

Junex Inc. and Cuda Energy Inc. Announce Strategic Business Combination and High Growth Wyoming Powder River Basin Light Oil Acquisition

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QUEBEC CITY and CALGARY, June 11, 2018 - [Junex Inc.](#) ("Junex") (TSXV:JNX) and [Cuda Energy Inc.](#) ("Cuda"), a private Alberta based exploration and development company, are pleased to announce they have entered into an arm's-length arrangement agreement dated June 8, 2018 (the "Arrangement Agreement") that provides for the combination of Cuda and Junex to create a new, well-capitalized, high netback, light oil, North American producer focused on delivering strong organic growth to shareholders. The combination of Cuda and Junex will be completed by way of plan of arrangement (the "Arrangement") under the Business Corporations Act (Québec). The Arrangement steps will result in the combination of Cuda and Junex under the new name Cuda Oil and Gas Inc. ("New Cuda"). Based on a ratio of 55:45 between the existing shareholders of Junex and Cuda, respectively, each Cuda shareholder will receive 3.5856 common shares and 0.4167 of an arrangement warrant of New Cuda for each Cuda share held resulting in the issuance of approximately 86.0 million common shares and 10.0 million arrangement warrants to Cuda shareholders on a pre consolidation basis. In connection with the Arrangement New Cuda shall complete a 10 for 1 share consolidation.

New Cuda will be led by the existing management team of Cuda including R. Glenn Dawson as President & Chief Executive Officer, Terry Schneider as COO, Ron Purvis as Chief Financial Officer, Tim Bushell as Executive Vice President Exploration, Chad Gutor Vice President Engineering and from Junex Mathieu Lavoie Vice President Québec. The Cuda management team has a track record of generating strong shareholder returns over the past three decades developing assets in Canada and the United States.

Upon completion of the Arrangement, the New Cuda board of directors will be comprised of a total of seven members: five from Cuda, being Edward (Ted) Hirst, Rich Frommer, Scott Dawson, Bruce Lawrence, R. Glenn Dawson, and two from Junex, being Jean-Yves Lavoie and a second member to be selected prior to mailing of the information circular.

New Cuda is also pleased to announce that it has entered into a definitive agreement with an arm's-length party to acquire a high growth light oil asset in the Powder River Basin in Wyoming (the "Wyoming Assets") for total consideration of US\$37 million. The Wyoming Assets consist of 25,000 gross acres which will be developed through vertical development drilling along with four additional deeper zones where several large U.S. independents have licensed 5,000 horizontal wells and are developing these deeper zones via horizontal development and achieving initial 30 day rates in excess of 1,000 bbl/d.

"We are excited about the opportunity to partner with the Cuda team who have demonstrated a history of successfully growing oil and gas companies while maintaining strong relationships with stakeholders. We feel the Cuda team's track record of shareholder returns, experience operating in the U.S. and Canada, and prior exposure to the Utica shale in Ohio and West Virginia is a unique skillset that will be invaluable to the shareholders of the combined company. After reviewing all the alternatives available to Junex, we are confident that our partnership with Cuda will provide strong cash flow from high quality oil and gas assets in Wyoming and Alberta creating value for shareholders while awaiting on impactful development in Québec. We are encouraged by the fact that shareholders holding 14.24% of our shares have executed support agreements in favour of the transaction, in addition to the verbal support received from holders of an additional approximately 25% of the shares" said Junex's President and Chief Executive Officer, Mr. Jean-Yves Lavoie.

"The Cuda management team has spent extensive time reviewing and analyzing Junex's assets, and based on our past exposure to the Utica shale gas development in Ohio and West Virginia, we are confident in the economic viability of Junex's Lowlands assets. We look forward to working with the Junex team, the government of Québec and the citizens of Québec to advance Junex's scalable projects on a timeline that respects the rights of all stakeholders of Québec. In addition, we are delighted to have the opportunity to acquire the Wyoming Assets which we believe offers a rare combination of low cost and low risk development drilling and significant upside via multiple stacked oil producing zones. As high land costs and transportation bottlenecks have created challenges for other shale oil plays in the US, we believe the Powder

River Basin will continue to see increased activity and deal flow over the next several years." said Cuda President and Chief Executive Officer, R. Glenn Dawson.

