

Traverse Energy Announces 2018 Year End Results and Reserves

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CALGARY, April 09, 2019 - [Traverse Energy Ltd.](#) (‘Traverse’ or ‘the Company’) (TSX Venture: TVL) presents financial and operating results for the three months and years ended December 31, 2018 and 2017 and provides 2018 year end reserves information evaluated by Sproule Associates Limited (‘Sproule’).

Highlights	Three Months Ended December 31 (unaudited)		Year Ended December 31	
	2018	2017	2018	2017
Financial (\$ thousands, except per share amounts)				
Petroleum and natural gas revenue	1,191	2,209	6,717	10,023
Cash from (used in) operating activities	(46)	(153)	2,216	3,420
Adjusted funds flow ⁽¹⁾	(158)	881	1,442	4,238
Per share – basic and diluted	(0.00)	0.01	0.01	0.05
Net loss	(8,944)	(2,967)	(17,705)	(5,006)
Per share – basic and diluted	(0.09)	(0.03)	(0.17)	(0.05)
Capital expenditures	409	10,590	2,954	17,706
Total assets	28,694	51,510	28,694	51,510
Working capital (deficiency)	(6,673)	(4,894)	(6,673)	(4,894)
Common shares				
Outstanding (millions)	103.5	103.5	103.5	103.5
Weighted average (millions)	103.5	100.3	103.5	92.0
Operations (Units as noted)				
Average production				
Natural gas (Mcf per day)	2,037	2,418	1,774	2,358
Oil and NGL (bbls per day)	254	305	264	375
Total (BOE per day)	594	708	559	768
Average sales price				
Natural gas (\$/Mcf)	1.93	2.29	1.83	2.66
Oil and NGL (\$/bbl)	35.45	60.65	57.43	56.48
Netback (\$/BOE)				
Petroleum and natural gas revenue	21.80	33.93	32.90	35.74
Royalties	(0.80)	(0.67)	(1.57)	(1.17)
Operating and transportation expenses	(17.45)	(17.02)	(17.79)	(16.05)
Operating netback ⁽²⁾	3.55	16.24	13.54	18.52
General and administrative	(4.84)	(2.67)	(5.07)	(3.28)
Net finance expense ⁽³⁾	(1.60)	(0.05)	(1.40)	(0.13)
Corporate netback ⁽⁴⁾	(2.89)	13.52	7.07	15.11

(1) Adjusted funds flow represents cash from (used in) operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. See Non-IFRS measures.

(2) Operating netback represents revenue less royalties, operating and transportation expenses. Operating netback per BOE is the operating netback divided by barrels of oil equivalent production for the applicable period. See Non-IFRS measures.

(3) Excludes non-cash accretion.

(4) Corporate netback represents operating netback less general and administrative costs and finance income and costs before accretion. Corporate netback per BOE is the corporate netback divided by barrels

of oil equivalent production for the applicable period. See Non-IFRS measures.

Operations review

Traverse's production averaged 594 BOE per day (43% oil and NGL) during the fourth quarter of 2018, an increase of 31% from the third quarter of 2018. Production increased in the fourth quarter as previously suspended wells were returned to production; however, the sharp decline in Canadian oil prices resulted in negative adjusted funds flow for the quarter. Canadian oil prices decreased in the fourth quarter due to significantly high crude oil differentials caused by lack of take away capacity and pipeline constraints. In 2019 the province of Alberta mandated temporary production curtailments which have contributed to reducing differentials and improving oil prices received by the Company.

Production for 2018 averaged 559 BOE per day, a decrease of 27% from 2017. Production declined in 2018 as no new production was added. Traverse did not drill any wells in 2018 due to capital constraints. Capital expenditures in 2018 related to land acquisition and production testing at Chigwell which included facility expenditures required to continue producing the Duvernay well. In 2018 Traverse acquired approximately 47,000 net acres of land in the Greater Coyote Area and the Duvernay shale oil basin. The full carrying value of the Chigwell Duvernay well was impaired in 2018 as commercial viability was not established and no economic reserves have been assigned.

At December 31, 2018 Traverse had a working capital deficiency of \$6.7 million. Traverse's current revolving operating loan facility of \$9 million is subject to the annual review of the borrowing base on or before May 31, 2019. The Company's ability to continue as a going concern is dependent upon the ability to renew the current loan facility and generate positive cash flow from operations, equity financing, disposing of assets or other arrangements to fund future development capital.

Undeveloped land holdings in Alberta at December 31, 2018 totalled 203,400 gross (202,800 net) acres including 100,000 net acres in the Duvernay shale oil basin. In March 2019 Traverse retained an advisor to pursue alternatives for development or disposition of its Duvernay lands.

2018 Reserves report

Traverse's independent reserve report, dated February 15, 2019, was prepared by Sproule in accordance with National Instrument 51-101 effective December 31, 2018.

