

# Pine Cliff Energy Ltd. Announces Second Quarter 2019 Results

07.08.2019 | [Newsfile](#)

Calgary, August 6, 2019 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff" or the "Company") is pleased to announce the filing of its second quarter financial and operating results. Included in the filings were Pine Cliff's unaudited interim condensed consolidated financial statements and related management's discussion and analysis for the three and six months ended June 30, 2019 (the "Q2-Report"). Selected highlights are shown below and should be read in conjunction with the Q2-Report.

After a strong first quarter, the second quarter of 2019 was challenging with AECO 5A natural gas pricing averaging \$1.03 per Mcf, the lowest in quarterly average in decades, resulting in adjusted funds used in operations. Significant highlights from Pine Cliff's second quarter were:

- realized \$1.69 per Mcf gas price for the three months ended June 30, 2019, 43% higher than the AECO 5A benchmark of \$1.03 per Mcf;
- realized \$2.27 per Mcf gas price for the six months ended June 30, 2019, 24% higher than the AECO 5A benchmark of \$1.82 per Mcf;
- closed an acquisition of oil and natural gas assets in the Ghost Pine area of Central Alberta for cash consideration of \$8.6 million (after estimated closing adjustments) on May 31, which added over 1,600 Boe/d as of the closing date and increased the Company's Pekisko oil locations to 28 gross (27.0 net) from eight gross (six net);
- issued 14,492,754 flow-through common shares at a price of \$0.276, resulting in gross proceeds of \$4.0 million;
- issued 6,215,652 common shares at a price of \$0.23 per share for gross proceeds of \$1.4 million; and
- exited the quarter with \$7.9 million of cash in the bank.

## Operations Update

Last year Pine Cliff drilled its first Pekisko oil well in Central Alberta, and it continues to exceed expectations. In its first 180 days it has produced 325 Boe/d, consisting of 190 Bbl/d of oil and natural gas liquids along with 810 Mcf/d of gas and generated approximately \$1.7 Million of adjusted funds flow. The cost of this well to drill, complete and tie in was approximately \$3.0 Million, with projected payback of approximately 14 months, based on current strip pricing. Pine Cliff plans on drilling at least one more Pekisko oil well in the fourth quarter of 2019.

## Industry/Government Initiatives Involving Shallow Gas Producers

The new administration of the Alberta Government has been working with Pine Cliff and other natural gas producers to find solutions to some of the issues that have arisen from the changes in the natural gas landscape of the past decade. The Alberta government appointed an Associate Minister of Natural Gas for the first time ever and has since announced an approximate 35% reduction in property taxes paid on certain shallow gas wells and pipelines. The tax reduction is not a rebate, but is an adjustment that recognizes that the Alberta municipal tax assessment system for natural gas assets is not equitable given the current asset valuations in the marketplace. Although Pine Cliff doesn't yet know how much this change in municipal taxation will impact the Company, for reference, last year Pine Cliff paid approximately \$12 million in property taxes based on a total assessed value of over \$650 million. That assessed value is more than six times the current enterprise value (market capitalization plus net debt) of approximately \$110 million. In 2014, Pine Cliff's property taxes made up 9.1% of its adjusted funds flow from operations and in 2018, it was 109.0%. The Alberta government is undertaking a review of the municipal tax assessment system and Pine Cliff is optimistic that they will arrive at a more permanent structure that is more equitable to shallow gas producers.

