

Alvopetro Announces May 2021 Sales Volumes, Improved 2021 EBITDA Guidance, an Operational Update and Additional Early Debt Repayment

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CALGARY, June 3, 2021 - [Alvopetro Energy Ltd.](#) (TSXV: ALV) (OTCQX: ALVOF) announces May sales volumes, updated and improved 2021 EBITDA guidance, an operational update and plans to repay an additional \$3.5 million of our outstanding credit facility balance.

All references herein to \$ refer to United States dollars, unless otherwise stated.

Corey Ruttan, President and CEO commented: "With ongoing strong operational performance and an improved pricing outlook, I am very pleased to revise our EBITDA expectations upward. At the same time, as we fine-tune the phasing of capital spend relating to our exploration wells, we are seizing the opportunity to accelerate debt repayment, and now anticipate we will have repaid nearly 40% of our loan within less than a year of commencing production."

May Sales Volumes

May sales volumes averaged 2,353 boepd based on field estimates, including natural gas sales of 13.4 mmcfpd, associated natural gas liquids sales from condensate of 109 bopd, and oil sales of 10 bopd from our Bom Lugar field. May sales increased 2% from our average April sales volumes of 2,313 boepd and increased 8% from our average Q1 2020 sales volumes of 2,175 boepd.

2021 EBITDA Guidance

We expect our sales volumes to continue at rates between 1,850 boepd and 2,300 boepd for the remainder of 2021. Assuming GLJ Ltd.'s April 1, 2021 commodity price forecast for the remainder of the year, we are anticipating our natural gas price to increase by 20% to BRL1.27/m³ on the August 1, 2021 price redetermination. Based on this price, forecasted exchange rates of 5.4BRL:1USD, and production levels of 1,950 boepd, we now expect to generate EBITDA of over \$20 million for 2021, an 18% increase from our original 2021 guidance of \$17 million.

Operational Update

Our 2021 capital plan includes drilling the 182-C1 and 183-B1 natural gas exploration prospects. We had initially secured a drilling rig for these projects with plans to commence drilling later this quarter. Following the contractual rig maintenance and acceptance period, the contracted rig was not able to meet our strict safety and performance acceptance criteria on the required timeline and is no longer an acceptable alternative. We are evaluating multiple alternatives that would continue to allow us to drill both wells by the end of this year.

We expect to commence the field construction for our Gomo/Murucututu pipeline extension, to tie in our 183(1) well, in July.

Debt Repayment

Given our continued strong production levels and financial results to date in 2021, and as a result of the expected deferral in capital spending on our exploration wells, we have notified our lender that we will proceed with a second early repayment of our outstanding credit facility, repaying an additional \$3.5 million on June 4, 2021. This repayment will bring the outstanding balance under our credit facility down to \$9.5 million. Since commencing production on July 5, 2020, less than a year ago, we will have repaid \$6.0 million or 39% of the principal amount of the loan.

Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at:
<http://www.alvopetro.com/corporate-presentation>.

Social Media

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>

Instagram - <https://www.instagram.com/alvopetro/>

LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

[Alvopetro Energy Ltd.](#)'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé natural gas field and our strategic midstream infrastructure.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

All amounts contained in this new release are in United States dollars, unless otherwise stated and all tabular amounts are in thousands of United States dollars, except as otherwise noted.

Abbreviations:

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

BRL = Brazilian real

EBITDA = earnings before interest, taxes, depreciation and amortization

mmcf = million cubic feet

mmcfpd = million cubic feet per day

BOE Disclosure. The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Forward-Looking Statements and Cautionary Language. This news release contains "forward-looking information" within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information concerning the plans relating to the Company's operational activities, forecasted earnings and EBITDA, and the expected natural gas price, gas sales and gas deliveries under Alvopetro's long-term gas sales agreement. The forward-looking statements are based on certain key expectations and assumptions made by Alvopetro,

including but not limited to the timing of regulatory licenses and approvals, the success of future drilling, completion, testing, recompletion and development activities, the outlook for commodity markets and ability to access capital markets, the impact of the COVID-19 pandemic, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather and access to drilling locations, the availability and cost of labour and services, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Although Alvo Petro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvo Petro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Alvo Petro are included in our annual information form which may be accessed through the SEDAR website at www.sedar.com. The forward-looking information contained in this news release is made as of the date hereof and Alvo Petro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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Non-GAAP Measures. This news release contains financial information that is not considered a measure of International Financial Reporting Standards ("IFRS"), including earnings before interest, tax, depreciation and amortization ("EBITDA"). EBITDA is used to measure the Company's operating performance and the cash available for reinvestment and distribution to stakeholders. Its most comparable GAAP measure is the Company's net loss and is reconciled to such by adding back depreciation and EBITDA impairment, interest and taxes, as presented on the Company's Statement of Operations and Comprehensive Loss. The non-GAAP measures within this news release may not be comparable to those reported by other companies and should not be viewed as an alternative to measures of financial performance calculated in accordance with IFRS. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures" section of the Company's MD&A which may be accessed through the SEDAR website at www.sedar.com.

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