Seven Generations' Second Quarter Funds Flow of $138.8 Million and Capital Investments of $69.4 Million Drive $69.4 Million of Free Cash Flow

29.07.2020 | Business Wire

Development activities have resumed and the company remains firmly on-track to achieve 2020 revised guidance with continuous cost management and improving commodity prices

Seven Generations Energy Ltd. (TSX:VII):

“When the COVID-19 pandemic impacted the world in March, our 7G team rapidly adapted to a new way of working that prioritized the health and safety of our workforce. We also responded quickly and decisively to protect our balance sheet from the pandemic-related plunge in oil prices. With nearly 100% working interest in our assets and critical infrastructure, we have flexibility and control over our pace of development. We reduced our 2020 capital program by 41% which led to an 11% reduction in our 2020 production guidance. I’m proud of the exceptional performance of our 7G team during this challenging time.

Seven Generations began to transition our strategic focus from production growth to free cash flow generation in 2018. We focused our efforts on enhancing our scientific knowledge of our high-quality asset base and improving our execution. Innovations in our drilling and completion practices, structural cost reductions and decline rate moderation, culminated in free cash flow in 2019 and the first half of 2020. With the economic recovery now in its early stages, condensate demand and oil pricing has improved, and we have reinstated our drilling and completion program in accordance with our revised 2020 budget that was released on May 7, 2020. We recognize that we can grow free cash flow on a per share basis in the current commodity price environment while maintaining our production profile. For the time being, our priority for free cash flow will be debt reduction.”

Marty Proctor
President and CEO

SECOND QUARTER 2020 HIGHLIGHTS

- Second quarter 2020 funds flow totaled $138.8 million with capital investments of $69.4 million. Free cash flow of $69.4 million and Canadian dollar strength contributed to a net debt reduction of $161 million compared to the first quarter of 2020. Available funding is currently $1.1 billion.
- While drilling and completions activities were paused early in the quarter to preserve capital during the period of commodity price weakness, second quarter drilling and completion costs averaged $7.1 million per well for the 3 rig released and 7 completed wells. This represents a further 3% reduction in per well costs relative to the company’s revised guidance for 2020.
- Sales volumes were 183,200 boe/d (43% natural gas, 35% condensate, 22% other NGLs).
- The company’s consistent hedging program drove realized hedging gains of $107 million during the second quarter. The company now has 49,500 bbl/d of production, or more than 85% of condensate volumes (net of royalties) forecast for the second half of 2020, hedged at an average price of US$45.53/bbl, and 165 MMcf/d of natural gas, or 36% of the second half of 2020 forecast production, hedged at an average price of US$2.57/Mcf.
- Condensate realizations averaged $26.59/bbl, equivalent to a US$6.00/bbl discount to WTI. Subsequent to the quarter, Edmonton differentials improved to a US$3.00-$5.00/bbl discount relative to WTI. NGL price realizations increased to $12.01/bbl during the second quarter, a 36% improvement versus the first quarter of 2020, driven by the renewed NGL contract cycle commencing in April and stronger AECO linked ethane sales.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

