

# Pine Cliff Energy Ltd. Announces Annual 2020 Results and Filing of 2020 Disclosure Documents

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Calgary, March 9, 2021 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff" or the "Company") is pleased to announce its year-end financial and operating results and the filing of its 2020 disclosure documents. Included in the filings were Pine Cliff's annual information form ("AIF"), which includes disclosure and reports related to reserves data and other oil and gas information pursuant to National Instrument 51-8208;101 Standards of Disclosure for Oil and Gas Activities and its consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2020 (the "Annual Report"). Selected highlights are shown below and should be read in conjunction with the Annual Report and the AIF.

## 2020 and Fourth Quarter 2020 Highlights

Pine Cliff's adjusted funds flow of \$8.0 million generated during the fourth quarter of 2020 was the highest quarterly adjusted funds flow for the Company since the second quarter of 2017. Stable and improved natural gas prices, combined with Pine Cliff's portfolio of low decline assets, highlights the Company's business model that provides for adjusted funds flow growth in a rising natural gas price environment.

Significant Pine Cliff highlights from the fourth quarter and 2020 include:

- generated \$8.0 million of adjusted funds flow (\$0.02 per basic share) for the three months ended December 31, 2020 and \$8.8 million of adjusted funds flow (\$0.03 per basic share) for the year ended December 31, 2020, 59% and 48% higher than the respective periods in the prior year;
- realized a natural gas price of \$2.73 per Mcf for the fourth quarter and \$2.28 per Mcf gas price for the year ended December 31, 2020, 8% and 6% higher than the respective periods in the prior year;
- spent \$2.3 million on developmental drilling in 2020 and production averaged 19,130 Boe/d during the three months ended December 31, 2020, 2% higher than the 18,755 Boe/d produced during the prior quarter. Production averaged 19,006 Boe/d for the year ended December 31, 2020, 1% lower than the 19,142 Boe/d produced in 2019;
- increased its 2020 proved plus probable reserves by 4.0 million barrels of oil equivalent ("MMBoe") prior to adjusting for 2020 production, largely as a result of 8.0 MMBoe of positive technical revisions, 1.2 MMBoe of extensions and a decrease of 5.1 MMBoe due to economic factors; and,
- received approval in 2020 for \$4.0 million in government funded grants for asset site closure work, of which \$0.8 million was spent during the fourth quarter of 2020 and received an additional \$6.0 million in government funded grants in February 2021.

## Outlook

Pine Cliff's portfolio of low decline natural gas assets, representing over 90% of Pine Cliff's production, positions the Company to take advantage of improved natural gas prices in 2021. The Company's 2021 capital budget of \$13.0 million is expected to be fully funded from adjusted funds flow and includes \$6.3 million on development drilling, \$5.2 million on major maintenance and optimization capital and \$1.5 million on abandonment and reclamation (exclusive of abandonments conducted pursuant to government funded grants).

The Alberta Site Rehabilitation Program ("ASRP") and the Saskatchewan Accelerated Site Closure Program ("ASCP") are programs launched by the respective provincial governments to utilize the \$1.7 billion of federal funding allocated for the abandonment and reclamation of inactive oil and gas wells and facilities. To date, Pine Cliff has been allocated \$10 million in funding under the ASRP and ASCP and expects to spend its current allocation in the next two years to accelerate the abandonment of over 300 inactive wellbores and reclamation and remediation work on over 250 well sites. Completion of this closure work will result in a

reduction in municipal taxes and surface land rentals for Pine Cliff in subsequent years.

## Financial and Operating Results

Three months ended December 31, Year ended December 31,

	2020	2019	2020	2019
(\$000s,				
Oil and gas	31,292	31,339	103,170	105,006
Other	2,666	4,039	8,787	15,536
Indicated)	7,996	5,025	8,729	5,879
Per (oil)	0.02	0.02	0.03	0.02
Per (gas)	(3,822)	(7,987)	(50,107)	(56,430)
activities	(0.01)	(0.02)	(0.15)	(0.18)
Basic	1,307	5,446	7,517	8,379
and	(11)	202	(6)	8,801
Expenditures	(613)	(1,443)	(829)	(1,542)
Dispositions	63,050	64,038	63,050	64,038
Net	19,130	19,661	19,006	19,142
Production	91%	92%	91%	92%
Per share)				
Percent				
Weighted-average				
Common				
(%)				
Shares	335,284	327,784	330,284	319,274
outstanding	17.78	17.33	14.83	15.03
Per share)	6.08	4.16	2.72	2.25
Operating	4.55	2.79	1.26	0.84
Per share)	1.01	0.69	0.45	0.38
Operating	0.76	0.47	0.21	0.14
Corporate				
Per share)				
Mcfe)				

This is a non-GAAP measure, see "NON-GAAP Measures" for additional information.

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## 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: 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; and other such matters.

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 including the reduction in municipal taxes and surface land rentals, 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.

#### 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 net income (loss), cash provided by 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 of funds provided by 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, prepaid expenses and deposits and investments. Operating netback is a non-GAAP measure calculated as the Company's total revenue, less operating 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 finance and dividend income, divided by the Boe production of the Company. Please refer to the Annual Report for additional details regarding non-GAAP measures and their calculation.

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