

Shoreline Energy Corp. Announces Financial and Operating Results for the Third Quarter 2014 and Asset Sale Update

15.11.2014 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Nov 14, 2014) - [Shoreline Energy Corp.](#) (TSX:SEQ) ("**Shoreline**" or the "**Corporation**") today announced its financial and operating results from the third quarter 2014 and is pleased to provide a corporate update following a series of corporate asset sales and significant debt reduction. A complete copy of the financial statements and management's discussion and analysis may be obtained at www.sedar.com or on the Corporation's website at www.shorelineenergy.ca.

Subsequent Events, Assets Sales and Corporate Update

- Subsequent to September 30, 2014, the Corporation reached a settlement agreement with the holder of the royalty obligation that reduced the obligation to \$5.5 million from \$9.6 million at September 30, 2014 with \$2.5 million paid upon the execution of the agreement and the remaining \$3.0 million to be paid on or before December 31, 2014. The settlement agreement further provides that should Shoreline fail to make the remaining payment of \$3.0 million by December 31, 2014, the amount owing will revert to the indebtedness at October 24, 2014 of \$7.3 million less any payments made prior to December 31, 2014. The creditor has been granted additional security, such that the \$3.0 million payment to be made on or before December 31, 2014 is fully secured against the Shoreline's Canadian assets. On November 14, 2014, the Corporation made the final payment of \$3.0 million to fully extinguish this liability.
- Subsequent to September 30, 2014, principal payments of USD\$3.1 million were made to the holders of other loans. In addition, forbearance agreements were reached with all parties meaning that the lenders have agreed not to exercise their enforcement rights with respect to default until December 31, 2014.
- As announced earlier today, Shoreline closed the sale of its Wattenburg royalty interests for net proceeds of US\$7.7 million (approximately \$8.7 million Canadian Dollars based on current exchange rates).
- Shoreline has used the proceeds of this sale, combined with cash on hand, to repay the Corporation's three secured creditors including the Corporation's royalty obligation as per the terms of the previously disclosed forbearance agreements, settlement agreement and inter-creditor agreement.
- The Corporation entered into a purchase and sale agreement for the sale of shares of its US subsidiary that holds the US working interest assets for \$4.8 million USD with a hold back for working capital adjustments of \$0.7 million USD
- Shoreline continues to own approximately 130,000 net acres of land in the Peace River Arch ("PRA") of north west Alberta, with field estimated production of 725 barrels of oil equivalent per day ("boed"). Shoreline will immediately shift operational focus and is evaluating restoring shut in production in the PRA as well as reviewing a capital expenditure program in accordance with its CEE Flow Through Share obligations.

Financial Tables

	Three months ended		
	September 30, 2014	June 30, 2014	Change
Capital expenditures (excluding acquisitions)	1,492	1,031	45 %
Total assets	75,130	110,450	-32 %
Working capital (deficiency)	-37,597	-60,920	-38 %
Shareholders' equity ⁽¹⁾	8,545	22,743	-62 %

Weighted average common shares outstanding			
Basic and diluted ⁽²⁾	9,041	9,041	0 %
Operating			
Production			
Oil & NGL's (bbls/d)	270	446	-39 %
Gas (mcf/d)	4,629	6,492	-29 %
Total (boe/d) ⁽³⁾	1,041	1,528	-32 %
Average realized prices			
Oil & NGL's (\$/bbl)	93.08	90.14	3 %
Gas (\$/mcf)	4.29	4.04	6 %
Operating netbacks (\$/boe)			
Petroleum and natural gas sales	44.90	44.80	0 %
Realized gain (loss) on financial instrument	-1.27	-0.63	102 %
Royalties	-6.21	-10.18	-39 %
Operating expenses	-14.92	-19.78	-25 %
Transportation expenses	-1.02	-1.29	21 %
Operating netback	21.48	12.92	66 %
Drilling activity			
Gross wells	11	8	38 %
Net interest wells	0.3	0.2	50 %

⁽¹⁾ See "Non-GAAP Terms".

⁽²⁾ The effect of outstanding options and warrants on loss per share for the three month periods ended September 30, 2014 and June 30, 2014 is anti-dilutive.

⁽³⁾ Boe means barrels of oil equivalent. Boe may be misleading, particularly is used in isolation. A boe conversion rate of 1 boe: 6 mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead

Investor Information

Shoreline is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. The Corporation's common shares and convertible unsecured subordinated debentures are currently listed on the TSX under the trading symbols "SEQ" and "SEQ.DB", respectively. Additional information regarding Shoreline is available under the Corporation's profile at www.sedar.com or at the Corporation's website, www.shorelineenergy.ca.

Forward Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. The forward-looking statements are based on various assumptions including expectations regarding the success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; the Corporation's ability to obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to

realize the anticipated benefits of acquisitions; general economic conditions; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Shoreline believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Shoreline does not undertake any obligation to publicly update or revise any forward-looking statements.

Strategic Process Disclaimer

The Corporation cautions that there are no assurances or guarantees that (i) the strategic alternatives process will result in a transaction; (ii) if a transaction is undertaken, the terms or timing of such transaction will be positive results to all stakeholders; (iii) the ongoing conditions of existing forbearance will be met to the satisfaction of the counterparties; or (iv) negotiations currently underway with the existing creditors agreements other lenders will yield satisfactory results.

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "netback" and "net debt". These measures do not have any standardized meanings within International Financial Reporting Standards ("IFRS") and, therefore, reported amounts may not be comparable to similarly titled measures reported by other companies. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding Shoreline's liquidity and its ability to generate funds to finance its operations.

Netback, as used in this press release, denotes net earnings plus non-cash items, including future income taxes expense (less any recovery), depletion, depreciation and accretion expense and non-cash stock-based compensation expense.

Shoreline uses net debt as a measure to assess its financial position. Net debt includes current liabilities (including Shoreline's credit facility and excluding the current portion of decommissioning obligations) less current assets (excluding property, plant and equipment, held for sale and risk management contracts).

Note Regarding BOEs

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

Contact

Shoreline Energy Corp.

Mr. Trevor Folk

(403) 767-9066

tfolk@shorelineenergy.ca

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/186592--Shoreline-Energy-Corp.-Announces-Financial-and-Operating-Results-for-the-Third-Quarter-2014-and-Asset-Sale-U>

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