

# Q1 2023 Operations and Liquidity Update

25.04.2023 | [Newsfile](#)

Average Q1 2023 production of 12,193 bopd  
Exiting Q1 2023 with \$71 million in cash  
Delivered record sales volumes of 21,500 bopd through Brazil and Iquitos in March 2023

Calgary, April 25, 2023 - [PetroTal Corp.](#) (TSX: TAL) (AIM: PTAL) (OTCQX: PTALF) ("PetroTal" or the "Company") announces its Q1 2023 operations and liquidity update.

## Key Operations and Liquidity Highlights

- Achieved Q1 2023 average production and sales of 12,193 and 12,618 barrels of oil per day ("bopd"), respectively, up 17% and 21% from Q4 2022;
- Achieved a Brazilian export route sales record in March 2023 of approximately 606,521 barrels (19,565 bopd). When combined with sales to the Iquitos refinery, the Company delivered record total sales of approximately 666,515 barrels in March (21,500 bopd);
- Completed well 14H on March 27, 2023. Similar to well 12H, well 14H has been producing at a constrained rate of approximately 3,000 bopd over the week ended April 24, 2023 and continues to produce as expected;
- The Company commenced drilling well 15H on April 11, 2023. This well is expected to cost approximately \$14 million and is estimated to be completed in mid June 2023. The well will reach a total measured depth of 4,550 meters with the lateral section expected to be 1,100 meters;
- PetroTal exited Q1 2023 with approximately \$56 million of unrestricted cash and \$15 million of restricted cash for a total of \$71 million. Restricted cash includes amounts reserved for the social trust funds to be deposited at a later date;
- Strong cash position supports the recently announced shareholder return program, with a US\$0.015 per share quarterly eligible dividend (see advisories) to be paid in June 2023 and a normal course issuer bid ("NCIB") buyback program to commence in Q2 2023, subject to approval by the Toronto Stock Exchange; and,
- Working capital at March 31, 2023 was strong. Accounts receivable of approximately \$93 million are contractually current, with accounts payable of approximately \$60 million, primarily due within the next 50 days.

## 2023 Production and Cash Flow Update

PetroTal has been averaging over 20,000 bopd for over 60 consecutive days ending April 24, 2023, demonstrating the positive impact from recent key commercial and social initiatives. Quarterly and full year 2023 production guidance remains unchanged at this time, as most recently detailed in the Company's March 30, 2023 announcement. 2023 EBITDA guidance remains unchanged at \$220 million for the year. After tax free cash flow for 2023 is now expected to be approximately \$85 million, an increase of \$30 million from previous guidance, as a result of adjustments to tax loss pools available for carry forward into 2023. This change provides PetroTal with additional cash flexibility during the year.

As announced by Petroperu on April 12, 2023, the Northern Peruvian Pipeline ("ONP") has resumed pipeline operations after over a year of being shut down for maintenance and social unrest related reasons. Following this news, the Company expects that an estimated 270,000 barrels of oil already in the pipeline will be exported in late Q2 2023 at Bayovar by Petroperu, generating between \$5 and \$7 million in net revenue for the Company at current oil prices. PetroTal has not re-commenced shipping oil through the ONP and will

consider that option once Petroperu's full credit lines are reopened and functioning normally.

Manuel Pablo Zuniga-Pflucker, President and Chief Executive Officer, commented:

"We are extremely happy with our recent production and sales volumes that are exported via Brazil and to the Iquitos refinery, having set a monthly sales record of almost 670,000 barrels in one month to those locations. We hope to carry this momentum throughout the remainder of the year, having already recovered 97% of the constrained Q1 2023 volumes in April 2023, and meet current 2023 full year expectations. Our commitment is to look for other export routes, including the ONP, with the aim of reaching our previous production record of 26,000 bopd in the near term."

