

Pine Cliff Energy Ltd. Announces Second Quarter 2023 Results, Operational Update, Update to 2023 Guidance and Declaration of Monthly Dividend

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Calgary, August 1, 2023 - [Pine Cliff Energy Ltd.](#) (TSX: PNE) (OTCQX: PIFYF) ("Pine Cliff" or the "Company") announces second quarter financial and operating results, an operational update, an update to 2023 guidance and, declaration of the monthly dividend.

Second Quarter 2023 Results

Results from the second quarter include:

- generated \$12.0 million (\$0.03 per basic and fully diluted share) and \$31.9 million (\$0.09 per basic and fully diluted share) of adjusted funds flow¹ for the three and six months ended June 30, 2023, compared to \$55.8 million (\$0.16 per basic and \$0.15 per fully diluted share) and \$88.1 million (\$0.26 per basic and \$0.25 per fully diluted share) for comparable periods in 2022;
- paid dividends of \$11.5 million (\$0.03 per basic and fully diluted share) and \$22.9 million (\$0.06 per basic and fully diluted share) during the three and six months ended June 30, 2023, compared to \$2.9 million (\$0.01 per basic and fully diluted share) for the comparable periods in 2022;
- positive net cash of \$49.3 million at June 30, 2023;
- production averaged 20,198 Boe/d² and 20,137 Boe/d³ for the three and six months ended June 30, 2023, 5% and 3% lower than the comparable periods in 2022;
- drilled one gross (0.7 net) North Twining Unit ("NTU") Pekisko oil well and completed and tied-in three (2.1 net) NTU Pekisko oil wells during the second quarter; and;
- generated net loss of \$0.9 million ((\$0.00) per basic and fully diluted share) and net earnings of \$4.0 million (\$0.01 per basic and fully diluted share) for the three and six months ended June 30, 2023, compared to net earnings of \$50.2 million (\$0.15 per basic and \$0.14 per fully diluted share) and net earnings of \$65.6 million (\$0.19 per basic and \$0.18 per fully diluted share) for comparable periods in 2022.

Operational Update

Pine Cliff drilled one gross (0.7 net) NTU Pekisko oil well in the second quarter that, along with two gross (1.4 net) NTU Pekisko oil wells drilled during the first quarter, were all completed, tied-in and placed on production by the end of the second quarter. Average production from these three gross (2.1 net) wells in the month of July was approximately 1,150 Boe/d⁴ per well, (815 Boe/d net)⁵, resulting in average total Company production for the month of July of approximately 20,750 Boe/d⁶.

The wildfires in the Edson area during the second quarter impacted Pine Cliff's entire area production at times and reduced second quarter production by an average 250 Boe/d⁷. No wells or infrastructure were damaged by the fires. Pine Cliff would like to recognize the Edson area field staff and all the first responders for their quick and decisive actions to minimize the impact.

2023 Production Guidance Update

With the recent volatility in commodity pricing and positive performance of the Pekisko wells drilled in 2023 to date, Pine Cliff has elected to defer the drilling of its remaining budgeted one gross (0.7 net) NTU Pekisko oil well until 2024 and replace a portion of this expenditure with recompletion work in the Twining area. The deferred Pekisko well will be part of the 2024 capital expenditure program to maximize capital efficiency by

benefiting from economies of scale. The Company's 2023 capital expenditure budget is unchanged with the capital being redeployed to well reactivation and recompletion opportunities.

As a result, Pine Cliff has narrowed its 2023 annual production guidance from a range of 20,000 Boe/d⁸ to 21,000 Boe/d⁹ to a range of 20,000 Boe/d¹⁰ to 20,500 Boe/d¹¹, weighted 85% to natural gas.

Monthly Dividend

The Company's Board of Directors (the "Board") has approved the declaration and payment of a monthly dividend in the amount of \$0.01083 per common share payable August 31, 2023, to shareholders of record on August 15, 2023.

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.

Financial and Operating Results

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
(\$000s, unless otherwise indicated)				
Commodity sales (before royalty expense)	42,272	90,426	95,211	156,606
Cash flow from operating activities	12,504	50,532	34,830	74,403
Adjusted funds flow ¹	12,040	55,816	31,864	88,123
Per share - Basic (\$/share) ¹	0.03	0.16	0.09	0.26
Per share - Diluted (\$/share) ¹	0.03	0.15	0.09	0.25
Earnings (loss)	(942)	50,192	4,043	65,625
Per share - Basic (\$/share) ¹	(0.00)	0.15	0.01	0.19
Per share - Diluted (\$/share) ¹	(0.00)	0.14	0.01	0.18
Capital expenditures	8,193	4,282	12,635	9,849
Dividends paid	11,478	2,889	22,891	2,889
Per share - Basic (\$/share) ¹	0.03	0.01	0.06	0.01
Per share - Diluted (\$/share) ¹	0.03	0.01	0.06	0.01
Positive net cash ¹	49,301	22,496	49,301	22,496
Production (Boe/d)	20,198	21,331	20,137	20,866
Percentage natural gas (%)	87%	87%	87%	88%
Weighted-average common shares outstanding (000s)				
Basic	353,216	345,402	352,245	343,131
Diluted	353,216	360,703	359,538	359,257
Combined sales price (\$/Boe)	23.00	46.59	26.12	41.47
Operating netback (\$/Boe) ¹	7.11	30.40	9.39	25.07
Corporate netback (\$/Boe) ¹	6.55	28.76	8.74	23.35
Operating netback (\$ per Mcfe) ¹	1.19	5.07	1.57	4.18
Corporate netback (\$ per Mcfe) ¹	1.09	4.79	1.46	3.89

¹ 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 as well as on Pine Cliff's website at www.pinecliffenergy.com.

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Reader Advisories

Notes to News Release

1. See Non-GAAP Measures.
2. Comprised of 106,024 Mcf/d natural gas, 1,343 Bbl/d NGLs and 1,184 Bbl/d light and medium oil.
3. Comprised of 105,599 Mcf/d natural gas, 1,394 Bbl/d NGLs and 1,143 Bbl/d light and medium oil.
4. Comprised of approximately 3,000 Mcf/d natural gas, 350 Bbl/d NGLs and 300 Bbl/d light and medium oil.
5. Comprised of approximately 2,100 Mcf/d natural gas, 250 Bbl/d NGLs and 215 Bbl/d light and medium oil.
6. Comprised of approximately 107,400 Mcf/d natural gas, 1,350 Bbl/d NGLs and 1,500 Bbl/d light and medium oil.
7. Comprised of 1,150 Mcf/d natural gas, 50 Bbl/d NGLs and 10 Bbl/d light and medium oil.
8. Comprised of approximately 102,000 Mcf/d natural gas, 1,400 Bbl/d NGLs and 1,600 Bbl/d light and medium oil.
9. Comprised of approximately 107,000 Mcf/d natural gas, 1,470 Bbl/d NGLs and 1,680 Bbl/d light and medium oil.
10. Comprised of approximately 103,000 Mcf/d natural gas, 1,400 Bbl/d NGLs and 1,400 Bbl/d light and medium oil.
11. Comprised of approximately 105,000 Mcf/d natural gas, 1,500 Bbl/d NGLs and 1,500 Bbl/d light and medium oil.

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 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 news 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 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. 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, 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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