

Torchlight Energy Reports First Quarter 2014 Earnings

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PLANO, TX -- (Marketwired - May 15, 2014) - [Torchlight Energy Resources, Inc.](#) (NASDAQ: TRCH) ("Torchlight Energy" or "the Company"), a rapidly growing mid-continent oil and gas company, today reported its first quarter results for the three months ended March 31, 2014. The Company filed a 10-Q with the U.S. Securities and Exchange Commission for the first quarter of 2014 on May 15, 2014.

First Quarter 2014 Highlights

- Revenues increased 198% to \$0.64 million revenues for first quarter 2014 vs. 2013
- 15 producing wells at March 31, 2014 with net 250 BOEPD
- Drilling programs for all five initial wells with Ring Energy underway
- Increased total acreage in the Hunton play to over 25,000 gross acres across 5 AMIs
- Raised \$7 million of capital through the sale of common stock in Q1 2014

"We remain on target with our exploration and production goals for 2014," stated Tom Lapinski, Chief Executive Officer of Torchlight Energy. "By taking smaller working interests in a number of projects in several prospective areas, we have been able to aggressively drill more lower risk wells without deploying significant amounts of capital on a per well basis. However, as we continue throughout the year, our working interest percentages should increase as we start to drill in new AMIs."

The Company had \$22.2 million of assets and \$12.8 million shareholders' equity at March 31, 2014 compared to \$16.7 million and \$9.2 million, respectively, at December 31, 2013.

Business Updates

Torchlight Energy currently has interests in four main oil and gas projects:

1. Marcelina Creek Field Development in Wilson County, Texas
2. Ring Energy Joint Venture in Southwest Kansas
3. Hunton play in partnership with Husky Ventures in Central Oklahoma
4. Smokey Hills Prospect in McPherson County, Kansas

Torchlight Energy commenced drilling its initial 5-well program in Southwest Kansas in February 2014. This program, which is part of a joint venture agreement with Ring Energy, Inc., entails drilling vertical wells in Mississippian targets. Results have not yet been announced.

As of March 31, 2014, Torchlight Energy has five AMIs with Husky Ventures: the Cimarron Trail; the Chisolm Trail; the Viking Prospect in Central Oklahoma; the Rosedale Prospect interest in ten townships in South Central Oklahoma; and Prairie Grove prospect, the most recent AMI the Company entered into in February 2014. Total prospective acreage across all AMIs is approaching 300,000 acres. Torchlight is actively producing in 15 wells, drilling 5 wells, and fracking or flowing back 5 additional wells across all of its AMIs with Husky Ventures.

The Company acquired an 18% working interest in the Smokey Hills Prospect in McPherson County, Kansas that included approximately 10,000 gross acres and a well, the Hoffman 1-H. Torchlight plans to increase its working interest to approximately 50% and drill 10 vertical wells in this area during late second quarter or early third quarter 2014.

Outlook

Drilling plans for the next 90 to 120 days are progressing as planned. The Company expects to continue its program of 5 wells per month with Husky, going to 6 sometime in early third quarter 2014, continue its drill program in SW Kansas with Ring Energy, drill another Austin Chalk horizontal well in South Texas starting in June or early July 2014 and lastly, Torchlight expects to begin its Central Kansas operated play by early third

quarter 2014.

The Company is actively engaged in discussions for additional \$20 to \$25 million of debt financing in order to meet drilling capital needs for all of its programs. Looking beyond 2014 all future drilling needs are expected be met out of cash flow from continuing operations and/or borrowing capability on a traditional reserve based line of credit.

Conference Call

Management will host a conference call at 4:15 p.m. ET on May 15, 2014 to discuss its first quarter 2014 earnings results.

Date: Thursday, May 15, 2014

Time: 4:15 pm ET

Dial-in (US): 877-941-1429

Dial-in (International): 480-629-9857

Conference ID: 4683113

Webcast: <http://public.viavid.com/index.php?id=109217>

A replay of the call will be available after 7:30 pm ET May 15, 2014. To access the replay, use 877-870-5176 for U.S. callers and 858-384-5517 for international callers. The PIN number is 4683113.

About Torchlight Energy

Torchlight Energy Resources, Inc. (NASDAQ: TRCH), based in Plano, Texas, is a high growth oil and gas Exploration and Production (E&P) company with a primary focus on acquisition and development of highly profitable domestic oil fields. The company currently holds interests in Texas, Kansas and Oklahoma where their targets are established plays such as the Eagle Ford Shale, Mississippi Limestone and Hunton Limestone trends. For additional information on the company, please visit www.torchlightenergy.com.

