

Yangarra Announces 2020 First Quarter Financial and Operating Results

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CALGARY, April 29, 2020 - [Yangarra Resources Ltd.](#) ("Yangarra" or the "Company") (TSX:YGR) announces its financial and operating results for the three months ended March 31, 2020.

Annual General and Special Meeting of Shareholders

The Company's Annual General and Special Meeting of Shareholders is scheduled for 10:00 AM on Thursday April 30, 2020.

As a precaution due to the COVID-19 pandemic, there will not be a corporate presentation at the conclusion of the meeting. The following conference call number will be utilized to allow registered shareholders to listen to the formal portion of the meeting.

Toll free (Canada/North America) dial in is 1-877-385-4099

Participant code is 2618233

The participant will dial in using the dial in number then they will enter the participant code and wait to be connected to the conference call.

First Quarter Highlights

- Average production of 12,122 boe/d (47% liquids) during the quarter a 1% increase from the same period in 2019
- Oil and gas sales were \$27.4 million, a decrease of 31% from the same period in 2019
- Funds flow from operations of \$15.3 million (\$0.18 per share – basic), a decrease of 45% from the same period in 2019
- Adjusted EBITDA (which excludes changes in derivative financial instruments) was \$17.1 million (\$0.21 per share – basic), a decrease of 45% from the same period in 2019
- Net income of \$2.8 million (\$0.03 per share – basic, \$3.9 million before tax), a decrease of 76% from the same period in 2019 and represents the 13th consecutive quarter of net income
- Operating costs were \$6.67/boe (including \$1.00/boe of transportation costs)
- Field operating netbacks were \$16.71/boe
- Operating netbacks, which include the impact of commodity contracts, were \$16.76/boe
- Operating margins were 67% and funds flow from operations margins were 56%
- G&A costs of \$0.72/boe
- Royalties were 6% of oil and gas revenue
- All in cash costs were \$11.06/boe
- Capital expenditures (including \$0.4 million on land) were \$25.4 million
- Net Debt to first quarter annualized funds flow from operations was 3.24 : 1
- Retained earnings of \$107 million
- Corporate LMR is 11.0 with decommissioning liabilities of \$16 million (discounted)
- Yangarra drilled six wells and completed five wells in the first quarter of 2020 leaving four wells drilled and uncompleted at the end of the quarter. Yangarra elected to reduce first quarter activity as per the Company's strategy of reducing capital expenditures when commodity pricing falls below internal thresholds for rates of return.

Operations Update

COVID-19 protocols remain in place and all personnel have remained on salary in both the head office and the field. Yangarra qualifies for 75% wage coverage from the federal government due to the significant reduction in revenue from 2019. The subsidy combined with very low G&A and operating costs has allowed the Company to avoid laying off any staff.

Yangarra did not nominate any sweet oil sales for May due to very high sweet oil differentials. Field inventory is currently at 1.5 million boe.

the company expects to utilize this storage until spot oil prices are at a more reasonable level. In addition, 30 low volume wells have been shut in as that production will continue to accumulate downhole for up to four months. Current production is approximately 11,000 boe/d.

Financial Summary

	2020	2019	
	Q1	Q4	Q1
Statements of Comprehensive Income			
Petroleum & natural gas sales	\$ 27,435	\$ 35,990	\$ 39,907
Net income (before tax)	\$ 3,877	\$ 9,405	\$ 16,386
Net income	\$ 2,835	\$ 7,020	\$ 11,514
Net income per share - basic	\$ 0.03	\$ 0.08	\$ 0.13
Net income per share - diluted	\$ 0.03	\$ 0.08	\$ 0.13
Statements of Cash Flow			
Funds flow from operations	\$ 15,293	\$ 21,005	\$ 27,731
Funds flow from operations per share - basic	\$ 0.18	\$ 0.25	\$ 0.32
Funds flow from operations per share - diluted	\$ 0.18	\$ 0.25	\$ 0.32
Cash from operating activities	\$ 15,725	\$ 25,469	\$ 22,963
Statements of Financial Position			
Property and equipment	\$ 558,956	\$ 541,799	\$ 511,113
Total assets	\$ 608,468	\$ 592,195	\$ 566,081
Working capital deficit (surplus)	\$ 9,278	\$ (906)	\$ 18,699
Adjusted Net Debt	\$ 198,253	\$ 187,712	\$ 188,063
Shareholders equity	\$ 307,265	\$ 303,643	\$ 268,584
Weighted average number of shares - basic	85,380	85,370	85,359
Weighted average number of shares - diluted	85,524	85,708	86,772