$ millions, except per share and unit of production amounts	Three months ended June 30			Three months ended March 31		Six months June 30	
	2020	2019	% Change	2020	% Change	2020	2
Financial Results							
Funds flow ($)[1]	138.8	355.3	(61)	275.0	(50)	413.8	6
Per share - diluted ($)	0.42	1.00	(58)	0.82	(49)	1.24	1
Free cash flow ($)[1]	69.4	44.2	57	9.2	nm	78.6	(1
Net income (loss) ($)	(116.9)	295.3	nm	(1,009.2)	(88)	(1,126.1)	3
Per share - diluted ($)	(0.35)	0.83	nm	(3.03)	(88)	(3.38)	0
Adjusted net income ($)[1]	(43.1)	96.8	nm	34.0	nm	(9.1)	1
Per share - diluted ($)	(0.13)	0.27	nm	0.10	nm	(0.03)	0
Revenue ($)[2]	306.0	795.5	(62)	989.4	(69)	1,295.4	1
CROIC (%)[1]	10.7	16.2	(34)	12.9	(17)	10.7	1
ROCE (%)[1]	5.6	11.1	(50)	8.3	(33)	5.6	1
Sales volumes[3][4]							
Condensate (mbbl/d)	64.3	75.9	(15)	69.0	(7)	66.6	7
Natural gas (MMcf/d)	467.9	489.6	(4)	489.1	(4)	478.5	4
Other NGLs (mbbl/d)	40.9	44.3	(8)	43.0	(5)	42.0	4
Total sales volumes (mboe/d)	183.2	201.8	(9)	193.5	(5)	188.4	1
Liquids (%)	57	60	(5)	58	(2)	58	5
Realized prices[4]							
Condensate ($/bbl)	26.59	71.91	(63)	56.84	(53)	42.28	6
Natural gas ($/Mcf)	2.49	3.29	(24)	2.65	(6)	2.57	3
Other NGLs ($/bbl)	12.01	4.19	187	8.84	36	10.37	5
Total ($/boe)	18.38	35.95	(49)	28.93	(36)	23.80	3
Royalty expense ($/boe)	(0.97)	(2.19)	(56)	(2.29)	(58)	(1.64)	(2
Operating expenses ($/boe)	(4.16)	(5.00)	(17)	(4.54)	(8)	(4.36)	(4
Transportation, processing and other ($/boe)	(7.53)	(6.64)	13	(7.03)	7	(7.27)	(6
Operating netback before the following ($/boe)[1][4]	5.72	22.12	(74)	15.07	(62)	10.53	2
Realized hedging gains (losses) ($/boe)	6.44	0.04	nm	3.54	82	4.95	(0
Marketing income (loss) ($/boe)[1]							

(0.80)

0.07

nm

(0.45)

78

(0.62)

0

Operating netback ($/boe)[1]	11.36	22.23	(49)	18.16	(37)	14.86	2
Funds flow ($/boe)[1]	8.33	19.33	(57)	15.62	(47)	12.07	1
Balance sheet							
Capital investments ($)	69.4	311.1	(78)	265.8	(74)	335.2	7
Available funding ($)[1]	1,110.7	1,288.3	(14)	1,030.4	8	1,110.7	1
Net debt ($)[1]	2,224.9	2,178.6	2	2,385.6	(7)	2,224.9	2
Purchase of common shares ($)	—	44.1	(100)	15.6	(100)	15.6	4
Common shares outstanding	333.2	353.1	(6)	333.1	—	333.2	3
Weighted average shares outstanding - basic	333.1	351.9	(5)	333.4	—	333.3	3
Weighted average shares outstanding - diluted	333.8	353.9	(6)	334.4	—	334.0	3

(1) Refer to the Reader Advisory section at the end of this news release for additional information regarding the company's GAAP and non-GAAP measures.

(2) Represents the total of liquids and natural gas sales, net of royalties, gains (losses) on risk management contracts and other income.

(3) See "Note Regarding Product Types" in the Reader Advisory section at the end of this news release.

(4) Excludes the purchase and sale of condensate and natural gas in respect of the Company's transportation commitment utilization and marketing activities.

	Three months ended June 30			Six months ended June 30		
Nest Activity	2020	2019	% Change	2020	2019	% Change
Drilling[1]						
Horizontal wells rig released	3	19	(84)	26	37	(30)
Average measured depth (m)	6,447	6,216	4	6,019	6,069	(1)
Average horizontal length (m)	3,213	2,962	8	2,856	2,786	3
Average drilling days per well	30	29	3	28	30	(7)
Average drill cost per metre ($)[2]	487	540	(10)	513	577	(11)
Average well cost ($ millions)[2]	3.1	3.4	(9)	3.1	3.5	(11)
Completion[1]						
Wells completed	7	18	(61)	27	37	(27)
Average tonnes pumped per metre	2.0	2.0	—	1.9	2.0	(5)
Average cost per tonne ($)[2]	813	1,167	(30)	918	1,190	(23)
Average cost per lateral metre ($)[2]	1,666	2,320	(28)	1,756	2,557	(31)
Average well cost ($ millions)[2]	4.0	6.6	(39)	4.2	6.2	(32)
Total D&C cost per well ($ millions)[2][3]						

7.1

10.0

(29)

7.3

9.7

(25)

Wells brought on production	7	24	(71)	26	42	(38)

(1) The metrics include all horizontal Montney wells that are tied in for production. Excluded from the metrics are vertical wells re-drilled, abandoned wells, water disposal wells as well as any delineated and expiring wells not tied in for production. Drilling counts are based on rig release date and on production counts are based on the first production date after the wells are tied in to permanent facilities.