The Asset Acquisition

Junex has entered into a definitive agreement with an arm's-length party to acquire the Wyoming Assets, concurrently with the completion of the Arrangement, for total consideration of US\$37 million, prior to adjustments, comprised of approximately 20.9 million New Cuda Shares (pre consolidation) having a deemed value of US\$6 million and US\$31 million in cash (the "Asset Acquisition"). The vendor has agreed to enter into a lock-up agreement under which it shall not sell, transfer, or otherwise dispose of, any of its New Cuda Shares until the date that is 6 months after the date of the closing of the Asset Acquisition.

The Wyoming Assets consist of a 27.75% interest in the 25,000 (~7,000 net) acre Barron Flats (Deep) Unit in the Powder River Basin. The Wyoming Assets are currently producing approximately over 1,000 boe/d (280 boe/d net) of high netback (92% light oil) production entirely from the Shannon formation. Based on a US\$65.00/bbl oil price, the assets are capable of generating operating netbacks of >C\$50.00/bbl which is supported by the reserve report prepared by Ryder Scott Petroleum Consultants ("Ryder Scott"). New Cuda has identified up to 70 infill locations into the Shannon formation which will be drilled vertically for ~US\$1.0 million per well, recover approximately 150 mbbbl of oil per well and are forecasted to generate IRRs of >200% and payout in less than 8 months (as calculated in the Ryder Scott reserve report based on the primary recovery factor type curve). New Cuda believes that primary development should recover 15% of the oil in place with the potential to recover up to 50% of the oil in place through the implementation of a miscible gas flood. New Cuda anticipates that gas will start being injected into a single pilot well by August 2018, and subject to a positive response we plan to commence field wide injection in Q1-2019 upon approval of the Federal Secondary Recovery Unit.

In addition to the Shannon formation, New Cuda has identified bypassed pay in four additional deeper zones. Two of those deeper zones (Frontier and Muddy) have already proven productive with historical vertical wells having recovered over 100 mbbbl of light oil each. Several large industry operators are actively developing these deeper zones offsetting the lands to be acquired. Based on recent positive horizontal drilling results (where IP-30's have consistently exceeded 1,000 bbl/d light oil), have licensed over 5,000 horizontal drilling locations within the Sand Dunes mega project area. While New Cuda's initial capital program will focus on the Shannon formation, New Cuda will target the potential in the deeper zones and plan to drill a deep strat test to prove up additional conventional and unconventional reserves before year end 2018.

New Cuda will be participating with the vendor of the Wyoming Assets to jointly develop, construct, own and operate an oil sales pipeline connecting to regional infrastructure and a high pressure natural gas system to facilitate gas volumes required to implement the miscible gas flood into the Shannon field (the "Midstream Facilities"). The Midstream Facilities will be owned 33 1/3% by New Cuda and 66 2/3% by the vendor, and will be operated by an affiliate of the vendor. New Cuda will contribute US\$5 million for construction and development of this project.

It is a mutual condition to completion of the Arrangement that the Asset Acquisition shall be completed concurrently with completion of the Arrangement and the closing of the Acquisition Facility (as defined below; collectively the "Transactions").

Strategic Rationale of the Transactions

Management and the board of directors of each of Cuda and Junex believe that their respective shareholders will benefit from the following attributes of New Cuda:

- Experienced management team with an established track record of delivering strong shareholder returns driven by organic production and reserves growth;
- Premium sweet 40° API light oil focused asset base in Wyoming with low risk infill vertical drilling and several deeper zones that have already been proven economic;
- Top quartile operating netbacks forecasted to average approximately C\$33.00/boe in the second half of 2018 based on strip pricing;
- 1,200 boe/d low decline productive capacity growing to 2,000 boe/d by the end of 2018;
- Targeting up to 100% production growth spending approximately cash flow at current strip prices;

- A focused portfolio of quick payout low risk drilling opportunities targeting the Shannon formation in Wyoming;
- Exposure to two large resources in Québec through the Galt light oil project and approximately 1.0 million gross acres of land prospective for Utica shale gas;
- A strong liquidity position with \$15 million of unrestricted cash which will be focused on the development of light oil assets in Wyoming and an additional \$7.5 million of capital dedicated to the development of the Galt project in Québec; and
- Increased market capitalization providing for enhanced liquidity.