Summary of oil and gas reserves as of December 31, 2018

The following tables are a summary of Traverse's petroleum and natural gas reserves, as evaluated by Sproule, effective December 31, 2018, using Sproule's forecast prices and costs. It should not be assumed that the estimates of future net revenue presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of the Company's crude oil, natural gas liquids, and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein. Reserves information may not add due to rounding.

Summary of oil and gas reserves as of December 31, 2018

Reserves Category	Light and Medium Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Oil Equivalent	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
	Mbbl	Mbbl	MMcf	MMcf	Mbbl	Mbbl	MBOE	MBOE
Proved Developed Producing	382.6	367.9	2,393	2,188	28.0	19.6	809.4	752.2
Proved Developed Non-producing	7.4	7.4	-	-	-	-	7.4	7.4
Proved Undeveloped	397.6	350.5	1,233	1,168	11.9	10.5	614.9	555.6

Total Proved	787.6	725.8	3,626	3,355	39.8	30.1	1,431.7	1,315.2
Probable	226.3	196.3	1,098	1,000	12.0	9.4	421.3	372.3
Total Proved Plus Probable	1,014.0	922.1	4,724	4,355	51.9	39.5	1,853.1	1,687.5

Notes:

1. Gross reserves are Traverse's working interest reserves before deduction of any royalties and before consideration of Traverse's royalty interests.
2. Net reserves are Traverse's working interest reserves after deduction of royalties, plus Traverse's royalty interests.

Net present value of future net revenue as of December 31, 2018

Reserves Category	Value Before Income Taxes Discounted at (%/Year) ⁽¹⁾					Unit Value Before Income Taxes ⁽²⁾
	0	5	10	15	20	10%
	M\$	M\$	M\$	M\$	M\$	\$/BOE
Proved Developed Producing	14,712	13,323	11,980	10,821	9,850	15.93
Proved Developed Non-producing	22	46	55	56	53	7.44
Proved Undeveloped	14,923	11,399	8,871	7,029	5,651	15.97
Total Proved	29,657	24,768	20,906	17,906	15,554	15.90
Probable	12,284	8,923	6,753	5,320	4,333	18.14
Total Proved Plus Probable	41,941	33,691	27,659	23,225	19,887	16.39

Notes:

1. Includes future development capital of \$8.2 million (undiscounted).
2. Unit values based on net reserves volumes.

Forward-looking information

This news release contains forward-looking information which is not comprised of historical fact. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes: the Company's statements with respect to the potential development or disposition of its Duvernay lands; volumes of reserves attributable to the Company's assets; and the estimate of the net present value of the future net revenue attributable thereto. This forward looking information is subject to a variety of substantial known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward looking information. The Company's Annual Information Form filed on April 9, 2019 with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describes the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Non-IFRS measures

In this release references are made to certain financial measures such as "adjusted funds flow", "adjusted funds flow per share" and "netback" which do not have standardized meanings prescribed by IFRS and therefore may not be comparable to the calculation of similar measures by other entities. Management uses certain industry benchmarks such as netbacks to analyze

financial and operating performance. There are no comparable measures in accordance with IFRS for operating or corporate netback. Management believes that in addition to net income (loss), the non-IFRS measures set forth below are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage and liquidity. Investors should be cautioned however, that these measures should not be construed as an alternative to both net income (loss) and cash from operating activities, which are determined in accordance with IFRS, as indicators of the Company's performance.

Adjusted funds flow represents cash from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations as detailed below:

(\$)	Three months ended December 31 (unaudited)		Year ended December 31	
	2018	2017	2018	2017
Cash from operating activities	(45,769) (153,142) 2,216,413	3,419,743
Decommissioning expenditures	65,823	48,819	267,556	178,052
Change in non-cash working capital	(177,859) 985,037	(1,041,596) 639,983
Adjusted funds flow	(157,805) 880,714	1,442,373	4,237,778

Adjusted funds flow per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of net income (loss) per share. Operating and corporate netbacks are also presented. Operating netback represents revenue less royalties, operating and transportation costs. Corporate netback represents the operating netback less general and administrative expenses and finance income and costs before accretion. Netback per BOE is the applicable netback divided by barrels of oil production for the applicable period. The calculation of Traverse's operating and corporate netbacks are detailed under the applicable headings within the Company's Management's Discussion and Analysis for the year ended December 31, 2018.

BOE equivalent

The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

For more information, please contact:

Traverse Energy Ltd.
Laurie Smith
President and CEO
April 9, 2019
Tel.: 403-264-9223

Further details on the Company including the 2018 year end audited financial statements, the related management's discussion and analysis and Annual Information Form are available on the Company's website (www.traverseenergy.com) and SEDAR.

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

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