(2) Information provided is based on field estimates and is subject to change.

(3) The number of horizontal wells rig-released do not correspond to the number of wells completed in the table above. Accordingly, the total average D&C costs per well may differ from the actual D&C costs for any individual well.

OPERATIONS AND RESOURCE DEVELOPMENT

Seven Generations completed the wind-down of its 8 drilling rig and 2 completion spread program early in the second quarter, and commenced an operational pause to adapt to the new commodity price uncertainties brought about by supply and demand impacts resulting from OPEC decision-making and the COVID-19 pandemic. During the wind-down, several wells were drilled and left uncompleted, while other wells were completed and once tested, held back from production. Total well costs averaged $7.1 million per well, a further 3% reduction compared to both the first quarter of 2020 and the revised 2020 budget. The company continues to evaluate methods to improve capital efficiencies through continued innovation and collaborative efforts with its service providers and restarted development activity in early July with an initial 4 drilling rig and 2 completion spread program. Second half development activity will be weighted towards the Nest 3 region.

Operating costs in the second quarter averaged $4.16/boe, which were significantly lower than prior quarters and below the company’s 2020 revised guidance range of $4.50 - $5.00/boe. The company anticipates operating costs to be temporarily elevated during the third quarter due to the planned Karr condensate stabilizer turnaround and upgrade. Operating costs are expected to normalize in the fourth quarter with full-year expectations within 2020 guidance.

The lower Montney well on the 10-16-62-4 pad in Nest 3 continues to exceed expectations, with the well continuing to be the best condensate producer on the pad. Overall IP270 volumes of 1,934 boe/d are 12% above the average upper/middle Montney locations on the pad, and condensate rates over the same time frame averaged 506 bbl/d, 39% above the average upper/middle Montney location on the pad. The encouraging results from the first Nest 3 lower Montney well drove the decision to add two additional lower Montney wells in the area in 2020. Both wells are forecast to come on stream in mid-September 2020.

2020 OUTLOOK

The company remains confident in its ability to meet its revised guidance issued on May 7, 2020. The details of its 2020 revised guidance remain unchanged, and are shown below:

	Revised Budget (May 7, 2020)
Total Capital Investment	$650 million
Average Production(1)	175 - 185 Mboe/d
Development Wells On-Stream (#)	65 - 70
Percent Natural Gas(1)	42 - 44%
Percent Condensate(1)	32 - 36%
Percent Other NGLs(1)	22 - 24%
Royalty Rate(2)	

4 - 6%

Operating Expenses ($/boe)	$4.50 - $5.00
Transportation ($/boe)	$7.50 - $8.25
G&A ($/boe)	$0.85 - $0.95
Interest ($/boe)	$1.80 - $2.00

1) See “Note Regarding Product Types” and “Forward-Looking Information Advisory” in the Reader Advisory in this news release.

2) Original 2020 royalty guidance shown at US$50/bbl WTI assumption, revised 2020 royalty guidance assumes Q1 actuals and balance of the year at strip pricing averaging approximately US$29/bbl WTI.

While managing escalated volatility in global energy prices, the company’s improvements in decline rates, capital efficiencies and cash operating costs continue to enhance 7G’s financial resilience. As the company moves to formalize initial 2021 plans, it retains multiple capital allocation options, and currently forecasts it can hold annual production flat at current strip prices, with capital investments at or below forecast cash flows.

RISK MANAGEMENT AND MARKET PRICING DYNAMICS

The reduction in revenues resulting from the material decline in second quarter condensate prices were offset by gains from 7G’s corporate hedging program. The company’s consistent approach to risk management helps reduce cash flow volatility and ensures a minimum level of cash flow. 7G currently has approximately 85% of second half condensate exposure hedged at a floor price of US$45.53/bbl. Details of the company’s liquids and natural gas hedges at the end of the second quarter are shown below:

	Second Half 2020	2021	2022
WTI Hedges - bbl/d(1)	49,500	17,000	5,750
Floor Price - US$/bbl	$45.53	$45.70	$43.32
Natural Gas Hedges - MMbtu/d(2)	164,478	192,500	125,000
Floor Price - US$/MMbtu	$2.57	$2.53	$2.50

1) Combined USD and CAD WTI instruments. 7G has the following sold puts in place within its hedging portfolio: 6,000 bbl/d at US$36.20 for Q3 2020, 4,000 bbl/d for Q4 at US$40 and 1,750 bbl/d for 2021 at US$40.

