

# Pine Cliff Energy Ltd. Announces Record Quarterly Results, Declaration of Monthly Dividend, Debt Repayment and Operational Update

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Calgary, May 4, 2022 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff" or the "Company") announces record first quarter financial and operating results, the declaration of a monthly dividend, repayment of debt and an operational update.

## First Quarter 2022 Highlights

Pine Cliff's adjusted funds flow of \$32.3 million generated during the first quarter of 2022 was the highest quarterly adjusted funds flow for the Company since inception.

Highlights from the first quarter include:

- generated \$32.3 million of adjusted funds flow (\$0.09 per basic and fully diluted share) for the three months ended March 31, 2022, 223% higher than the \$10.0 million generated for the three months ended March 31, 2021;
- net debt decreased by 50% or \$24.9 million from \$49.7 million on December 31, 2021, to \$24.8 million at March 31, 2022;
- generated net earnings of \$15.4 million (\$0.05 per basic and \$0.04 per fully diluted share) for the three months ended March 31, 2022, compared to a net loss of \$0.1 million (\$0.00 per basic share) for the comparable period in 2021;
- production averaged 20,397 Boe/d for the three months ended March 31, 2022, 2,090 Boe/d or 11% higher than the 18,307 Boe/d for the comparable period in 2021;
- repaid \$10.0 million of term debt due December 31, 2024 during the first quarter of 2022; and
- completed and tied-in two (1.4 net) Pekisko oil wells drilled in the fourth quarter of 2021 and drilled, completed and tied in one (0.3 net) Notikewin natural gas well.

## Dividend Launch

The Company's Board of Directors (the "Board") has approved the declaration and payment of a monthly dividend in the amount of \$0.0083 per common share (\$0.10 per common share annualized). The first monthly dividend is payable June 30, 2022, to shareholders of record on June 15, 2022.

At today's closing share price of \$1.79 per common share, this initial dividend calculates to be a 5.6% annual yield.

Dividends paid on Pine Cliff's common shares will be designated as "eligible dividends" for Canadian federal income tax purposes. The declaration of dividends is at the sole discretion of the Board and will be evaluated on a regular basis.

## Repayment of Term Debt

In addition to the \$10.0 million of term debt repaid during the first quarter, Pine Cliff repaid a further \$10.0 million on April 29, 2022, reducing the amount of long term debt currently outstanding to \$22.0 million. The Company intends to use available free funds flow to fully retire the remaining long term debt.

## Operational Update

The two Pekisko oil wells (1.4 net) that were placed on production on February 15, 2022 are both continuing to significantly outperform both our internal and our independent engineers' average type curves. The average gross IP30 rates for both wells was 567 Boe/d (259 Bbl/d oil, 50 Bbl/d natural gas liquids and 1,551 Mcf/d natural gas). The all-in capital costs averaged \$3.2 million per well (\$2.3 million net).

Further information on our well results can be found on Pine Cliff's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com).

## Financial and Operating Results

	Three months ended March 31,	
	2022	2021
(\$000s, unless otherwise indicated)		
Commodity sales (before royalty expense)	66,180	35,519
Cash provided by operating activities	23,871	8,471
Adjusted funds flow <sup>1</sup>	32,307	10,000
Per share - Basic (\$/share) <sup>1</sup>	0.09	0.03
Per share - Diluted (\$/share) <sup>1</sup>	0.09	0.03
Earnings/(Loss)	15,433	(680 )
Per share - Basic (\$/share) <sup>1</sup>	0.05	(0.00 )
Per share - Diluted (\$/share) <sup>1</sup>	0.04	(0.00 )
Capital expenditures	5,567	368
Acquisitions	272	-
Dispositions	(202 )	(25 )
Net Debt <sup>1</sup>	24,752	45,292
Production (Boe/d)	20,397	18,307
Percent Natural Gas (%)	88%	90%
Weighted-average common shares outstanding (000s)		
Basic	340,835	335,556
Diluted	349,304	335,556
Combined sales price (\$/Boe)	36.05	21.56
Operating netback (\$/Boe) <sup>1</sup>	19.41	7.88
Corporate netback (\$/Boe) <sup>1</sup>	17.60	6.05
Operating netback (\$ per Mcfe) <sup>1</sup>	3.24	1.31
Corporate netback (\$ per Mcfe) <sup>1</sup>	2.93	1.01

<sup>1</sup> This is a non-GAAP measure, see "NON-GAAP Measures" for additional information.

## About Pine Cliff

Pine Cliff is a natural gas and oil company with a long-term view of creating shareholder value. Pine Cliff's current focus is on acquiring, developing and operating long life assets that generate significant free funds flow that allows for capital to be returned to shareholders in the form of a dividend. Further information relating to Pine Cliff may be found on [www.sedar.com](http://www.sedar.com) as well as on Pine Cliff's website at [www.pinecliffenergy.com](http://www.pinecliffenergy.com)

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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 funds flow; Pine Cliff's ability to generate free funds flow; Pine Cliff's ability to pay a dividend; 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 provided by operating activities 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.

("IP30") is the initial 30 day average production rate. The use of IP30 is useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Pine Cliff.

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", "free 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. Free funds flow is a non-GAAP measure calculated as adjusted funds flow less the Company's capital expenditures. Net debt is a non-GAAP measure calculated as the sum of term debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash, investments and prepaid expenses and deposits. Operating netback is a non-GAAP measure calculated as the Company's total revenue, less royalties, operating expenses and transportation 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 and interest and bank charges, 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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