## Financial and Operating Results<sup>1</sup>

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
(\$000s, unless otherwise indicated)				
Oil and gas sales (before royalty expense)	21,497	21,939	53,560	51,650
Cash flow from operating activities	6,503	531	14,428	7,510
Adjusted funds flow <sup>2</sup>	(2,047)	(977)	4,776	4,160
Per share - Basic and Diluted (\$/share) <sup>2</sup>	(0.01)	-	0.02	0.01
Loss	(24,179)	(17,909)	(30,704)	(33,489)
Per share - Basic and Diluted (\$/share)	(0.08)	(0.06)	(0.10)	(0.11)
Capital expenditures	815	1,276	1,810	4,453
Acquisitions	8,604	(3)	8,606	(291)
Net Debt <sup>2</sup>	58,162	54,737	58,162	54,737
Production (Boe/d)	19,123	19,557	18,933	19,781
Weighted-average common shares outstanding (000s)				
Basic and diluted	314,130	307,076	310,623	307,076
Combined sales price (\$/Boe)	12.35	12.33	15.63	14.43
Operating netback (\$/Boe) <sup>2</sup>	0.18	0.72	2.88	2.39
Corporate netback (\$/Boe) <sup>2</sup>	(1.18)	(0.55)	1.38	1.16
Operating netback (\$ per Mcfe) <sup>2</sup>	0.03	0.12	0.48	0.40
Corporate netback (\$ per Mcfe) <sup>2</sup>	(0.20)	(0.09)	0.23	0.19

<sup>1</sup> Includes results for acquisitions from the closing dates.

<sup>2</sup>This is a non-GAAP measure, see NON-GAAP Measures for additional information.

For further information, please contact:

Philip B. Hodge - President and CEO  
 Cheryne Lowe - CFO and Corporate Secretary  
 Telephone: (403) 269-2289  
 Fax: (403) 265-7488  
 Email: info@pinecliffenergy.com

#### NON-GAAP Measures

This press release uses the terms "adjusted funds flow", "operating netbacks", "corporate netbacks" and "net debt" which are not recognized under International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other companies. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including earnings (loss), cash flow from operating activities, or total liabilities. The Company uses these measures to evaluate its performance, leverage and liquidity. Adjusted funds flow is a non-Generally Accepted Accounting Principles ("non-GAAP") measure that represents the total cash flow from operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Net debt is a non-GAAP measure calculated as the sum of bank debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash, restricted cash and prepaid expenses and deposits. Operating netback is a non-GAAP measure calculated as the Company's total revenue, less operating and transportation expenses, divided by the Boe production of the Company. Corporate netback is a non-GAAP measure calculated as the Company's operating netback, less general and administrative expenses, interest and bank charges plus dividend income, divided by the Boe production of the Company. Please refer to the Q2-Report for additional details regarding non-GAAP measures and their calculation.

#### Cautionary Statements

Certain statements contained in this news release include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and

are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this news release includes, but is not limited to: expected production levels, expected operating cost, royalty and general & administrative expense levels; future capital expenditures, including the amount and nature thereof; future acquisition opportunities including Pine Cliff's ability to execute on those opportunities; future drilling opportunities and Pine Cliff's ability to generate reserves and production from the undrilled locations; oil and natural gas prices and demand; expansion and other development trends of the oil and natural gas industry; business strategy and guidance; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff's ability to generate cash flow from operating activities and adjusted funds flow; future capital spending and other such matters. The foregoing statements assume all the conditions to completion of the Acquisition will be satisfied, regulatory approvals will be received, that there will be no changes to the assets and liabilities of Pine Cliff following the Acquisition and that the anticipated benefits of and rationale for the Acquisition will be achieved. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Natural gas liquids and oil volumes are recorded in barrels of oil ("Bbl") and are converted to a thousand cubic feet equivalent ("Mcf") using a ratio of one (1) Bbl to six (6) thousand cubic feet. Natural gas volumes recorded in thousand cubic feet ("Mcf") are converted to barrels of oil equivalent ("Boe") using the ratio of six (6) thousand cubic feet to one (1) Bbl. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe or Mcfe may be misleading, particularly if used in isolation.

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 oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

The TSX does not accept responsibility for the accuracy of this release.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/46757>

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/331809--Pine-Cliff-Energy-Ltd.-Announces-Second-Quarter-2019-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 [AGB](#) und [Datenschutzrichtlinien](#).