2) Combined Henry Hub, Chicago Citygate and AECO fixed price instruments.

3) Complete details of 7G’s hedging program including FX hedges are available in the company’s corporate presentation and MD&A.

Alberta condensate differentials temporarily widened for May deliveries, before significantly tightening for June as imports and reduced domestic production helped balance local markets. Seven Generations continues to forecast a strong local condensate market which responds to short-term supply and demand dislocations through a combination of reduced import volumes, supply discipline, access to storage and access to other liquids streams. Third quarter Alberta condensate differentials are currently trading in line with the normalized seasonal price range of a US$3.00 - $5.00/bbl discount to WTI. The recent strength in WCS prices coupled with the resumption of production from oilsands projects should continue to support demand for western Canadian condensate through the balance of the year. Seven Generations continues its constructive long-term view for Canadian condensate with growth in the oilsands and momentum in Canadian pipeline development all contributing to higher levels of demand and continued premium pricing.

Seven Generations’ mix of NGL products saw material improvements to NGL pricing during the second quarter, despite the weakness in benchmark oil prices. Realized pricing of $12.01/bbl represented an increase of 36% relative to the prior quarter, primarily due to the renewed NGL contract cycle commencing in

April and stronger AECO linked ethane sales.

ESG UPDATE

Following its recent responsible gas supply partnership with Quebec-based utility Énergir, 7G continues to pursue additional arrangements with other like-minded counterparties. The company’s commitment to delivering responsibly developed natural gas to consumer markets is an evolution of its market access strategy that is enabled by its diverse, continent-wide natural gas transportation portfolio.

With the onset of COVID-19, 7G has directed its efforts to various local initiatives to support community health and well-being. The company has made donations to several local food banks and communities to assist with food security, initiated an employee volunteer pilot program – the 7G Seniors Chat Program – in partnership with Alberta Health Services and the Grande Prairie Regional Hospital Foundation to support senior citizens, and donated face coverings and personal protective equipment to emergency women’s shelters in Grande Prairie and Calgary. Learn more about Seven Generations’ response to the COVID-19 pandemic.

CONFERENCE CALL

7G management will hold a conference call to discuss results and address investor questions today, July 29, 2020, at 9 a.m. MDT (11 a.m. EDT).

Participant Dial-In Numbers

Dial in - toll-free:	1-888-664-6392
Dial in - toll:	416-764-8659
Webcast link:	https://produceredition.webcasts.com/starthere.jsp?ei=1340543&tp_key=73e3eace2e
Replay dial in toll-free:	1-888-390-0541
Replay dial in toll:	416-764-8677
Conference ID:	928341 #
Available until:	August 5, 2020

Seven Generations Energy

Seven Generations is a low supply cost energy producer dedicated to stakeholder service, responsible development and generating strong returns from its liquids-rich Kakwa River Project in northwest Alberta. 7G’s corporate office is in Calgary, its operations headquarters is in Grande Prairie and its shares trade on the TSX under the symbol VII.

Reader Advisory

Non-GAAP Measures
This news release includes certain terms or performance measures commonly used in the oil and natural gas industry that are not defined under International Financial Reporting Standards (“IFRS”), including “adjusted net income”, “adjusted net income per diluted share”, “marketing income”, “operating netback”, “funds flow per diluted share”, “funds flow per boe”, “free cash flow”, “return on capital invested” (or “ROCE”), “cash return on invested capital” (or “CRIOC”) and “available funding”. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Such non-GAAP measures should be read in conjunction

with the company’s consolidated financial statements for the years ended December 31, 2019 and 2018 and the accompanying notes and the company’s condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019 and the accompanying notes. Readers are cautioned that the non-GAAP measures do not have any standardized meaning and should not be used to make comparisons between the company and other companies without also taking into account any differences in the way the calculations were prepared. For additional information about these measures, please see “Advisories and Guidance – Non-GAAP measures” in Management’s Discussion and Analysis dated July 28, 2020, for the three and six months ended June 30, 2020 and 2019.

