

# Bonavista Announces 2020 Second Quarter Results

31.07.2020 | [Newsfile](#)

Calgary, July 30, 2020 - [Bonavista Energy Corp.](#) (TSX: BNP) ("Bonavista") is pleased to report to shareholders its financial and operating results for the six months ended June 30, 2020. The financial statements and notes, as well as management's discussion and analysis, are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at <http://www.sedar.com> and on Bonavista's website at [www.bonavistaenergy.com](http://www.bonavistaenergy.com).

## MESSAGE TO SHAREHOLDERS

The devastating health crisis and deceleration of the global economy has led to severe consequences, across the North American energy sector. Over the past quarter, the erosion in energy demand has led to extreme commodity price volatility triggering the voluntary curtailment of approximately 3 million bbls per day of oil production, 6 bcf per day of natural gas production, the idling of over 500 North American drilling rigs and the loss of tens of thousands of employment opportunities.

For Bonavista, our efforts throughout the quarter have been focused on cost containment across all areas of our business and the break-even economics of our producing assets and development opportunities. Notwithstanding the voluntary curtailment of approximately 1,150 boe per day on average for the quarter due to weakened commodity prices, our 2020 development program has performed ahead of expectations and the assets acquired in December 2019 continue to outperform. Corporate production of 65,268 boe per day represents a seven percent improvement over the same period last year and within two percent of prior quarter production notwithstanding the suspension of all development spending.

Our capital spending of \$4.0 million during the quarter was focused solely on maintenance and preparing for projects scheduled for the latter half of 2020, aligned with our previously announced cost savings measures comprised of capital deferrals, operating costs reductions and general and administration cost reductions. Accordingly, our cash costs have improved six percent over the prior quarter and relative to the same period a year ago.

Most notable, on June 19, 2020, Bonavista announced a recapitalization transaction designed to restore balance within our capital structure, meaningfully strengthen our financial position and ultimately enhance sustainability during this time of unprecedented uncertainty.

## SECOND QUARTER OPERATIONAL AND FINANCIAL ACCOMPLISHMENTS

- Produced 65,268 boe per day, representing a four percent improvement over budget and a modest two percent reduction from the prior quarter largely resulting from the voluntary curtailment of approximately 1,150 boe per day due to volatile pricing;
- Further moderated our corporate production decline to 21% reducing the future capital requirements to sustain our business;
- Incremental commodity balance was maintained across our asset portfolio with an increase in oil and liquids weighting to 33%, up from 28% during the same period last year and consistent with prior quarter;
- Adjusted funds flow of \$30.9 million was 48% ahead of budget complimented by hedging activities but burdened by \$8.8 million of advisory costs associated with the proposed restructuring;

- Contained capital spending to \$4.0 million of maintenance initiatives and \$0.5 million allocated to liability retirement; and
- Improved cash costs to \$9.16 per boe, a six percent reduction over the prior quarter led by a six percent reduction in operating costs to \$5.69 per boe, a 25% reduction in G&A costs to \$0.60 per boe and a 17% reduction in interest expenses to \$1.42 per boe, all relative to prior quarter expenses.

## Q2 2020 CAPITAL AND OPERATIONAL UPDATE

The combination of spring breakup and the volatile pricing environment resulted in the suspension of most E&D activity in the second quarter of 2020. No wells were drilled nor completed with only \$4.0 million dollars allocated to maintenance activities bringing total 2020 E&D capital expenditures in the first half of 2020 to \$37.3 million, representing only 64% of adjusted funds flow.

At Willesden Green, two liquids rich Glauconite wells were brought on production in April. These two wells have averaged 4.2 mmcf per day with an average field condensate ratio of 23 barrels per mmcf over the first 80 days of production. These rates have exceeded our expectations with the average gas rate 17% higher and average field condensate ratio 31% greater than the direct offset wells.

