

Pieridae Releases Q2 2021 Results

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*Inaugural ESG Report Released
Reconfigured LNG Options Being Considered*

Key Highlights:

- Natural gas production of 194 mmcf/day in the quarter
- Total production of 38,404 boe/day
- Petroleum and natural gas revenue of \$71.4 million, an increase of \$17.1 million or 32% compared to the same quarter in 2020
- Cash flow from operations of \$12.1 million
- Net Operating Income¹ ("NOI") of \$14.4 million and Adjusted Funds Flow From Operations¹ ("AFFO") of \$8.5 million
- Delivered our inaugural ESG report in late June 2021, anchored by our commitment of net zero emissions by 2050
- On July 26, 2021, the company announced it had initiated a formal process to identify, examine and consider a range of strategic alternatives with a view to enhancing shareholder value

CALGARY, Alberta, Aug. 12, 2021 -- [Pieridae Energy Ltd.](#) ("Pieridae" or the "Company") (PEA.TO) released its Q2 2021 financial and operating results today, highlighted by solid production in spite of the Jumping Pound Gas Complex turnaround which meant the facility was not operating and providing cash flow for five weeks, impacting 3,309 boe/day of production during the quarter. The Company was also pleased with the release of its inaugural ESG Report this quarter and continues to look at viable options for an LNG Project.

"I was pleased the Company released its first-ever ESG Report in late June, highlighted by our commitment to achieving net zero emissions, continuing to build respectful relationships with Indigenous Peoples and communities, and enhancing diversity along with progressive governance," said Pieridae's Chief Executive Officer Alfred Sorensen. "We have received positive feedback from other stakeholders and government on the quality of our Report and the direction we are taking to do our part in recognizing the movement toward a lower carbon world as we deliver the energy people rely on each day.

"We recently announced a step change in our approach to the Goldboro LNG Project as we analyze options that could make a reconfigured LNG initiative more compatible with the current environment. Those options might include a floating LNG Project, one with proven technology that drastically reduces GHG emissions; involves clean, electric-drive turbines and reduces capital costs substantially compared to our former project, while maintaining a projected healthy rate of return," concluded Sorensen.

Q2 2021 Financial & Operations Highlights

Pieridae produced an average of 38,404 boe/day during the second quarter, down slightly from the previous quarter and comparative period of 2020, yet a resilient result considering Pieridae safely and successfully completed an \$18.5 million, five-week scheduled turnaround at the Jumping Pound Gas Complex during the quarter, impacting 3,309 boe/day of production during that period. By the end of May, production was back on stream after the work was completed. Additionally, production was slightly impacted by other minor scheduled workover projects in the Limestone and Caroline fields.

Realized natural gas prices were consistent compared to the first quarter of 2021 and 39% higher than Q1 2020. Our realized natural gas price was \$2.59/mcf in the second quarter versus the AECO benchmark of \$3.11/mcf as a result of hedges in place.

The Company continues to have a robust hedging program to insulate itself from volatile commodity prices. Pieridae's senior secured lender has temporarily amended its requirement to have 60% of production hedged on an 18-month rolling average boe basis in order to allow the Company to take advantage of strengthening crude and natural gas markets. As of June 30, 2021, 77,538 GJ/d of fixed price physical sales contracts of natural gas were in place at a weighted-average price of \$2.54/GJ, and 1,500 bbl/day of 2021 condensate production was hedged at a weighted average price of \$54.95/bbl, representing a hedge percentage of 49% on a modified 18-month, forward-looking basis.

In the second quarter of 2021, Pieridae generated cashflow from operating activities of \$12.1 million and AFFO of \$8.5 million. Higher operating costs per boe and royalties offset the comparative strength in revenues, primarily as a result of higher power prices and increased third-party processing fees, both of which are partially tied to natural gas price indexes. Additionally, net income was impacted by Pieridae's continued investment in the Goldboro LNG Project. As noted in our news release of July 2, 2021, the Company was not able to meet all the key conditions necessary to reach FID, thus, the majority of Goldboro LNG spending has been suspended.