GAAP measures
Certain performance measures in included in this news release which are utilized by the company and others to assess performance have also been included in the company’s financial statements as they are considered to be relevant to a reader’s understanding of the company's business, performance results and financial condition. Specifically, the company’s “net debt” measure has been included in Note 15 - Capital Management in the consolidated financial statements for the years ended December 31, 2019 and 2018, and in Note 12 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019. The company has also presented a “funds flow” subtotal in the consolidated cash flow statements in the financial statements. Accordingly, these performance metrics are considered GAAP measures within this news release but would otherwise have been considered to be non-GAAP measures absent their inclusion in the financial statements.

Readers are cautioned that these performance measures do not have any standardized meanings and should not be used to make comparisons between Seven Generations and other companies without also taking into account any differences in the methods by which the calculations were prepared.

For additional information about these measures, please see “Advisories and Guidance – GAAP measures” in Management’s Discussion and Analysis dated July 28, 2020, for the three and six months ended June 30, 2020 and 2019.

Forward-looking information advisory
This news release contains certain forward looking information and statements that involve various risks, uncertainties and other factors. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “should”, “believe”, “plans”, and similar expressions are intended to identify forward looking information or statements. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following: the company being on-track to achieve its revised guidance for 2020 with continuous cost management and improving commodity prices; the current stage of economic recovery; the belief that the company can grow free cash flow on a per share basis in the current commodity price environment while maintaining its production profile; the allocation of free cash flow to debt reduction; the continued evaluation of methods to improve capital efficiencies through innovation and collaboration with service providers; the expectation that second half development activity will be weighted towards the Nest 3 region; expected higher operating costs in the third quarter due to the planned Karr condensate stabilizer turnaround and upgrade; expectation that operating costs will normalize in the fourth quarter and that full year operating costs will be within the company’s guidance range; the expected timing of bringing new lower Montney wells on stream in the Nest 3 area; the forward-looking information provided under the heading “2020 Outlook”, including planned capital investments, expected production and production composition, the number of wells to be brought on production and forecast royalty, operating, transportation, G&A and interest expenses, and the expectation that the company can hold its annual production flat at current strip prices, with capital investments at or below forecast cash flows; the expectation that the local condensate market will remain strong, with projected growth in oilsands production and incremental pipeline development expected to contribute to increased condensate demand and premium pricing.

With respect to forward-looking information contained in this document, assumptions have been made regarding, among other things: future oil, NGLs and natural gas prices being consistent with current commodity price forecasts after factoring in quality adjustments at the company’s points of sale; the company’s continued ability to obtain qualified staff and equipment in a timely and cost-efficient manner; drilling and completion techniques; infrastructure and facility design concepts that have been successfully applied by the company elsewhere in its Kakwa River Project may be successfully applied to other properties within the Kakwa River Project; the consistency of the regulatory regime and framework governing royalties, taxes and environmental matters in the jurisdictions in which the company conducts its

business and any other jurisdictions which may affect the company; the company’s ability to market production of oil, NGLs and natural gas successfully to customers; the company’s future production levels and amount of future capital investment will be consistent with the company’s current development plans and budget; the accuracy of the forecasts provided under “2020 Outlook”; forecasted costs and expenses; new technologies for recovery and production of the company’s reserves and resources may improve capital and operational efficiencies in the future; the recoverability of the company’s reserves and resources; sustained future capital investment by the company; future cash flows from production; taxes and royalties will remain consistent with the company's calculated rates; the sources of funding for the company’s capital investment program; the company’s future debt levels; geological and engineering estimates in respect of the company’s reserves and resources; the geography of the areas in which the company is conducting exploration and development activities; and the access, economic, regulatory and physical limitations which the company may be affected by from time to time; the impact of competition on the company; and the company’s ability to obtain financing on acceptable terms.

