Strategic Oil & Gas Ltd. Announces Second Quarter 2018 Financial and Operating Results

16.08.2018 | GlobeNewswire

CALGARY, Aug. 16, 2018 - Strategic Oil & Gas Ltd. ("Strategic" or the "Company") (TSXV: SOG) is pleased to report financial and operating results for the three and six months ended June 30, 2018. Detailed results and additional information are presented in Strategic's interim condensed consolidated financial statements and related Management's Discussion and Analysis ("MD&A") which will be available through the Company's website at www.sogoil.com and on SEDAR at www.sedar.com.

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended June 30		Six month	
Financial (\$thousands, except per share amounts)	2018	2017	% change	2018
Oil and natural gas sales	10,639	10,312	3	20,720
Funds from operations (1)	47	2,991	(98)	1,601
Per share basic (1) (2)	0.00	0.06	(100)	0.03
Cash provided by operating activities	972	1,828	(47)	1,742
Per share basic ⁽²⁾	0.02	0.04	(50)	0.04
Net loss	(6,399)	(7,020)	(9)	(11,562)
Per share basic ⁽²⁾	(0.14)	(0.15)	(7)	(0.25)
Net capital expenditures	940	12,784	(93)	10,101
Working capital (deficiency) (comparative figure is as of December 31, 2017)	(1,991)	13,087	-	(1,991)
Net debt (comparative figure is as of December 31, 2017) (1)	112,046	95,801	17	112,046
Operating				
Average daily production				
Crude oil (bbl per day)	1,660	1,942	(15)	1,680
Natural gas (mcf per day)	2,865	4,317	(34)	2,883
Barrels of oil equivalent (boe per day)	2,138	2,661	(20)	2,161
Average prices				
Oil & NGL, before risk management (\$ per bbl)	68.17	51.69	32	65.17
Oil & NGL, including risk management (\$ per bbl)	67.88	51.69	31	65.04
Natural gas (\$ per mcf)	1.30	3.00	(57)	1.73
Operating netback (\$ per boe) (1)				
Oil and natural gas sales	54.68	42.58	28	52.99
Royalties	(10.20)	(4.61)	121	(8.90)
Operating expenses	(25.11)	(19.05)	32	(25.53)
Transportation expenses	(0.57)	(0.94)	(39)	(0.61)
Operating Netback (1)	18.80	17.98	5	17.95
Common Shares (2) (thousands)				
Common shares outstanding, end of period	46,421	46,388	-	46,421
Weighted average common shares (basic & diluted)	46,405	46,384	-	46,401
(4) 5 1 () () () () () () () () () (0445			

⁽¹⁾ Funds from operations, net debt and operating netback are Non-GAAP measures; see " Non-GAAP measures" in the MD&A.

PERFORMANCE OVERVIEW AND OUTLOOK

In the second quarter, Strategic's new management team was focused on the evaluation of the

08.11.2025 Seite 1/4

⁽²⁾ Adjusted for the share consolidation on a 20:1 basis on March 6, 2017.

Company's asset base and formulation of a development capital expenditure plan intended to debottleneck the West Marlowe field to optimize production and reserves on existing and future drill locations. In addition, a detailed technical evaluation of the Muskeg zone was developed to obtain "first principle" technical data associated with the Muskeg reservoir to better quantify the deliverability of the play. In the near term it is Management's intention to identify and evaluate funding alternatives for its capital expenditure plan, and the Company will provide additional information as it becomes available.

With respect to the two well Muskeg drilling program completed in the first quarter of 2018, despite the negative impact of pipeline pressures and surface restrictions, the new wells are producing steadily with 98% runtime for the second quarter. Average rates over the first 60 and 90 days of production are as follows:

	IP60		IP90	
Well	Total (boe/d)	% oil	Total (boe/d)	% oi
1-2	216	84%	182	82%
5-1	173	86%	156	84%

QUARTERLY SUMMARY

- Capital expenditures of \$0.9 million were incurred in the quarter relative to guidance of \$1.0 million provided on May 23, 2018. Expenditures included minor facilities projects and completion costs related to the two well Muskeg development drilling program initiated in the first quarter of 2018.
- Revenues increased 3% from the second quarter of 2017 to \$10.6 million for the period due an increase
 in realized oil prices, which were partially offset by lower production. The average WTI oil price for the
 quarter was US \$67.88/bbl. Revenues for the six months ended June 30, 2018 increased by 8% to
 \$20.7 million compared to \$19.2 million for the comparative period in 2017 due to an increase in
 realized oil prices.
- Despite higher revenues, funds from operations decreased to \$nil for the quarter from \$3.0 million for the three months ended June 30, 2017 and \$1.6 million for the first quarter of 2018. The decrease was primarily related to higher operating costs, higher royalty rates driven by the increase in commodity prices and cash interest expense on the Company's convertible debentures starting March 1, 2018.
- Average production decreased 20% from the second quarter of 2017 to 2,138 boe/d for the second quarter of 2018 due to a slower pace of drilling activity, as only 2 Muskeg wells were drilled in 2018 compared to 5 wells drilled in the first half of 2017. Production volumes in the current period were also affected by elevated pipeline pressures at west Marlowe and a pipeline shutdown at North Marlowe.
- Subsequent to the reporting date, a minor non-core asset producing 50 boe/d was sold for nominal consideration, decreasing the Company's decommissioning obligations by approximately \$2 million.