Key Attributes of Pro Forma New Cuda

Production Capacity (1)	1,200 boe/d (40% oil and liquids)
2018 Exit Production	2,000 boe/d (60% oil and liquids)
Total Proved reserves (2)	3.0 MMboe
Total Proved plus probable Reserves (2)	3.6 MMboe
Total Proved plus probable RLI (1)(2)	8 years
Funds flow netback (2018 Exit) (3)	\$28.00/boe
New Cuda Shares Outstanding (4)(6)	19.8 million (post consolidation)
Cash (5)	\$15.0 million
Restricted Cash (5)	\$7.5 million
Convertible Debenture (6)	\$1.5 million
Acquisition Facility	\$35 million
Insider Ownership	17% basic; 20% fully diluted

Notes:

(1) Based on field estimates; approximately 800 boe/d of production capacity is shut-in when AECO gas prices are below C\$2.00/mcf.

(2) Gross working interest reserves before the deduction of any royalties and without including any royalty interests receivable; based on the independent reserves evaluation of Cuda's reserves effective December 31, 2017, prepared by GLJ Petroleum Consultants ("GLJ"), the independent reserves evaluation of Junex's reserves effective December 31, 2017, prepared by GLJ, and with respect to the reserves associated with the Wyoming Assets based on the independent reserves evaluation prepared by Ryder Scott Company effective March 1, 2018. All reserve evaluations were prepared in accordance with the COGE Handbook and National Instrument 51-101.

(3) Q4 2018 netback based on flat oil pricing of US\$60.50 / bbl, FX rate of 0.77, WTI differential of US\$2.00/bbl. Strip pricing for gas of US\$2.98 / mcf, FX rate of 0.77 for Q4 2018. Funds flow netback is a non-GAAP measure.

(4) Assumes completion of the Transactions.

(5) Estimated cash at closing of the transaction including expected severance and transaction costs and commissions relating to the Acquisition Facility. Restricted cash is allocated for operations in Québec only.

(6) The holder of \$1.0 million face value convertible debentures of Junex has agreed to convert its convertible debenture into 2.7 million pre consolidation common shares (0.27 million post consolidation common shares) of New Cuda in connection with the Transactions, leaving \$1.5 million of outstanding convertible debentures post closing of the Transactions.

Pro Forma Ownership

	Common Shares (Post Consolidations)	Ownership %
Junex	9.13 million	46.1%
Cuda	8.60 million	43.4%
Principals of Wyoming Asset Vendor (1)	2.09 million	10.5%
New Cuda Total	19.82 million	

(1) The New Cuda shares issued pursuant to the Wyoming acquisition shall be issued directly to the

principals of the vendor, who act independently and not jointly or in concert with each other. Each of the vendor's principals will hold fewer than 10% of New Cuda's shares.

Overview of Junex and Cuda Assets

Junex holds a 52.87% working interest and is the operator of the Galt oil discovery in the Gaspé region of Québec. Junex's Galt-4 horizontal oil well tested at 206 bbl/d unstimulated, illustrating the potential deliverability of the play. New Cuda will continue social acceptance efforts in the Gaspé region in order to develop this field with the support of the local population while also protecting the environment. Netherland Sewell & Associates Inc. estimates (in accordance with NI 51-101 standards of disclosure) as at May 31, 2015 the Galt project holds 81 mmbbl of best estimate discovered OOIP. Pursuant to an agreement between Junex and Investissement Québec ("IQ"), IQ agreed to fund \$8.4 million towards Junex and IQ's future expenditures on the Galt project in order to earn a 17% interest in the project. To date, approximately \$0.9 million has been spent on the Galt project. In addition to the \$7.5 million of restricted cash related to the Galt project, Junex has \$15.6 million of unrestricted cash which will be used to fund future development and the acquisition of the Wyoming Assets. For additional details regarding the aforementioned resource estimate and the terminology used in this study, please refer to Junex's press release of August 31, 2015.