Actual results could differ materially from those anticipated in the forward-looking information that is contained herein as a result of the risks and risk factors that are set forth in the annual information form dated February 26, 2020 for the year ended December 31, 2019 (the “AIF”) and in Management’s Discussion and Analysis dated July 28, 2020, for the three and six months ended June 30, 2020 and 2019, which are available on SEDAR, including, but not limited to: volatility in market prices and demand for oil, NGLs and natural gas and hedging activities related thereto; general economic, business and industry conditions; global or national health concerns, including the outbreak of pandemic or contagious diseases, such as the current novel coronavirus outbreak; recent and ongoing declines in general economic, business or industry conditions and weakness and volatility in the market conditions for the oil and gas industry; civil unrest, pandemics and other disruptions and dislocations; variance of the company’s actual capital costs, operating costs and economic returns from those anticipated; the ability to find, develop or acquire additional reserves and the availability of the capital or financing necessary to do so on satisfactory terms; risks related to the exploration, development and production of oil and natural gas reserves and resources; negative public perception of oil sands development, oil and natural gas development and transportation, hydraulic fracturing and fossil fuels; actions by governmental authorities, including changes in government regulation, royalties and taxation; political changes; potential legislative and regulatory changes; the rescission, or amendment to the conditions, of groundwater licenses of the company; management of the company’s growth; the ability to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions or businesses; the availability, cost or shortage of rigs, equipment, raw materials, supplies or qualified personnel; the adoption or modification of climate change legislation by governments; potential impacts of climate change on the company’s operations; uncertainty associated with estimates of oil, NGLs and natural gas reserves and resources and the variance of such estimates from actual future production; dependence upon compressors, gathering lines, pipelines and other facilities, certain of which the company does not control; the ability to satisfy obligations under the company’s firm commitment transportation and processing arrangements; the export and sale of natural gas to the United States; the uncertainties related to the company’s identified drilling locations; the high-risk nature of successfully stimulating well productivity and drilling for and producing oil, NGLs and natural gas; operating hazards and uninsured risks; the risks of fires, floods and natural disasters, which could become more frequent or of a greater magnitude as a result of climate change; the possibility that the company’s drilling activities may encounter sour gas; execution risks associated with the company’s business plan; failure to acquire or develop replacement reserves; the concentration of the company’s assets in the Kakwa area; unforeseen title defects; Indigenous claims; failure to accurately estimate abandonment and reclamation costs; development and exploratory drilling efforts and well operations may not be profitable or achieve the targeted return; horizontal drilling and completion technique risks and failure of drilling results to meet expectations for reserves or production; limited intellectual property protection for operating practices and dependence on employees and contractors; third-party claims regarding the company’s right to use technology and equipment; expiry of certain leases for the undeveloped leasehold acreage in the near future; failure to realize the anticipated benefits of acquisitions or dispositions; failure of properties acquired now or in the future to produce as projected and inability to determine reserve and resource potential, identify liabilities associated with acquired properties or obtain protection from sellers against such liabilities; government regulations; changes in the application, interpretation and enforcement of applicable laws and regulations; environmental, health and safety requirements; restrictions on development intended to protect certain species of wildlife; potential conflicts of interests; actual results differing materially from management estimates and assumptions; seasonality of the company’s activities and the Canadian oil and gas industry; alternatives to and changing demand for petroleum products; extensive competition in the company’s industry; changes in the company’s credit ratings; third party credit risk; dependence upon a limited number of customers; lower oil, NGLs and natural gas prices and higher costs; failure of 2D and 3D seismic data used by the company to accurately identify the presence of oil and natural gas; risks relating to commodity price hedging instruments; terrorist attacks, armed conflict or sabotage;

cyber security risks, loss of information and computer systems; inability to dispose of non-strategic assets on attractive terms; the potential for security deposits to be required under provincial liability management programs; reassessment by taxing and royalty authorities of the company’s prior transactions and filings; variations in foreign exchange rates and interest rates; risks associated with counterparties in risk management activities related to commodity prices and foreign exchange rates; sufficiency of insurance policies; potential for litigation; variation in future calculations of non-GAAP/non-IFRS measures; breach of and potential enforceability issues in contracts; impact of expansion into new activities on risk exposure; inability of the company to respond quickly to competitive pressures; and the risks related to the common shares that are publicly traded and the company’s senior notes and other indebtedness.