Petroleum and natural gas revenue in the second quarter of 2021 was \$71.4 million, an increase of \$17.1 million or 32% compared to the same quarter in 2020. On a year-to date basis, petroleum and natural gas revenue was \$153.1 million, an increase of \$34.1 million or 29% compared to the same period in 2020. The increase was primarily due to higher realized price for natural gas (27% increase), condensate (13% increase) and NGLs (combined 117% increase), offset by slightly reduced volumes as previously described.

Third party processing revenue comes from fees charged to third parties for processing their production and sulphur volumes through Pieridae's three sour gas processing facilities. This income adds significantly to the economic benefits realized from these facilities by offsetting highly fixed operating costs. Third party processing income in the second quarter of 2021 was \$3.8 million, a decrease of \$3.1 million or 45% compared to the same quarter in 2020. The decreases are due to lower throughput volumes from third parties as a result of shut-ins of certain third-party owned production assets during the year, the Jumping Pound turnaround which restricted third-party throughput capacity for 38 days during the quarter, as well as Pieridae's fall 2020 acquisition of working interest ownership in Waterton which lowered third party processing revenue while increasing Pieridae's own production volumes.

Quarterly Highlights

	2021 2020 2019							
(\$ 000s unless otherwise noted)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Production								
Natural gas (mcf/day)	194,232	215,179	212,220	184,080	208,689	199,234	204,262	86,884
Condensate (bbl/day)	2,950	3,158	3,259	2,807	3,166	2,850	2,840	121
NGLs (bbl/day)	3,083	4,975	6,171	4,722	5,843	5,156	5,253	55
Sulphur (ton/day)	1,710	1,713	1,829	2,232	1,970	1,906	938	269
Total production (boe/d)	38,404	43,997	44,800	38,209	43,791	41,211	42,137	14,657
Financial								
Net loss	(10,058)	(19,547)	(45,968)	(29,845)	(13,396)	(11,484)	(25,873)	(13,178)
Net loss per share, basic and diluted	(0.06)	(0.12)	(0.29)	(0.19)	(0.09)	(0.07)	(0.18)	(0.15)
Net operating income (loss) ⁽¹⁾	14,444	20,876	12,829	(646)	19,301	19,239	24,470	(2,699)
Cashflow provided by (used in) operating activities	12,093	11,000	1,037	(4,541)	(2,013)	6,426	(17,748)	(238)
Adjusted funds flow from operations ⁽¹⁾	8,516	14,877	8,535	(6,779)	12,466	12,644	14,448	(7,665)
Total assets	575,690	557,696	612,651	583,942	588,415	609,437	602,474	364,095
Working capital (deficit) surplus	(47,862)	(28,314)	(19,615)	(9,164)	15,109	15,596	19,105	(88,430)
Capital expenditures	15,171	7,797	8,926	6,033	264	2,020	165,764	1,914
Development expenses	(4,862)	8,604	8,682	2,472	4,129	3,459	805	504

⁽¹⁾ Refer to the "Non-GAAP measures" section on pages 13&14 of the Company's Q2 2021 MD&A.

COVID-19 Update

Pieridae remains committed to the health and safety of its employees as they continue to do a remarkable

job operating our assets safely and reliably.

As of July 2, with the Alberta Government lifting all restrictions, the majority of Pieridae employees working from home returned to work.

The company supports health officials in urging all those who are able to get vaccinated. We still encourage our employees to maintain physical distancing along with regular hand washing and sanitizing to ensure we keep our workplaces safe.

As a result of the ongoing vigilance by our employees, Pieridae has not suffered any significant loss of productivity related to the pandemic.

Q2 2021 Developments

Peters & Co. Strategic Review

On July 26, 2021, the company announced it had initiated a formal process to identify, examine and consider a range of strategic alternatives with a view to enhancing shareholder value. Such strategic alternatives may include, but are not limited to, a corporate sale, merger, a sale of a material portion of Pieridae's assets or other transactions.

Pieridae's Board of Directors authorized the creation of a special committee, chaired by Board member Andrew Judson, that will review and evaluate potential strategic alternatives and transactions.

Peters & Co. Limited has been engaged as financial advisor to advise the special committee on this comprehensive review and analysis of strategic alternatives. McCarthy Tétrault LLP will also provide advice to the committee.