About Strategic

Strategic is a junior oil and gas company committed to becoming a premier northern oil and gas operator by exploiting its light oil assets primarily in northern Alberta. The Company maintains control over its resource base through high working interest ownership in wells, construction and operation of its own processing facilities and a significant undeveloped land and opportunity base. Strategic's primary operating area is at Marlowe, Alberta. Strategic's common shares trade on the TSX Venture Exchange under the symbol SOG.

For more information, please contact:

Tony Berthelet President & Chief Executive Officer Aaron Thompson Chief Financial Officer

08.11.2025 Seite 2/4

Strategic Oil & Gas Ltd. 1100, 645 7th Avenue SW Calgary, AB T2P 4G8 Telephone: 403.767.9000 Fax: 403.767.9122

Forward-Looking Statements

Certain statements in this release constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "may", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this release includes, but is not limited to:

- plans for debottlenecking the Marlowe field:
- future development plans:
- the impact of adjustments to drilling and completion techniques; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions, including: future commodity prices; royalty rates, taxes and capital, operating, general and administrative and other costs; foreign currency exchange rates and interest rates; general business, economic and market conditions; the ability of the Company to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations; the ability of Strategic to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities; the ability of Strategic to market its oil and natural gas successfully to current and new customers; the ability of Strategic obtain drilling success (including in respect of anticipated production volumes, reserves additions and resource recoveries) and operational improvements, efficiencies and results consistent with expectations; the timely receipt of required governmental and regulatory approvals; and anticipated timelines and budgets being met in respect of drilling programs and other operations (including well completions and tie-ins and the construction, commissioning and start-up of new and expanded facilities).

Although Strategic believes that the expectations reflected in such forward-looking information is reasonable, undue reliance should not be placed on them as the Company can give no assurance that such assumptions will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Strategic and described in the forward-looking information. The material risks and uncertainties include, but are not limited to: fluctuations in commodity prices, foreign currency exchange rates and interest rates; estimates and projections relating to future revenue, future production, reserve additions, resource recoveries, royalty rates, taxes and costs and expenses; operational risks in exploring for, developing and producing, oil and natural gas; the ability to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost; potential disruptions, delays or unexpected technical or other difficulties in designing, developing, expanding or operating new, expanded or existing facilities; processing and pipeline infrastructure outages, disruptions and constraints; risks and uncertainties involving the geology of oil and gas deposits; uncertainty of reserves and resources estimates; general business, economic and market conditions; changes in, or in the interpretation of, laws, regulations or policies (including environmental laws); the ability to obtain required governmental or regulatory approvals in a timely manner, and to enter into and maintain leases and licenses; the effects of weather and other factors including wildlife and environmental restrictions which affect field operations and access; the timing and cost of future abandonment and reclamation obligations and potential liabilities for environmental damage and contamination; uncertainties regarding aboriginal claims and in maintaining relationships with local populations and other stakeholders; the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and other risks and uncertainties described elsewhere in Strategic's other filings with Canadian securities authorities.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "risk factors" in Strategic's current annual information form. The forward-looking information contained in this release is made as of the date hereof and, except as required by applicable securities law, Strategic undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Basis of Presentation

This discussion and analysis of Strategic's oil and natural gas production and related performance

08.11.2025 Seite 3/4

measures is presented on a working-interest, before royalties basis. For the purpose of calculating unit information, the Company's production and reserves are reported in barrels of oil equivalent (boe) and boe per day (boed). Boe may be misleading, particularly if used in isolation. A boe conversion ratio for natural gas of 6 Mcf: 1 boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

Non-GAAP Measurements

The Company utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including net debt, operating netback and funds from operations. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Company's MD&A.

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 release.

Dieser Artikel stammt von Rohstoff-Welt.de Die URL für diesen Artikel lautet:

https://www.rohstoff-welt.de/news/306593--Strategic-Oil-und-Gas-Ltd.-Announces-Second-Quarter-2018-Financial-and-Operating-Results.html

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere AGB/Disclaimer!

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt! Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2025. Es gelten unsere <u>AGB</u> und <u>Datenschutzrichtlinen</u>.

08.11.2025 Seite 4/4