Forward Looking Statement

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. Such forward-looking statements involve known and unknown risks and uncertainties, including risks associated with the company's ability to obtain additional capital in the future to fund planned expansion, the demand for oil and natural gas, general economic factors, competition in the industry and other factors that may cause actual results to be materially different from those described herein as anticipated, believed, estimated or expected. The company is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

TORCHLIGHT ENERGY RESOURCES, INC. CONSOLIDATED CONDENSED BALANCE SHEETS

March 31, December 31,
2014 2013

(Unaudited) (Audited)

ASSETS

Current assets:

Cash \$1,873,388 \$1,811,713

Accounts receivable 629,636
429,699

Note receivable 129,820

-

Prepaid costs 53,823
9,144

Total current assets 2,686,667 2,250,556

Investment in oil and gas properties, net 17,964,852 13,038,751

Office Equipment 27,453
11,604

Debt issuance costs, net 999,712 920,947

Goodwill 447,084
 447,084
 Other Assets 74,081
 74,379
 TOTAL ASSETS \$22,199,849
 \$16,743,321

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:
 Accounts payable \$2,064,080
 \$985,123
 Accrued liabilities 240,000
 -
 Related party payables 90,000
 90,000
 Convertible promissory notes, net of discount
 of \$3,895,347 at March 31, 2014 5,425,910 -
 Notes payable within one year
 772,397 753,904
 Due to working interest owners
 444,303 580,484
 Interest payable
 298,520 309,498
 Total current liabilities 9,335,210 2,719,009
 Convertible promissory notes, net of discount
 of \$5,500,462 at December 31, 2013 - 4,802,711
 Asset retirement obligation
 24,916 24,382
 Commitments and contingencies
 - -
 Stockholders' equity:
 Common stock, par value \$0.001 per share;
 75,000,000 shares authorized; 18,345,308 issued and
 outstanding at March 31, 2014; 16,141,765
 issued and outstanding at December 31, 2013 18,346 16,142
 Additional paid-in capital 28,917,918 21,978,616
 Warrants outstanding 7,306,170 3,043,420
 Accumulated deficit -23,402,711 -15,840,959
 Total stockholders' equity 12,839,723 9,197,219
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$22,199,849 \$16,743,321

TORCHLIGHT ENERGY RESOURCES, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS	THREE MONTHS
ENDED	ENDED
March 31, 2014	March 31, 2013
(Unaudited)	(Unaudited)
Revenue	
Oil and gas sales \$642,970	\$229,204
Royalties 39,165	
-	
Cost of revenue (179,051)	
(68,000)	
Gross income 503,084	
161,204	
Operating expenses:	
General and administrative expense 5,821,068	533,549
Depreciation, depletion and amortization 334,331	116,847
Total operating expenses 6,155,399	650,396
Other income (expense)	
Interest income 50	
-	
Interest and accretion expense (1,909,487)	(169,001)

Total other income (expense) (1,909,437) (169,001)
 Net loss before taxes (7,561,752) (658,193)
 Provision for income taxes - -
 Net (loss) \$(7,561,752) \$(658,193)
 Loss per share:
 Basic and Diluted \$(0.48) \$(0.05)
 Weighted average shares outstanding:
 Basic and Diluted 15,741,749 13,634,482

TORCHLIGHT ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)

	THREE MONTHS ENDING March 31, 2014	THREE MONTHS ENDING March 31, 2013
Cash Flows From Operating Activities		
Net (loss)	\$(7,561,752)	\$(658,193)
Adjustments to reconcile net loss to net cash from operations:		
Stock based compensation	4,393,375	131,005
Accretion of convertible note discounts	1,605,025	138,194
Depreciation, depletion and amortization	334,331	116,847
Change in:		
Accounts receivable	(199,937)	30,981
Note receivable	(129,820)	-
Prepaid expenses	(44,679)	(11,538)
Other assets	298	-
Accounts payable and accrued liabilities	1,318,957	146,750
Related party payable	- 4,852	-
Due to working interest owners	(136,181)	-
Asset retirement obligation	534	-
Interest payable	(24,168)	42,369
Net cash used in operating activities	(444,017)	(58,733)
Cash Flows From Investing Activities		
Investment in oil and gas properties	(5,247,243)	(198,918)
Acquisition of office equipment	(15,849)	-
Net cash used in investing activities	(5,263,092)	(198,918)
Cash Flows From Financing Activities		
Proceeds from sale of common stock	5,570,291	-
Proceeds from warrant exercise	180,000	-
Proceeds from promissory notes	18,493	1,627,680
Repayment of promissory notes	- (51,000)	-
Net cash provided by financing activities	5,768,784	1,576,680
Net increase (decrease) in cash	61,675	1,319,029
Cash - beginning of period	1,811,713	63,252
Cash - end of period	\$1,873,388	\$1,382,281
Supplemental disclosure of cash flow information:		
Non cash transactions:		
Common stock issued for services	\$7,375	\$-
Warrants issued in connection with promissory notes	\$-	\$294,378
Warrants issued for services	\$4,464,765	\$-
Beneficial conversion feature on promissory notes	\$-	\$593,170
Common stock issued in conversion of promissory notes	\$981,825	\$-
Common stock issued in warrant exercises	\$180,000	\$-
Asset retirement obligation	\$-	\$-
Interest paid	\$309,498	\$5,868

CONTACT INFORMATION

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