Pieridae has not set a definitive schedule to complete its identification, examination and consideration of strategic alternatives. It is the Company's current intention not to disclose developments with respect to the process unless and until its Board of Directors has approved a specific transaction or otherwise determines that disclosure is necessary or appropriate. We caution that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, the terms or timing of such a transaction.

Shareholders and the Company have invested heavily in the Goldboro LNG Project for a number of years and Pieridae has acquired and consolidated a large base of Foothills upstream assets, so it is prudent for the company to look for ways to ensure an appropriate return is found for the investments made to date.

Chief Financial Officer Changes

On July 26, 2021, the Company was pleased to announce that the Board of Directors had approved the appointment of Adam Gray as Interim Chief Financial Officer. Mr. Gray has been with Pieridae since January 2020, acting as Vice-President and Controller. He brings nearly 15 years of experience to the role, including five years with PwC, then eight managing accounting, commercial finance and operational readiness for the multi-billion-dollar North West Redwater Partnership, and providing financial modelling and analysis to the Government of Alberta's Department of Energy. Mr. Gray holds a Bachelor of Commerce degree (BCom) from the University of Calgary, a Graduate Diploma in Leadership from Royal Roads University and is a Chartered Professional Accountant (CPA).

On July 5, 2021, we announced the resignation of Pieridae's former CFO Rob Dargewicz. Mr. Dargewicz's departure was not related to any issues or disagreements regarding Pieridae's financial disclosures or accounting policies and practices. We thank Mr. Dargewicz for his service.

Goldboro LNG

On July 2, 2021, the Company announced it was not able to meet all the key conditions necessary to make an FID for the Goldboro LNG Project.

Following consultation with the Board, Pieridae decided to move Goldboro LNG in a new direction. It became

apparent that cost pressures and time constraints due to COVID-19 made building the current version of the LNG Project impractical.

We are now assessing options and analyzing strategic alternatives that could make an LNG Project more compatible with the current environment. In addition, the Company continues its work to further optimize the operation and development of our extensive Foothills resources and midstream assets, including our carbon capture and sequestration and blue power development.

The LNG Project's fundamentals remain strong: robust LNG demand from Europe and high global LNG prices, Indigenous participation, a net-zero emissions pathway forward, and support from jurisdictions across Canada. This speaks to our ongoing efforts to find a partner to take advantage of these opportunities.

Pieridae continues looking for innovative ways of supplying the world with the clean natural gas it requires as a reliable bridge fuel and providing the energy to fuel people's lives while supporting the environment and the transition to a lower-carbon economy.

Alberta Energy Regulator ("AER") Licence Transfer

The Alberta Energy Regulator sent Pieridae and Shell a letter on May 14, 2021, informing us that they have decided to hold a hearing with respect to the re-application to transfer Shell's Foothills assets licences to Pieridae.

On July 9, 2021, Shell sent a letter to the AER asking for a pause in the process due to Pieridae announcing it was moving the Goldboro LNG Project in a new direction.

With this development, Shell felt it prudent to consider how this fundamental change would impact the current licence transfer application, thus the pause.

On July 20, 2021, the AER granted this request and notified both parties that the public hearing process is adjourned until September 30, 2021.

Pieridae continues to own the Foothills assets and has responsibility for their continued safe operation. Shell remains the licensee of record.

Inaugural Environmental, Social & Governance ("ESG") Report Released

We were pleased to release Pieridae Energy's inaugural ESG Report on June 22, 2021. The report is the continuation of our sustainability journey to demonstrate the Company's commitment to achieving an authentic ESG outcome through caring deeply about what we stand for and by responding to our stakeholders' needs and concerns.

The Report's release was the culmination of more than 14 months of effort to develop an ESG framework and strategy before producing and finalizing the document.

We have defined the top material ESG risks and opportunities to be prioritized over the coming months and have made a number of commitments the Company will focus on delivering such as net zero emissions by 2050; Indigenous Peoples reconciliation; constructive community and stakeholder engagement; a focus on health, safety and the environment; and building a diverse culture and workplace.