The synergistic property acquisition that closed in Q4, 2019, continued to outperform expectations in the second quarter of 2020 as demonstrated by the following achievements and forecasts:

- Second quarter production of 8,950 boe per day is four percent higher than the prior quarter and seven percent ahead of budget notwithstanding minimal capital spending of \$3.1 million year to date;
- Through continued optimization the decline rate has been moderated to 14%;
- Two gross (0.4 net) 2020 Garrington Glauconite wells were restarted in June with average rates of 315 bbl oil/condensate per day and 1.3 mmcf per day;
- Achieved operating costs of \$7.98 per boe in the second quarter, a 15% improvement over the prior quarter; and
- The plan is to drill an additional 3.1 net wells on the acquisition lands in the second half of 2020 bring total capital to \$17.2 million for 2020 and contributing to an exit rate of 10,800 boe per day, representing 30% growth in production throughout the year.

By June, Bonavista had curtailed up to 1,527 boe per day of production (75% oil-weighted), due to volatile oil and liquids pricing. Currently, we still have 1,120 boe per day of production curtailed for similar reasons.

In July, drilling activity has resumed with two rigs and plans to drill seven gross (6.45 net) wells in the second half of 2020 including two gross (1.75 net) Deep Basin wells and five gross (4.7 net) West Central wells. The completions of the four gross (4.0 net) drilled but uncompleted first quarter wells has commenced in July with first production expected in August and September.

## OUTLOOK

Over the past three years we have reviewed and evaluated numerous options to balance our capital structure, reduce our debt leverage, improve access to liquidity and strengthen our financial position. A wide range of alternatives, including merger and acquisitions opportunities, assets sales and/or purchases, royalty sales and certain midstream transactions have been contemplated.

The moderated and ultimate closure of the equity and debt capital markets to Canadian energy producers during this time, and the risk of further commodity price erosion impacted our confidence in honoring our scheduled debt maturities in the coming months and years. Hence a year ago, we embarked upon discussions with each of the senior noteholders and existing lenders regarding an extension of the maturity dates of our credit instruments.

Negotiations with the senior noteholders and existing lenders proceeded throughout January and February of this year however, progress towards a consensual resolution was slow and ultimately unsuccessful. By March 2020, the scale and magnitude of energy demand erosion associated with the COVID-19 pandemic had placed crippling pressure on the sustainability and financial health of our business. We, like all energy providers across the continent, had to swiftly adapt our business plan and respond urgently to this shift in energy demand.

Detailed consultation and negotiations ensued with key stakeholders affirming the viability of developing and executing a comprehensive recapitalization transaction, that would address our disproportionate capital structure, our looming debt maturities and our liquidity constraints for the benefit of all stakeholders involved. Accordingly, our Board of Directors determined that the proposed recapitalization transaction announced on June 19, 2020 was the best transaction available to our stakeholders given the current circumstances.

On July 30, 2020, the recapitalization transaction was approved by the Corporations Senior Noteholders' and Shareholders', with 78.31% of the votes cast in favour of the Plan of Arrangement. Based on the results of the Senior Noteholders' Meeting and the Shareholders' Meeting, the Corporation expects the recapitalization transaction will be completed in early to mid-August, 2020 pending a court order approving the Plan of Arrangement.

The recapitalization transaction allows Bonavista to open a new chapter in our 23-year history with the following three key elements of strength:

- Balances our capital structure as debt is converted to equity creating a more capable and financially flexible company;
- Reduces our outstanding debt by \$483 million which meaningfully improves our debt leverage and our ability to compete within our sector; and
- Reduces our annual interest payments by \$16 million creating incremental liquidity and flexibility in challenging commodity price cycles.

We look forward to the opportunities in front of us as we emerge with a competitive balance sheet and a reliable asset portfolio at current commodity prices.

We would like to extend our gratitude to Mr. Chris Slubicki, Ms. Theresa B.Y. Jang and Ms. Mary C. Hemmingsen for their years of service on our Board of Directors. With changing circumstances, they have chosen not to stand for re-election and will be stepping down from our board, effective today. Mr. Slubicki, Ms. Jang and Ms. Hemmingsen have served on our board since 2007, 2017 and 2019 respectively and have provided fundamental guidance and unwavering support during their tenure with us.

