

PetroTal Announces 2019 Year-End Financial and Operating Results

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Record levels of oil production, cash flow and income

Calgary, June 15, 2020 - [PetroTal Corp.](#) (TSXV: TAL) (AIM: PTAL) ("PetroTal" or the "Company") is pleased to announce its financial and operating results for the year and the three months ("Q4") ended December 31, 2019.

Selected financial, reserves and operational information is outlined below and should be read in conjunction with the Company's audited consolidated financial statements ("Financial Statements"), management's discussion and analysis ("MD&A") and annual information form ("AIF") for the year ended December 31, 2019, which are available on SEDAR at www.sedar.com and the Company's website at www.PetroTal‐Corp.com. Reserves numbers presented herein were derived from an independent reserves report (the "NSAI Report") prepared by Netherland, Sewell & Associates, Inc. ("NSAI") effective December 31, 2019. All amounts herein are in United States dollars ("USD") unless otherwise stated.

2019 HIGHLIGHTS

The Company reached several key operational and financial achievements during 2019 as described below:

Q4 Highlights

- Drilled and completed the Company's first horizontal well (4H), having a 500 meter lateral and utilizing autonomous inflow control device ("AICD") valves to maximize oil production;
- Drilled and completed the 5H well, the longest horizontal well drilled in Peru. The well reached the target Vivian formation at a vertical depth of 2,696 meters and then with an 863 meter horizontal section inside the main productive oil reservoir;
- Commissioning of the new \$31.6 million Central Production Facility ("CPF") commenced on December 22, 2019 with the successful hydrostatic test of the new 20,000 barrel oil storage tank;
- Earned net income of \$18.2 million (\$0.03 per share basic) compared to a net loss of \$2.2 million in Q4 2018;
- Higher operating net back of \$28.6 million compared to \$2.3 million in Q4 2018;
- For Q4 2019 the Company recognized funds flow generated of \$22.2 million, as compared to utilization of negative \$1.9 million in Q4 2018;
- Achieved a record quarterly oil production of 7,767 bopd, an increase of 670% over Q4 2018 (1,158 bopd), and an increase of 63% over Q3 2019 (4,760 bopd);
- Q4 2019 sales volumes averaged 9,509 bopd compared to 1,199 bopd in Q4 2018; and,
- Capital expenditures were \$26.9 million in Q4 2019 compared to \$4.4 million in Q4 2018.

2019 Operational Highlights

- At December 31, 2019, six producing wells and one water disposal were operating, inclusive of the initial water disposal that was converted to an oil producer;

- The Company invested \$88.4 million to drill five producing oil wells, a water disposal well and build production facilities, nearly a three fold increase from capital expenditures of \$23.2 million in 2018;
- The Company achieved an exit rate production of 13,300 bopd at the end of 2019 with the Q4 average being 7,767 bopd. PetroTal produced a total of 1.5 million barrels of oil in 2019, representing average oil production of 4,131 bopd, an increase of 431% from the average production of 958 bopd realized in 2018;
- NSAI Report shows increases in all reserve categories:
- Proved ("1P") reserves of 21.5 million barrels ("mmbbl"), an increase of 20% from the 17.9 mmbbl recorded at the end of 2018;
- Proved plus Probable ("2P") reserves of 47.7 mmbbl, an increase of 21% from the 39.4 mmbbl recorded at the end of 2018; and,
- Proved plus Probable and Possible ("3P") reserves of 84.8 mmbbl, an increase of 8% from the 78.7 mmbbl recorded at the end of 2018;
- Net Present Value (before tax, discounted at 10%) ("NPV-10") represents \$434 million (\$20.19/bbl) for 1P reserves, \$1.1 billion (\$23.02/bbl) for 2P reserves and \$1.9 billion (\$22.11/bbl) for 3P reserves; and,
- Original oil in place ("OOIP") estimates for each category of reserves also increased, with the 2P estimate increasing from 329 mmbbl to 364 mmbbl.