Company Netbacks (\$/boe)

	2020	2019	
	Q1	Q4	Q1
Sales price	\$24.87	\$31.13	\$37.09
Royalty expense	(1.49)	(2.49)	(2.79)
Production costs	(5.67)	(6.19)	(5.87)
Transportation costs	(1.00)	(1.11)	(0.96)
Field operating netback	16.71	21.34	27.46
Realized gain (loss) on commodity contract settlement	0.05	0.25	0.16
Operating netback	16.76	21.59	27.62
G&A	(0.72)	(1.17)	(0.32)
Cash Finance expenses	(2.17)	(1.58)	(1.53)
Depletion and depreciation	(8.36)	(8.33)	(8.48)
Non Cash - Finance expenses	(2.11)	0.02	(0.50)
Abandonment Expenses	-	(0.75)	-
Provision for Credit Losses	-	(0.57)	-
Stock-based compensation	(0.51)	(0.61)	(1.18)
Unrealized gain (loss) on financial instruments	0.57	(0.44)	(0.39)
Deferred income tax	(0.94)	(2.06)	(4.53)
Net Income netback	\$2.51	\$6.09	\$10.70

Business Environment

	2020	2019	
	Q1	Q4	Q1
Realized Pricing (Including realized commodity contracts)			
Oil (\$/bbl)	\$ 52.19	\$ 67.06	\$ 66.00
NGL (\$/bbl)	\$ 16.64	\$ 19.65	\$ 38.21
Gas (\$/mcf)	\$ 2.11	\$ 2.48	\$ 2.56
Realized Pricing (Excluding commodity contracts)			
Oil (\$/bbl)	\$ 52.05	\$ 67.06	\$ 66.00
NGL (\$/bbl)	\$ 16.59	\$ 18.03	\$ 37.18
Gas (\$/mcf)	\$ 2.11	\$ 2.48	\$ 2.56
Oil Price Benchmarks			
West Texas Intermediate ("WTI") (US\$/bbl)	\$ 46.17	\$ 56.95	\$ 54.90
Edmonton Par (C\$/bbl)	\$ 51.44	\$ 68.05	\$ 66.48
Edmonton Par to WTI differential (US\$/bbl)	\$ (7.85)	\$ (5.40)	\$ (4.91)
Natural Gas Price Benchmarks			
AECO gas (Cdn\$/mcf)	\$ 2.03	\$ 2.48	\$ 1.94
Foreign Exchange			
U.S./Canadian Dollar Exchange	0.75	0.76	0.75

Operations Summary

Net petroleum and natural gas production, pricing and revenue are summarized below:

	2020	2019	
	Q1	Q4	Q1
Daily production volumes			
Natural gas (mcf/d)	38,712	41,483	34,707
Oil (bbl/d)	3,550	3,712	4,343
NGL's (bbl/d)	2,120	1,942	1,829
Combined (boe/d 6:1)	12,122	12,568	11,956
Revenue			
Petroleum & natural gas sales - Gross	\$ 27,435	\$ 35,990	\$ 39,907
Realized gain (loss) on commodity contract settlement	53	290	170
Total sales	27,488	36,280	40,077
Royalty expense	(1,640)	(2,879)	(3,003)
Total Revenue - Net of royalties	\$ 25,848	\$ 33,401	\$ 37,074

Working Capital Summary

The following table summarizes the change in working capital during the months ended March 31, 2020 and December 31, 2019:

	Three months ended	Year ended
	March 31, 2020	December 31, 2019
Adjusted Net Debt - beginning of period	\$ (187,711)	\$ (155,882)
Funds flow from operations	15,293	92,236
Additions to property and equipment	(25,008)	(115,276)
Decommissioning costs incurred	-	(966)
Additions to E&E Assets	(426)	(5,723)
Issuance of shares	-	41
Other	(401)	(2,141)
Adjusted Net Debt - end of period	\$ (198,253)	\$ (187,711)
Credit facility limit	\$ 225,000	\$ 225,000

Capital Spending

Capital spending is summarized as follows:

	2020	2019	
	Q1	Q4	Q1
Cash additions			
Land, acquisitions and lease rentals	\$ 104	\$ 38	\$ 38
Drilling and completion	22,563	16,997	38,908
Geological and geophysical	171	447	237
Equipment	1,968	2,503	18,320
Other asset additions	201	193	500
	\$ 25,008	\$ 20,178	\$ 58,004

Exploration & evaluation assets	\$ 426	\$ 480	\$ 1,044
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Quarter End Disclosure

The Company's financial statements, notes to the financial statements and management's discussion and analysis will be filed on SEDAR (www.sedar.com) and are available on the Company's website (www.yangarra.ca).

Forward looking information

Certain information regarding Yangarra set forth in this news release, management's assessment of future plans, operations and operational results may constitute forward-looking statements under applicable securities law and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserves estimates, environmental risks, competition from other producers and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Certain of these risks are set out in more detail in Yangarra's current Annual Information Form, which is available on Yangarra's SEDAR profile at www.sedar.com.

Forward-looking statements are based on estimates and opinions of management of Yangarra at the time the statements are presented. Yangarra may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Yangarra undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Barrels of Oil Equivalent

Natural gas has been converted to a barrel of oil equivalent (Boe) using 6,000 cubic feet (6 Mcf) of natural gas equal to one barrel of oil (6:1), unless otherwise stated. The Boe conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore

Boe's may be misleading if used in isolation. References to natural gas liquids ("NGLs") in this news release include condensate, propane, butane and ethane and one barrel of NGLs is considered to be equivalent to one barrel of crude oil equivalent (Boe). One ("BCF") equals one billion cubic feet of natural gas. One ("Mmcf") equals one million cubic feet of natural gas.

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds flow from operations", "operating netback", "adjusted working capital deficit", and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and, therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations.

Funds flow from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Yangarra's performance or liquidity. Funds flow from operations is used by Yangarra to evaluate operating results and Yangarra's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds flow from operations denotes cash flow from operating activities as it appears on the Company's Statement of Cash Flows before decommissioning expenditures and changes in non-cash operating working capital. Funds flow from operations is also derived from net income (loss) plus non-cash items including deferred income tax expense, depletion and depreciation expense, impairment expense, stock-based compensation expense, accretion expense, unrealized gains or losses on financial instruments and gains or losses on asset divestitures. Funds from operations netback is calculated on a per boe basis and funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes petroleum and natural gas revenue and realized gains or losses on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses calculated on a per boe basis. Adjusted working capital deficit includes current assets less current liabilities excluding the current portion of the amount drawn on the credit facilities, the current portion of the fair value of financial instruments and the deferred premium on financial instruments. Yangarra uses net debt as a measure to assess its financial position. Net debt includes current assets less current liabilities excluding the current portion of the fair value of financial instruments and the deferred premium on financial instruments, plus the long-term financial obligation.

Readers should also note that adjusted earnings before interest, taxes, depletion & depreciation, amortization ("Adjusted EBITDA") is a non-GAAP financial measures and do not have any standardized meaning under GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. Yangarra believes that Adjusted EBITDA is a useful supplemental measure, which provide an indication of the results generated by the Yangarra's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that Adjusted EBITDA should not be construed as an alternative to comprehensive income (loss) determined in accordance with GAAP as an indicator of Yangarra's financial performance.

Please refer to the management discussion and analysis for the three month period ended March 31, 2020 for Non-GAAP financial measure reconciliation tables.

Contact

James Evaskevich, President & CEO 403-262-9558.

All reference to \$ (funds) are in Canadian dollars.

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