We thank our entire Board of Directors, our employees and our shareholders for their commitment and their patience as we've transitioned through a very uncertain time in our history. We appreciate your support that you have entrusted us with over the last 23 years.

## NON-GAAP MEASURES

Throughout this document we have made reference to terms that are commonly used in the oil and natural gas industry, but do not have any standardized meaning as prescribed by IFRS and therefore may not be comparable with the calculations of similar measures for other entities. Management believes that the presentation of these non-GAAP measures provide useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis. The non-GAAP measures included in this document include:

- "Adjusted funds flow" is based on cash flow from operating activities, excluding changes in non-cash working capital, decommissioning expenditures and including interest expense. Where working capital is equal to current assets less current liabilities.

Certain non-cash charges and decommissioning expenditures have been excluded from the calculation of

adjusted funds flow, as management believes the timing of collection, payment and incurrence is variable and by excluding them from the calculation management is able to provide a more meaningful measure of Bonavista's cash flow on a continuing basis. More specifically, expenditures on decommissioning liabilities may vary from period to period depending on Bonavista's capital programs and the maturity of its operating areas. The settlement of decommissioning obligations is managed through Bonavista's capital budgeting process which considers its available adjusted funds flow.

Bonavista considers adjusted funds flow to be a key measure that provides a more complete understanding of Bonavista's ability to generate cash flow necessary to finance capital expenditures, expenditures on decommissioning obligations and meet its financial obligations. Bonavista considers its capital structure to include working capital (excluding associated assets and liabilities from financial instrument commodity contracts, lease liabilities and decommissioning liabilities), bank credit facility, senior unsecured notes and shareholders' equity. Bonavista monitors capital based on the ratio of net debt to adjusted funds flow (annualized current quarter).

- "Operating netback" is equal to production revenues and realized gains and losses on financial instrument commodity contracts, less royalties, operating and transportation expenses. Operating netback per boe is calculated by dividing operating netback by total production volumes sold in the period.

Bonavista's management believes that operating netback is a key industry benchmark and a measure of operating performance that assists management and investors in assessing Bonavista's profitability. Operating netback on a per boe basis assists Bonavista's management and investors in evaluating operating performance on a comparable basis.

- "Cash costs" are equal to the total of operating, transportation, general and administrative, and interest expenses. Cash costs per boe are calculated by dividing cash costs by total production volumes sold in the period.

Bonavista's management uses cash costs in assessing the Corporation's operating efficiency and controllable cost structure. Bonavista's management believes that cash costs is a useful measure used by investors when evaluating Bonavista's operating performance. Cash costs on a per boe basis also assists Bonavista's management and investors in evaluating Bonavista's cash costs on a comparable basis with prior periods.

- "Net debt" is equal to Bonavista's bank credit facility and senior unsecured notes, net of working capital (excluding associated assets and liabilities from financial instrument commodity contracts, lease liabilities and decommissioning liabilities).

Bonavista considers net debt to be a key measure in assessing the liquidity of the Corporation on a comparable basis with prior periods. Bonavista has calculated net debt based on the bank credit facility and senior unsecured notes, net of working capital. Working capital has been adjusted to exclude the current portion of financial instrument commodity contracts, lease liabilities and decommissioning liabilities. Management has excluded the current portion of financial instrument commodity contracts as they are subject to a high degree of volatility prior to ultimate settlement. Similarly, management has excluded the current portion of the decommissioning liability as this is an estimate based on management's assumptions and subject to volatility based on changes in cost and timing estimates, the risk-free discount rate and inflation rate.

- "Net capital expenditures" is equal to cash flow used in investing activities, excluding changes in non-cash working capital.

Bonavista considers net capital expenditures to be a useful measure of cash flow used for capital reinvestment.

Reference should be made to our 2020 first quarter report for additional disclosure on these non-GAAP measures, including reconciliations to the most comparable GAAP measure. In addition, with respect to adjusted fund flow and net debt, readers should also refer to note 8, "Capital management" of the financial statements.

## OIL AND GAS ADVISORIES

Any reference made in this document to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Bonavista.