In addition to the Galt project, Junex is one of the largest landholders in Québec, holding approximately one million gross acres in the St. Lawrence lowlands prospective for Utica shale gas. Netherland Sewell & Associates Inc. estimates (in accordance with NI 51-101 standards of disclosure) as at December 31, 2009 that Junex's lands hold 3.5 TCF of net best estimate unrisks prospective resource. Based on its experience developing the Utica in Ohio and West Virginia, the New Cuda management team is confident in the economic viability of developing the Utica across the Junex land base. New Cuda will actively work with local communities to gain social acceptance while also promoting the fact that natural gas in the lowlands can be developed in compliance with high environmental standards and minimal impact on the population of Québec, while creating high-quality jobs, and lowering emissions both globally and in Québec by displacing higher-emission energy sources.

In Alberta, Cuda has current productive capacity of 900 boe/d and an extensive portfolio of exploration opportunities where it estimates that it can drill six independent light oil targets by risking \$2.5 million of capital (based on dry hole cost). In the second half of 2018, New Cuda anticipates drilling three exploration wells (100% working interest) which may be expanded based on success. Cuda currently holds approximately \$3.0 million in cash and 3.78 million warrants with an exercise price of \$0.50 per Cuda share (New Cuda equivalent of \$0.139 cents pre consolidation) which expire June 25, 2018 and if exercised would result in \$1.9 million in additional cash proceeds to Cuda.

Outlook

Upon completion of the Transactions and the Acquisition Facility, New Cuda is planning to start a 15-20 (gross) well drilling program in the second half of 2018 targeting the Shannon Light Oil pool in the Powder River Basin. The 2018 capital program is expected to primarily consist of its high graded, high efficiency, Shannon inventory where it can achieve paybacks of approximately 8 months based on current strip pricing and a modest southern Alberta exploration program targeting high impact light oil projects. New Cuda anticipates achieving 2018 exit production of 2,000 boe/d (60% oil and liquids). New Cuda will continue to advance Junex's portfolio of oil and gas projects in preparation for ongoing improvement of the oil and gas industry in Québec.

The Acquisition Facility

In connection with the Transactions, Cuda has entered into an agreement, with an arm's-length party, with respect to a \$35.0 million acquisition facility agreement (the "Acquisition Facility") with a Canadian institutional lender (the "Lender"). Under the terms of the Acquisition Facility, interest will accrue monthly on the outstanding balance of the Acquisition Facility at a rate of 10.5% per annum and shall be payable monthly. The Acquisition Facility is payable on demand and will mature 12 months from closing of the Transaction and Cuda may re-pay the Acquisition Facility in whole or in part and all accrued interest at any time prior with 90 days notice (the "Pre-Payment Date"). The Acquisition Facility will have first ranking security over the assets of the New Cuda.

The proceeds of the Acquisition Facility will be used to fund the Asset Acquisition and for general working capital purposes.

Arrangement Warrant Terms

Each whole arrangement warrant will entitle the holder thereof to purchase one New Cuda share at a price of \$0.40 per share (\$4.00 post consolidation) for a period of 24 months following the completion of the Arrangement. The arrangement warrants will vest upon the earlier of (i) the date on which the New Cuda shares achieve a 20-day weighted average price of \$0.64 per share (\$6.40 post consolidation) and (ii) the date on which New Cuda completes an equity financing of a minimum of \$10 million at price of at least \$0.60 per share (\$6.00 post consolidation).

Recommendations of the Boards of Directors and Shareholder Support Agreements

The board of directors of each of Cuda and Junex have unanimously approved the Arrangement, determined that the Arrangement is in the best interests of each of Cuda, Junex and their respective shareholders and have unanimously determined to recommend that holders of Cuda Shares and Junex Shares, respectively, vote their shares in favour of the Arrangement. Shareholders of Cuda holding in the aggregate in excess of 72% of the issued and outstanding Cuda Shares, including all of the directors and officers and certain other shareholders, have agreed to vote their shares in favour of the Arrangement. Shareholders of Junex holding in the aggregate approximately 14.24% of the issued and outstanding Junex Shares, including all of the directors and officers and certain other shareholders, have agreed to vote their shares in favour of the Arrangement (excluding the holders of an additional approximately 25% who have provided verbal support as mentioned previously).

