

# Pine Cliff Energy Ltd. Announces Third Quarter 2022 Results, Increase in December Monthly Dividend, Update to 2022 Guidance and Operational Update

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Calgary, November 9, 2022 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) ("Pine Cliff" or the "Company") announces third quarter financial results, dividend increase and provides an operational update.

## Third Quarter 2022 Highlights

Pine Cliff's adjusted funds flow<sup>1</sup> of \$34.9 million generated during the third quarter was the second highest quarterly adjusted funds flow<sup>1</sup> for the Company since inception, only surpassed by the \$55.8 million generated during the second quarter of 2022. Adjusted funds flow<sup>1</sup> for the nine months ended September 30, 2022, totaled \$123.0 million.

Highlights from the third quarter include:

- generated \$34.9 million (\$0.10 per basic and fully diluted share) and \$123.0 million (\$0.36 per basic and \$0.34 per fully diluted share) of adjusted funds flow<sup>1</sup> for the three and nine months ended September 30, 2022, compared to \$13.3 million (\$0.04 per basic and fully diluted share) and \$32.8 million (\$0.10 per basic and \$0.09 fully diluted share) for comparable periods in 2021;
- generated net earnings of \$18.6 million (\$0.05 per basic and per fully diluted share) and \$84.3 million (\$0.24 per basic and \$0.23 per fully diluted share) for the three and nine months ended September 30, 2022, compared to net earnings of \$2.3 million (\$0.01 per basic and fully diluted share) and net earnings of \$0.9 million (\$0.00 per basic and fully diluted share) for comparable periods in 2021;
- paid dividends of \$9.9 million (\$0.01 per common share per month) during the three months ended September 30, 2022;
- was debt free at September 30, 2022 with positive net cash of \$35.1 million;
- production volumes for the three and nine months ended September 30, 2022 were 21,276 Boe/d<sup>2</sup> and 21,004 Boe/d<sup>3</sup>, 16% and 15% higher respectively than comparable periods in 2021;
- completed a summer drilling program that saw Pine Cliff drill four gross (2.8 net) operated Pekisko horizontal oil wells, of which three gross (2.1 net) were on production by the end of the third quarter; and
- participated in the drilling, completion and tie-in of five gross (0.9 net) non-operated natural gas wells in Edson.

## Dividend Increase

The Company's Board of Directors (the "Board") has approved the declaration and payment of a regular monthly dividend in an amount of \$0.01083 per common share, commencing December 2022, an increase of 8.3%.

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.

## 2022 Production and CAPEX Guidance Update

The Board has approved an increase in the 2022 capital expenditure budget from \$29.5 million to \$31.5

million. The increase reflects one additional gross (0.36 net) non-operated Edson natural gas well to be drilled during the fourth quarter.

Pine Cliff has narrowed its 2022 annual production guidance to a range of 21,000 to 21,250 Boe<sup>4</sup> per day.

### Operational Update

The average gross IP 30 productivity rates for the three gross (2.1 net) North Twining Unit ("NTU") Pekisko oil wells that came on production during the third quarter was 695 Boe/d<sup>5</sup> per well.

### Financial and Operating Results

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(\$000s, unless otherwise indicated)				
Commodity sales (before royalties)	72,674	39,890	229,280	109,572
Cash flow from operating activities	42,258	12,411	116,661	29,053
Adjusted funds flow <sup>1</sup>	34,883	13,333	123,006	32,827
Per share - Basic (\$/share) <sup>1</sup>	0.10	0.04	0.36	0.10
Per share - Diluted (\$/share) <sup>1</sup>	0.10	0.04	0.34	0.09
Net earnings	18,629	2,323	84,254	899
Per share - Basic (\$/share) <sup>1</sup>	0.05	0.01	0.24	0.00
Per share - Diluted (\$/share) <sup>1</sup>	0.05	0.01	0.23	-
Capital expenditures	12,591	8,903	22,440	10,827
Dividends	9,888	-	12,777	-
Positive net cash (net debt) <sup>1</sup>	35,068	(41,413)	35,068	(41,413)
Production (Boe/d)	21,276	18,316	21,004	18,239
Percentage natural gas (%)	86%	91%	87%	91%
Weighted-average common shares outstanding (000s)				
Basic	349,187	337,921	345,172	336,760
Diluted	360,654	346,732	359,891	345,571
Combined sales price (\$/Boe)	37.13	23.67	39.99	22.01
Operating netback (\$/Boe) <sup>1</sup>	18.66	9.22	22.88	8.21
Corporate netback (\$/Boe) <sup>1</sup>	17.82	7.92	21.46	6.59
Operating netback (\$ per Mcfe) <sup>1</sup>	3.11	1.54	3.81	1.37
Corporate netback (\$ per Mcfe) <sup>1</sup>	2.97	1.32	3.58	1.10

<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 adjusted 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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### Reader Advisories

## Notes to Press Release

1. See Non-GAAP Measures.
2. Comprised of approximately 109,936 Mcf/d natural gas, 1,547 Bbl/d NGLs and 1,406 Bbl/d light and medium oil.
3. Comprised of approximately 109,955 Mcf/d natural gas, 1,457 Bbl/d NGLs and 1,221 Bbl/d light and medium oil.
4. Comprised of approximately 110,000-111,000 Mcf/d natural gas, 1,400-1,460 Bbl/d NGLs and 1,300-1,400 Bbl/d light and medium oil.
5. Comprised 339 Bbl/d light and medium oil; 54 Bbl/d NGLs and 1,812 Mcf/d natural gas.

## 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 adjusted 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 ("NGLs") 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 "positive net cash (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 earnings, 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. Positive net cash (net debt) is a non-GAAP measure calculated as the sum of cash, trade and other receivables, investments and prepaid expenses and deposits less term debt, promissory notes at the principal amount, amounts due to related party and trade and other payables. 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 and interest income, 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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