Any references to total oil equivalent are based on Bonavista's production volumes which are comprised of natural gas, natural gas liquids and oil, where oil includes immaterial amounts of tight oil and immaterial amounts of heavy oil. The total oil equivalent disclosure included in this document is based on the following disaggregation by product:

Acquired Properties <sup>(1)</sup>	
2020 Exit	
Natural gas (mmcf/day)	34
Natural gas liquids (bbls/day)	4,137
Oil (bbls/day)	928
Total oil equivalent (boe/day)	10,800

Note:

(1) Refers to the property acquisition closing on December 4, 2019 in our West Central core area.

To provide a single unit of production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (boe). We use the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

The following abbreviations used in this news release have the meanings set forth below:

Bbls	barrels
Boe	barrels of oil equivalent
CO <sub>2e</sub>	carbon dioxide equivalent
GHG	greenhouse gas
Mbbls	thousand barrels
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
Mcf	thousand cubic feet
Mcfe	Mcf of natural gas equivalent
MMcf	million cubic feet
\$000's	thousands of dollars

#### FORWARD-LOOKING INFORMATION

This document should be read in conjunction with the Management's Discussion and Analysis ("MD&A") and the condensed consolidated interim financial statements for the three months ended June 30, 2020, together with notes related thereto, as well as in conjunction with the audited consolidated financial statements for the year ended December 31, 2019, together with the notes thereto, for a full understanding of the financial position and results of operations of [Bonavista Energy Corp.](http://www.bonavistaenergy.com) ("Bonavista" or the "Corporation"). Additional information relating to Bonavista, including the audited consolidated financial statements for the year ended December 31, 2019, are available through SEDAR at [www.sedar.com](http://www.sedar.com) or can be obtained from Bonavista's website at [www.bonavistaenergy.com](http://www.bonavistaenergy.com).

This document contains certain forward-looking information and statements within the meaning of applicable

securities laws. The use of any of the words "anticipate", "expect", "project", "plan", "estimate", "budget", "will", "strategy", "ongoing", "potential", "believe", "continue" and similar expressions are intended to identify forward-looking information. Any "financial outlook" or "future orientated financial information" in the document as defined by applicable securities laws, has been approved by our management. Such financial outlook or future orientated financial information is provided for the purpose of providing information about our current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to the following:

- That the measures adopted by us in response to the COVID-19 pandemic will continue to maintain critical business processes and protect the safety and well-being of employees, consultants and service providers;
- Our expectations that the Plan of Arrangement will receive final approval and be implemented in early to mid-August 2020;
- The expectation that we will continue as a going concern;
- Our expectation that Bonavista's common shares will be delisted following the final approval of the Plan of Arrangement;
- Our expectation that the recapitalization transaction will balance Bonavista's capital structure and create a more viable and financially flexible company;
- Our forward looking expectation that Bonavista will emerge with a balanced capital structure and a reliable asset portfolio at current commodity prices upon receiving the requisite approvals to implement the Plan of Arrangement; and
- Our expectation that its business philosophy will allow it to be resilient in the current economic environment and allow for a strong foundation for future growth.

By their nature, forward-looking statements are subject to numerous risks and uncertainties; some of which are beyond Bonavista's control, including the impact of general economic assumptions and conditions, industry assumptions and conditions, economic impact of COVID-19, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, changes in environmental tax and royalty legislation, access to market, production curtailment and ethane rejection, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and the ability to continue as a going concern. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Bonavista's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements or if any of them do so, what benefits that Bonavista will derive there from. Bonavista disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)).

These forward-looking statements are made as of the date of this news release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

#### FOR FURTHER INFORMATION CONTACT

Jason E. Skehar  
President & CEO

or

Dean M. Kobelka  
Vice President, Finance & CFO

[Bonavista Energy Corp.](#)  
900, 207 - 9<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 1K3  
Phone: (403) 213-4300  
Website: [www.bonavistaenergy.com](http://www.bonavistaenergy.com)

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/60760>

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)  
Die URL für diesen Artikel lautet:  
<https://www.rohstoff-welt.de/news/357796--Bonavista-Announces-2020-Second-Quarter-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 -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).