2019 Financial Highlights

- Generated revenue of \$77 million (\$52.32/bbl) compared to \$10 million (\$59.10/bbl) in 2018;
- Royalties to the Peruvian government were \$3.4 million (4% of revenue) during 2019 compared to \$0.5 million (5% of revenue) for 2018;
- Generated funds from operations of \$51.9 million compared to \$30 thousand in 2018, as a result of the significant increase in revenue generation;
- Operating and transportation costs, were \$31.9 million (\$21.68/bbl) for 2019 compared to \$4.9 million (\$27.60/bbl) for 2018, an improvement of 22% on a per barrel basis;
- Net operating income (netback) in 2019 was \$41.4 million (\$28.09/bbl) compared to \$5.1 million (\$28.72/bbl) in 2018;
- Cash flow generated was \$29.7 million compared to negative \$3.4 million in 2018. Cash flow represents netback inclusive of G&A costs, realized gain (losses) on commodity contracts and all other cash transactions; and,
- At December 31, 2019, the Company had cash of \$21.1 million, compared to \$26.3 million at the end of 2018.

2019 Other Highlights

- On November 4, 2019, the Company announced the addition of Mr. Douglas Urch, as Executive Vice President and Chief Financial Officer of the Company;
- On December 12, 2019, the Company's board of directors declared its inaugural dividend of \$0.9 million to shareholders of record on December 20, 2019; and,
- On December 19, 2019, Ms. Eleanor Barker and Dr. Roger Tucker were appointed as Independent Non-Executive Directors.

The following table summarizes key financial and operating highlights associated with the Company's

performance for the years ended December 31, 2019 and 2018. See the Financial Statements, MD&A and AIF for further details.

	December 31		December 31	
	2019		2018	
Results at a glance				
Financial				
Crude oil revenues	77,024		10,487	
Royalties	(3,394)	(493)
Commodity price derivatives loss	367		-	
Net operating income	41,719		5,096	
Net income (loss)	20,152		(4,621)
Basic and diluted (US\$/share)	0.03		(0.01)
Funds generated from operations	51,061		30	
Capital expenditures	88,763		23,207	
Operating				
Average production (bopd)	4,131		958	
Average sales (bopd)	4,033		964	
Average Brent oil price (US\$/barrel)	64.31		63.84	
Average realized price (US\$/barrel)	52.32		59.10	
Netback (US\$/barrel)	28.09		28.72	
Cash flow	29,692		(3,362)
Balance sheet				
Cash	21,101		26,259	
Working Capital	(11,762)	26,053	
Total assets	194,181		96,097	
Current liabilities	59,286		9,582	
Equity	121,057		77,527	
	Q4-19	FY 2019	Q4-18	FY 2018
	\$/bbl	\$/bbl	\$/bbl	\$/bbl
SALES:	7,767	4,131	1,158	958
Average	974,802	1,472,042	110,287	177,465
Production	63.26	64.31	63.84	63.84
Quarterly	17.0%	-18.6%	-12.1%	-7.4%
Difference	9,509	4,033	1,199	964
(\$/bbl)				
Operating	\$45,916	\$52.32	\$77,024	\$56.09
Netback	\$6,186	\$59.10	\$10,487	\$59.10
(\$/bbl)				
Royalties	\$2.31	\$3.394	\$3.04	\$336
(\$/bbl)				
Operating	\$6,047	\$9.73	\$14,319	\$22.82
(\$/bbl)				
Production	\$11.95	\$17,592	\$9.32	\$1,028
(\$/bbl)				
Operating	\$0.25	\$367	\$0.00	\$0
(\$/bbl)				
Operating	\$28,566	\$28.09	\$41,352	\$20.91
Netback	\$2,306	\$28.72	\$5,096	\$28.72
(\$/bbl)				
Operating	53.7%		37.3%	
Netback	48.6%			
(\$/bbl)				
Operating	\$6,048	\$7.33	\$10,789	\$36.95
(\$/bbl)				
Operating	\$4,075	\$44.18	\$7,840	\$44.18
(\$/bbl)				
Operating	\$126	\$0.28	\$416	\$0.81
(\$/bbl)				
Operating	\$238	\$0.31	\$455	\$0.00
(\$/bbl)				
Operating	\$22,154	\$29,692	(\$1,858)	(\$3,362)
(\$/bbl)				
Operating	\$45	\$0.06	\$86	-\$7.18
(\$/bbl)				
Operating	\$3,760	\$5.79	\$8,528	\$7.39
(\$/bbl)				
Operating	\$126	\$0.63	\$927	\$2.75
(\$/bbl)				
Operating	\$18,223	\$20,152	(\$2,184)	(\$4,621)
(\$/bbl)				