In addition, an institution which currently holds \$1.0 million face value convertible debentures of Junex has agreed to convert its convertible debenture into approximately 2.7 million pre consolidation common shares (0.27 million post consolidation common shares) of New Cuda in connection with the Transactions, the whole at a price of \$0.372 per pre consolidation common share.

Conditions and Shareholder Meetings

Completion of the Arrangement remains subject to satisfaction of certain conditions including completion of the Asset Acquisition, the receipt of all necessary regulatory approvals, the approval of the TSX Venture Exchange, the approval of the Superior Court of Québec, the requisite approvals of the shareholders of each of Cuda and Junex and the satisfaction of certain other conditions that are customary for a transaction of this nature.

Under the terms of the Arrangement Agreement, Cuda and Junex have each agreed that it will not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets, subject to the fiduciary duty of the board of directors of both Cuda and Junex in the event that an unsolicited superior proposal is received by either Cuda or Junex. Cuda and Junex have granted the other a seven business day right to match any superior proposal. The Arrangement Agreement provides for mutual non-completion fees of up to \$2.0 million in the event that the Arrangement is not completed or is terminated by either party in certain circumstances.

A joint management information circular (the "Information Circular") outlining details of the Transactions is expected to be mailed to holders of Cuda Shares and Junex Shares in late June, 2018 with the meetings of the respective shareholders to be scheduled for the second half of July. Closing of the Arrangement and related transactions are expected to occur shortly following the meetings. The Information Circular will be accessible on Junex's SEDAR profile at www.sedar.com shortly following mailing of the Information Circular.

Select Financial Information About Cuda Energy Inc.

As at December 31, 2017 Cuda had total assets of \$13,217,082, total liabilities of \$1,580,930, shareholder equity of \$11,636,152, and for the year ended 2017 Cuda had total net revenue of \$3,728,566 and an aggregate net loss of \$5,934,172.

Financial Advisors and Legal Counsel

Eight Capital Inc. is acting as exclusive financial advisor to Junex with respect to the Transactions. Dentons Canada LLP is acting as legal counsel to Junex and McCarthy Tétrault LLP is acting as legal counsel to the special committee of Junex.

KPMG LLP, as financial advisor to Junex's special committee, has provided the Board of Directors of Junex with its verbal opinion that, as at the date hereof the consideration to be received by Junex shareholders

pursuant to the Transactions is fair, from a financial view, to the Junex shareholders.

KES 7 Capital Inc. is acting as financial advisor to Cuda with respect to the Transactions. Borden Ladner Gervais LLP is acting as legal counsel to Cuda.

No finder's fee is payable in connection with the Transactions.

About Cuda Energy Inc.

Cuda, a privately held corporation based in Calgary, Alberta, is engaged in the business of exploring for, developing and producing oil and natural gas, and acquiring oil and natural gas properties across North America.

The Cuda management team has worked closely together for over 20 years in both private and public company environments and has an established track record of delivering strong shareholder returns. Cuda will continue to implement its proven strategy of exploring, acquiring, and exploiting with a long term focus on large, light oil resource based assets across North America including significant operational experience in the United States. The Cuda management team brings a full spectrum of geotechnical, engineering, negotiating and financial experience to its investment decisions.

About Junex Inc.

Junex is a Québec SME that seeks to be a catalyst in accessing Québec's oil and gas resources, while ensuring that their development becomes an important means of creating collective wealth for Québeckers. Junex's operations are conducted in a responsible manner, in strictest compliance with the rules, laws and regulations that govern oil and gas activities. To that end, every day it takes all measures to minimize the environmental impact of its activities.