Caroline Carbon Capture Power Complex Announced

On May 27, 2021, we were pleased to let stakeholders know about the creation of the Caroline Carbon Capture Power Complex. This large-scale carbon capture and sequestration and blue power production complex will be located at Pieridae's very own Caroline Gas Complex in Alberta.

The Complex will capture and store underground up to three million tonnes of CO₂ annually from the gas processing facility, power production and third parties. Sequestering three million tonnes of CO₂ per year would be the equivalent of taking more than 650,000 cars off the road each year or eliminating 4.4 billion

kilowatt-hours of coal-fired power annually.

This 'made in Canada' solution positions Pieridae to play a key role in helping to lower overall Canadian greenhouse gas emissions. We know the world is looking for ways to transition to a lower-carbon intensity economy. By capturing and storing carbon on such a large scale, we move further down the strategic path of ensuring Pieridae is net carbon negative.

Phase One of the Complex will sequester one million tonnes of CO₂ and produce enough blue power to power approximately 112,000 households each year.

2021 Guidance

The Company's guidance has been adjusted, with production forecast to be 40,000-42,500 boe/day for the remainder of 2021, compared to previous guidance of 40,000-45,000 boe/day. We are guiding to a lower NOI in the range of \$85-\$100 million, down from the previous forecast of \$100-\$130 million. As well, adjusted operating expenses per boe are expected to increase from \$9.50-\$10.50 to \$12.50-\$13.00 primarily reflecting the increase in power prices and processing fees expected for the remainder of the year. A previously stated development budget of \$15-\$20 million for the Goldboro LNG Project is no longer being considered. The bulk of the Company's \$35-\$45 million upstream capital budget will continue to be invested to ensure the safe-reliable operation of our assets, including a fall turnaround at our Caroline Gas Complex.

Board Member Resigns

Yesterday morning, Mark Horrox tendered his resignation from Pieridae's Board of Directors, effective immediately.

"We have had a number of discussions with Mark recently and jointly decided that with the strategic review of the Company underway and Mark being a Principal with our main, senior secured lender Third Eye Capital, it was best for him to resign his position with Pieridae's Board to avoid any potential conflicts of interest," said Pieridae CEO Alfred Sorensen.

About Pieridae

Pieridae is a majority Canadian-owned corporation based in Calgary that was founded in 2011. The Company is focused on the exploration, extraction and processing of natural gas as well as analyzing options for a reconfigured LNG Project that fits with the current environment and would supply Europe and other markets. Pieridae provides the energy to fuel people's daily lives while supporting the environment and the transition to a lower-carbon economy. After completion of all the transactions disclosed in this news release, Pieridae has 157,641,871 common shares issued and outstanding which trade on the TSX (PEA.TO).

For further information please contact:

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Forward-Looking Statements

Certain statements contained herein may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively "forward-looking statements"). Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "shall", "estimate", "expect", "propose", "might", "project", "predict", "forecast" and similar expressions may be used to identify these forward-looking statements.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of resources estimates, environmental risks, competition from other producers, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits or synergies from acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and resources estimate of Pieridae's reserves provided herein are estimates only and there is no guarantee that

the estimated resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such forward-looking statements, but which may prove to be incorrect. Although Pieridae believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because Pieridae can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Pieridae operates; the timely receipt of any required regulatory approvals; the ability of Pieridae to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which Pieridae has an interest in, to operate the field in a safe, efficient and effective manner; the ability of Pieridae to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas resources through acquisition, development and exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Pieridae to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Pieridae operates; timing and amount of capital expenditures, future sources of funding, production levels, weather conditions, success of exploration and development activities, access to gathering, processing and pipeline systems, advancing technologies, and the ability of Pieridae to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Pieridae's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), and at Pieridae's website (www.pieridaeenergy.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and Pieridae assumes no obligation to update or review them to reflect new events or circumstances except as required by Applicable Securities Laws.

Forward-looking statements contained herein concerning the oil and gas industry and Pieridae's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which Pieridae believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Pieridae is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Barrels of oil equivalent ("boes") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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

¹ Refer to the "Non-GAAP measures" section on pages 13&14 of the Company's Q2 2021 MD&A.

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