## ABOUT PETROTAL

PetroTal is a publicly traded, tri&dash;quoted (TSX: TAL) (AIM: PTAL) (OTCQX: PTALF) oil and gas development and production Company domiciled in Calgary, Alberta, focused on the development of oil assets in Peru. PetroTal's flagship asset is its 100% working interest in Bretana oil field in Peru's Block 95 where oil production was initiated in June 2018. In early 2022, PetroTal became the largest crude oil producer in Peru. The Company's management team has significant experience in developing and exploring for oil in Peru and is led by a Board of Directors that is focused on safely and cost effectively developing the Bretana oil field. It is actively building new initiatives to champion community sensitive energy production, benefiting all stakeholders.

For further information, please see the Company's website at [www.petrotal-corp.com](http://www.petrotal-corp.com), the Company's filed documents at [www.sedar.com](http://www.sedar.com), or below:

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## READER ADVISORIES

**FORWARD-LOOKING STATEMENTS:** This press release contains certain statements that may be deemed to be forward-looking statements. Such statements relate to possible future events, including, but not limited to: PetroTal's business strategy, objectives, strength and focus; drilling, completions, workovers and other activities and the anticipated costs and results of such activities; PetroTal's anticipated capital program and operational results for 2023 including, but not limited to, estimated or anticipated production levels, capital expenditures and drilling plans; plans to deliver strong operational performance and to generate free funds flow and growth; capital requirements; the ability of the Company to achieve drilling success consistent with management's expectations; anticipated future production and revenue; drilling plans including the timing of drilling, commissioning, and startup and the impact of delays thereon; oil production levels; and the Company's return of capital strategy including regular dividends and share buybacks under an NCIB. All statements other than statements of historical fact may be forward-looking statements. In addition, statements relating to expected production, reserves, recovery, replacement, costs and valuation are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "expect", "plan", "estimate", "potential", "will", "should", "continue", "may", "objective" and similar expressions. More particularly, this press release contains statements concerning the future declaration and payment of dividends and the timing and amount thereof. Future dividend payments, if any, and the level thereof, is uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, free funds flow financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of PetroTal to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness. The forward-looking statements are based on certain key expectations and assumptions made by the Company, including, but not limited to, expectations and assumptions concerning the ability of existing infrastructure to deliver production and the anticipated capital expenditures associated therewith, the ability of the Ministry of Energy to effectively achieve its objectives in respect of reducing social conflict and collaborating towards continued investment in the energy sector, reservoir characteristics, recovery factor, exploration upside, prevailing commodity prices and the actual prices received for PetroTal's products, including pursuant to hedging arrangements, the availability and performance of drilling rigs, facilities, pipelines, other oilfield services and skilled labour, royalty regimes and exchange rates, the impact of inflation on costs, the application of regulatory and licensing requirements, the accuracy of PetroTal's geological interpretation of its drilling and land opportunities, current legislation, receipt of required regulatory approval, the success of future drilling and development activities, the performance of new wells, future river water levels, the Company's growth strategy, general economic conditions and availability of required equipment and services. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), commodity price volatility, price differentials and the actual prices received for products, exchange rate fluctuations, legal, political and economic instability in Peru, access to transportation routes and markets for the Company's production, changes in legislation affecting the oil and gas industry and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system; and wars (including Russia's war in Ukraine). In addition, the Company cautions that current global uncertainty with respect to the spread and evolution of the COVID-19 virus and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remains unknown, rapid spread of the COVID-19 virus may continue to have a material adverse effect on global economic activity, and may continue to result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, increased operating and capital costs due to inflationary pressures, business, financial conditions, results of operations and other factors relevant to the Company. Please refer to the risk factors identified in the Company's AIF and MD&A which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**OIL REFERENCES:** All references to "oil" or "crude oil" production, revenue or sales in this press release mean "heavy crude oil" as defined in NI 51-101. All references to Brent indicate Intercontinental Exchange ("ICE") Brent. Recovery factor percentages include historical production.

**SHORT-TERM PRODUCTION RATES:** References in this press release to the peak rates and other short term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rate 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 PetroTal. The Company cautions that such results should be considered to be preliminary.

