107.19
Royalties and production taxes	(18.71)	(9.58)	(7.78)
Production expenses	(49.81)	(99.19)	(56.35)
Operating netback	20.61	(14.68)	43.06
Average daily crude oil production (bopd)	43	35	33

Notes:

- (1) Non-GAAP measure. See "Non-GAAP Measures" section in this press release.
- (2) All Alvopetro common shares currently outstanding were issued in connection with the Arrangement and there were no shares of [Alvopetro Energy Ltd.](#) outstanding at December 31, 2012. However, for comparison purposes and for all per share computations, the December 31, 2013 common share balance is assumed for December 31, 2012.
- (3) Consists of outstanding common shares and stock options of the Company as at December 31, 2013.

Annual Information Form

Alvopetro has filed its annual information form ("AIF") with the Canadian securities regulators on the System for Electronic Document Analysis and Retrieval (SEDAR). The AIF includes the disclosure and reports relating to oil and gas reserves data and other disclosures for oil and gas activities required pursuant to National Instrument 51-101 of the Canadian Securities Administrators. The AIF, as well as our audited consolidated financial statements and related Management's Discussion and Analysis, may be accessed electronically from www.sedar.com.

2014 Letter to Shareholders and Updated Corporate Presentation

Alvopetro's annual letter to shareholders is available on our website at www.alvopetro.com/shareholder-documents, and our updated corporate presentation is available at: <http://www.alvopetro.com/corporate-presentation>.

Alvopetro Energy Ltd.'s vision is to be the premier independent exploration and production company in

Brazil, maximizing shareholder value by being the lowest cost operator and applying innovation to underexploited opportunities. Alvopetro aims to implement a large-scale, repeatable, low-risk, multi-well development program, utilizing advanced technology and completion techniques. Alvopetro's strong financial position, along with our experienced team of professionals, local operating capabilities and highly prospective land base, will enable us to efficiently develop our resource play opportunities.

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.

All amounts contained in this press release are in United States dollars, unless otherwise noted.

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", "intend" and other similar words or expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning financial results and operating results, reserves and potential hydrocarbons in our 1ALV5BA well, exploration and development prospects of Alvopetro and the expected timing of certain of Alvopetro's testing and operational activities. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro, including expectations and assumptions concerning testing results on the 1ALV5BA well, the timing of regulatory licenses and approvals, availability of capital, the success of future drilling and development activities, prevailing commodity prices and economic conditions, the availability of labour and services, the ability to transport and market our production, timing of completion of infrastructure and transportation projects, weather and access to drilling locations. 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. 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 these and other factors that could affect the operations or financial results of Alvopetro are included in our annual information form which may be accessed through the SEDAR website at www.sedar.com. 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.*

Cautionary statements regarding the filing of a Notice of Discovery. *Operators in Brazil are required to inform the ANP, through the filing of a Notice of Discovery, of potential hydrocarbon discoveries. These routine notifications to the ANP are not necessary indicative of commercial hydrocarbons, potential production, recovery or reserves. Data obtained from the 1ALV5BA well identified in this press release, including hydrocarbon shows, open-hole logging, net pay and porosities, should be considered to be preliminary until testing, detailed analysis and interpretation has been completed. Hydrocarbon shows can be seen during the drilling of a well in numerous circumstances and do not necessarily indicate a commercial discovery or the presence of commercial hydrocarbons in a well. There is no representation by Alvopetro that the data relating to the 1ALV5BA well contained in this press release is necessarily indicative of long-term performance or ultimate recovery. The reader is cautioned not to unduly rely on such data as such data may not be indicative of future performance of the well or of expected production or operational results for Alvopetro in the future.*

Non-GAAP Measures. *This press release contains financial terms that are not considered measures under Canadian generally accepted accounting principles ("GAAP"), such as funds flow from operations, funds flow per share, and operating netback. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations and funds flow per share reflect cash generated from operating activities before changes in non-cash working capital. Management considers funds flow from operations and funds flow per share important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities. Operating netback is determined by dividing oil sales less royalties and production taxes, transportation and operating expenses by sales volume of produced oil. Management considers operating netback important as it is a measure of profitability per barrel sold and reflects the economic quality of production. Funds flow from operations, funds flow per share, and operating netbacks may not be comparable to those reported by other companies nor should they be viewed as an alternative to cash flow*

from operations, net income or other measures of financial performance calculated in accordance with GAAP.

Contact

[Alvopetro Energy Ltd.](#)

Corey C. Ruttan

President and Chief Executive Officer and Director

587.794.4224

[Alvopetro Energy Ltd.](#)

Alison Howard

Chief Financial Officer

587.794.4224

info@alvopetro.com

www.alvopetro.com

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