Michael Pablo Zuniga-Pflucker, President and Chief Executive Officer, commented:

"As a Company, we achieved a great deal in 2019. We set ourselves a number of ambitious targets at the beginning of the year and were able to meet or exceed all of them. We were also able to generate significant value for our shareholders by increasing our production by 431% year-on-year. Our ability to deliver an exit rate of 13,300 bopd for 2019 is a testament to the expertise and hard work of PetroTal's workforce during the period."

Whilst we are currently focusing on balance sheet strength and liquidity, in light of the difficult trading

environment, we remain well placed to deliver value for all our stakeholders. In closing, I would like to thank PetroTal's shareholders, directors, employees and contractors for their continued support. We look forward to announcing further developments as the year progresses."

ABOUT PETROTAL

PetroTal is a publicly traded, dual quoted (TSXV: TAL) and (AIM: PTAL) oil and gas development and production company domiciled in Calgary, Alberta, focused on the development of oil assets in Peru. PetroTal's flagship asset is its 100% working interest in Bretaña oil field in Peru's Block 95 where oil production was initiated in June 2018 and in early 2020, became the second largest crude oil producer in Peru. Additionally, the Company has large exploration prospects and is engaged in finding a partner to drill the Osheki prospect in Block 107. The Company's management team has significant experience in developing and exploring for oil in Northern Peru and is led by a Board of Directors that is focused on safely and cost effectively developing the Bretaña oil field.

For further information, please see the Company's website at www.petrotal-corp.com, the Company's filed documents at www.sedar.com, or contact:

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reserves described can be profitably produced in the future. Forward‐looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective" and similar expressions. The forward‐looking statements are based on certain key expectations and assumptions made by the Company, including, but not limited to, expectations and assumptions concerning the ability of existing infrastructure to deliver production and the anticipated capital expenditures associated therewith, reservoir characteristics, recovery factor, exploration upside, prevailing commodity prices and the actual prices received for PetroTal's products, the availability and performance of drilling rigs, facilities, pipelines, other oilfield services and skilled labour, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the accuracy of PetroTal's geological interpretation of its drilling and land opportunities, current legislation, receipt of required regulatory approval, the success of future drilling and development activities, the performance of new wells, the Company's growth strategy, general economic conditions and availability of required equipment and services. Although the Company believes that the expectations and assumptions on which the forward‐looking statements are based are reasonable, undue reliance should not be placed on the forward‐looking statements because the Company can give no assurance that they will prove to be correct. Since forward‐looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), commodity price volatility, price differentials and the actual prices received for products, exchange rate fluctuations, legal, political and economic instability in Peru, access to transportation routes and markets for the Company's production, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. In addition, the Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the AIF and MD&A which are available on SEDAR at www.sedar.com. The forward‐looking statements contained in this press release are made as of the date hereof and the Company 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, unless so required by applicable securities laws.

FOFI DISCLOSURE: This press release contains future‐oriented financial information and financial outlook information (collectively, "FOFI") about PetroTal's prospective results of operations, production, NPV-10, future net revenue, future development costs, temporary shut down of operations, the anticipated resumption of operations, storage capacity, cost reductions and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was included for the purpose of providing further information about PetroTal's anticipated future business operations. PetroTal disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

PRESENTATION OF OIL AND GAS INFORMATION: The reserves information herein sets forth PetroTal's reserves as at December 31, 2019, as presented in the independent reserves report prepared by NSAI, in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and the reserve definitions contained in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). In addition to the summary information disclosed in this announcement and the press release dated February 18, 2020, more detailed information is included in the AIF. This press release contains metrics commonly used in the oil and natural gas industry, such as operating netbacks (calculated on a per unit basis as oil revenues less royalties and bargaining, pipeline and lifting costs). These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare PetroTal's operations over time. All oil and gas disclosure contained in this press release complies with the requirements of NI 51-101. 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. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. 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.

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