**SPECIFIED FINANCIAL MEASURES:** This press release includes various specified financial measures, including non-GAAP financial measures, non-GAAP financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning prescribed by generally accepted accounting principles ("GAAP") and, therefore, may not be comparable with the calculation of similar measures by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Company's efficiency and its ability to fund a portion of its future capital expenditures. "Netback" (non-GAAP financial ratio) equals total petroleum sales less quality discount, lifting costs, transportation costs and royalty payments calculated on a bbl basis. The Company considers netbacks to be a key measure as they demonstrate Company's profitability relative to current commodity prices. "Funds flow provided by operations" (non-GAAP financial measure) includes all cash generated from operating activities and is calculated before changes in non-cash working capital. "Adjusted EBITDA" (non-GAAP financial measure) is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization and adjusted for G&A impacts and certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses, including derivative true-up settlements. PetroTal utilizes adjusted EBITDA as a measure of operational performance and cash flow generating capability. Adjusted EBITDA impacts the level and extent of funding for capital projects investments. Reference to EBITDA is calculated as net operating income less G&A. "Free funds flow" (non-GAAP financial measure) is calculated as net operating income less G&A less exploration and development capital expenditures less realized derivative gains/losses and is calculated prior to all debt service, taxes, lease payments, hedge costs, factoring, and lease payments. Management uses free cash flow to determine the amount of funds available to the Company for future capital allocation decisions. Please refer to the MD&A for additional information relating to specified financial measures.

**OIL AND GAS MEASURES:** This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "OOIP", "development capital", "F&D costs", "net asset value" and "reserves life index". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. "OOIP" is equivalent to total petroleum initially-in-place ("TPIIP"). TPIIP, as defined in the COGEH, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered. "Development capital" means the aggregate exploration and development costs incurred in the financial year on reserves that are categorized as development. Development capital excludes capitalized administration costs. "Finding and development costs" or "F&D costs" are calculated as the sum of field capital plus the change in future development costs for the period divided by the change in reserves that are characterized as development for the period. Finding and development costs take into account reserves revisions during the year on a per bbl basis. The aggregate of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year. "Net asset value" is based on present value of future net revenues discounted at 10% before tax on reserves, net of estimated net debt at year-end divided by the basic shares outstanding at year-end. "Reserve life index" is calculated as total Company interest reserves divided by annual production. These terms have been calculated by management and do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide

shareholders with measures to compare PetroTal's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

**ELIGIBLE DIVIDEND:** An eligible dividend is one which is characterized as such by the dividend-paying corporation for Canadian residents. The primary benefit of an eligible dividend is that it benefits from an enhanced gross-up and credit regime at the shareholder level (i.e., the shareholder pays less tax on eligible dividends than non-eligible dividends). This is meant to compensate for the higher general corporate tax rate paid by non-CCPC's on their income and generally preserve integration of Canada's tax rates. As an example, for federal income tax purposes the gross-up rate for eligible dividends is 38% (as compared to 15% for non-eligible dividends) such that the amount of the dividend is multiplied by 1.38 to determine the taxable income to the shareholder. The dividend tax credit for eligible dividends is additionally increased to 6/11 (or 15.02%), as compared to 9/13 (9%) for non-eligible dividends, to offset the greater income inclusion to the taxpayer. Each province provides similar relief on the tax they would otherwise levy on the dividends, although the effective gross-up and credit differs by province.

**FOFI DISCLOSURE:** This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about NPV-10, future development and abandonment costs, prospective results of operations, production and production capacity, free funds flow, revenue, margins, NOI, shareholder returns and components thereof, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was included for the purpose of providing further information about PetroTal's anticipated future business operations. PetroTal and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. PetroTal disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein. All FOFI contained in this press release complies with the requirements of Canadian securities legislation, including NI 51-101. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in PetroTal's guidance. The Company's actual results may differ materially from these estimates.

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

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

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