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Advisories and Forward-Looking Statements:

This news release contains forward-looking statements. All statements other than statements of historical fact included in this release, are forward-looking statements that involve various risks and uncertainties and are based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management. In particular, forward-looking information included in this release includes (i) assumptions and expectations with regard to the Transactions and their completion and the anticipated benefits and advantages of the Transactions; (ii) the future prospects, including exploration potential, resulting from the Transactions and the ability to unlock value, (iii) production estimates and production growth rates, which assume accuracy of technical and geological information and analysis and may be impacted by unscheduled maintenance, labour and contractor availability; (iv) capital expenditures and other cash costs, which assume foreign exchange rates and accuracy of production estimates, and may be impacted by unexpected maintenance, the need to hire external resources and accelerated capital plans; (v) profits and free cash flow, which assume production and expenditure estimates and may be impacted by energy prices, production estimates, and the timing of payments, (vi) reserves and resources which are forward-looking statements by their nature involving implied assessment, and may be impacted by energy prices, future drilling results and operating costs and (vii) predictions as to the impact of gas extraction in the St. Lawrence lowlands. Risk factors that could prevent such forward-looking statements from being realized include ongoing permitting requirements and the ability to work with local populations and governments, the actual results of current exploration activities, market conditions, the availability and nature of alternative sources of energy, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of energy. Although Junex and Cuda have attempted to

identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The term original-oil-in-place ("OOIP") is equivalent to total petroleum initially-in-place ("TPIIP"). TPIIP, as defined in the Canadian Oil and Gas Evaluation Handbook, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered.

Discovered Petroleum Initially In Place is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable. There is uncertainty that it will be commercially viable to produce any portion of the resources.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Not all exploration projects will result in discoveries. The chance that an exploration project will result in the discovery of petroleum is referred to as the chance of discovery. Thus, for an undiscovered accumulation the chance of commerciality is the product of two risk components-the chance of discovery and the chance of development. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources.

Junex's Utica shale gas net best estimate unrisks prospective resource is located in the St. Lawrence Lowlands, where several wells have been drilled by industry establishing the existence of a large gas resource. While the Utica has been successfully developed in the United States and encouraging exploration wells have tested at encouraging rates in Québec, to date there has been no commercial projects developed in Québec. To reach the commercialization phase, New Cuda will work with Québec stakeholders to propose a project that will favour social acceptance notably by minimizing disturbance of surface lands, avoiding development proximal to urban centers and perform fracture stimulation in the shale in a manner that is respectful of the environment and the local population. Key risks to the development of Junex's lowlands assets include the receipt of regulatory approval and social acceptance, implementation of rules that allow for fracking in Québec, construction of infrastructure to transport natural gas to markets, access to capital in order to capitalize a capital intensive development plan, access to services required for development, and further derisking of the technical risks associated with developing unconventional reservoirs. The total costs and timelines associated with establishing the commerciality of this project are unknown at this time given the early stage of the project's development.

Natural gas volumes have been converted to a boe using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to NI 51-101. Boe may be misleading, particularly if used in isolation.

Oil and Gas Metrics

This news release contains metrics commonly used in the oil and natural gas industry, such as "operating netback", "funds flow netback" and "reserve life index" ("RLI"). These terms do not have a standardized meaning and the calculation of such metrics set forth herein may not be comparable to the calculation method used or presented by other companies for the same or similar metrics, and therefore should not be used to make such comparisons.

"Operating netback" equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis.

"Funds flow netback" starts with the operating netback and deducts general and administrative costs, interest expense and then adds or deducts any realized gains or losses on derivative contracts.

"Reserve life index" is calculated as total company interest reserves divided by annual production, for the

year indicated.

Test Results and Initial Production Rates

Any references in this news release to production test, initial production and other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not indicative of the long-term performance or the ultimate recovery of such wells. In addition, such rates may also include recovered "load oil" or "load water" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place undue reliance on such rates in calculating the aggregate production. Such rates are based on field estimates and may be based on limited data available at this time. A pressure transient analysis or well test interpretation has not been carried out in respect of any of the wells. Accordingly, readers are cautioned that the test results should be considered to be preliminary.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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