Any financial outlook and future-oriented financial information contained in this document regarding prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action based on management’s assessment of the relevant information that is currently available. Projected operational information contains forward-looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the company’s operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. Actual results will vary from projected results. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The forward-looking information and statements contained in this document speak only as of the date hereof and the company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Note Regarding Oil and Gas Metrics
Seven Generations has adopted the standard of 6 Mcf:1 bbl when converting natural gas to boes. Condensate and other NGLs are converted to boes at a ratio of 1 bbl:1 bbl. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the company’s sales point. Given the value ratio based on the current price of oil as compared to natural gas and NGLs is significantly different from the energy equivalency of 6 Mcf: 1 bbl and 1 bbl: 1 bbl, respectively, utilizing a conversion ratio at 6 Mcf: 1 bbl for natural gas and 1 bbl: 1 bbl for NGLs, may be misleading as an indication of value.

Note Regarding Product Types
This news release includes references to total average daily production, condensate production, other NGL production, natural gas production and liquids production. Other NGLs refers to all natural gas liquids, except for condensate, which is reported separately. Natural gas refers to conventional natural gas and shale gas combined. Liquids refers to condensate and other NGLs combined. The following table is intended to provide supplemental information about the product type composition for each of the production figures that are provided in this news release:

	Condensate (mbbl/d)	Other NGLs (mbbl/d)	Shale gas (MMcf/d)	Conventional natural gas (MMcf/d)	Total (mboe/d)
Three months ended					
June 30, 2019	75.9	44.3	455.6	34.0	201.8
March 31, 2020	69.0	43.0	461.5	27.6	193.5
June 30, 2020	64.3	40.9	441.0	26.9	183.2
Six months ended					
June 30, 2019	74.3	44.2	451.5	35.1	199.6
June 30, 2020	66.6	42.0	451.3	27.2	188.4

This news release also makes reference to Company's forecasted total average daily production of 175 - 185 mboe/d for 2020. Seven Generations expects that approximately 32% - 36% of that production will be

comprised of condensate, 39% - 41% will be comprised of shale gas, 22% - 24% will be comprised of other NGLs and 3% will be comprised of conventional natural gas.

Abbreviations

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta transmission system which i the delivery point for various benchmark Alberta index prices
AIF	annual information form dated February 26, 2020 for the year ended December 31, 2019
bbl	barrel
bbl or bbls	barrels
boe	barrels of oil equivalent
CAD or C$	Canadian dollars
CROIC	cash return on invested capital
d	day
D&C	drilling and completions
ESG	environment, social and governance factors
FX	foreign exchange
G&A	general and administrative expenses
GAAP	generally accepted accounting practices
IFRS	International Financial Reporting Standards
IP270	initial production over the first 270 producing days
m	metres
mboe	thousand barrels of oil equivalent
mbbl	thousands of barrels
mcf	thousand cubic feet
MD&A	Management’s Discussion and Analysis dated July 28, 2020, for the three and six months ended June 30, 2020 and 2019
MM	millions
MMbtu	million British thermal units
MMcf	million cubic feet
Nest	the Nest 1, Nest 2 and Nest 3 areas combined
Nest 1	the “Nest 1” area that is shown in the map that is provided under the heading “Description of Business – Development Areas” in the AIF
Nest 2	the “Nest 2” area that is shown in the map that is provided under the heading “Description of Business – Development Areas” in the AIF
Nest 3	

the “Nest 3” area that is shown in the map that is provided under the heading “Description of Business – Development Areas” in the AIF

NGL	natural gas liquids
nm	not meaningful information
ROCE	return on capital employed
Q1	first quarter
Q3	third quarter
Q4	fourth quarter
SEDAR	System for Electronic Document Analysis and Retrieval
TSX	Toronto Stock Exchange
USD or US$	United States dollars
WCS	Western Canadian Select
WTI	West Texas Intermediate

Seven Generations Energy Ltd. is also referred to as Seven Generations, Seven Generations Energy, 7G, we, our, the company or the Company.

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Die URL für diesen Artikel lautet:
https://www.rohstoff-welt.de/news/357517--Seven-Generations-Second-Quarter-Funds-Flow-of-138.8-Million-and-Capital-Investments-of-69.4-Million-Drive-69

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