

Prospera Energy Announces Q3 2023 Financials with First Closing of Debt Financing

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CALGARY, Nov. 01, 2023 - [Prospera Energy Inc.](#) ("Prospera" or the "Corporation") (PEI: TSX-V; OF6A: FRA)

In Q3 2023, Prospera was steadily recovering production rates that had been impacted by adverse weather in earlier quarters. During Q3 PEI attained gross peak rates of 770+ boe/d, with another 350 boe/d behind the pipe to be optimized. Meanwhile, phase 2 development drilling commenced in Q3, and this horizontal drilling program required the temporary shut-in of the adjacent production of approximately 120 boe/d for smoother drilling operations. This second phase of restructuring development includes the transformation from vertical wells to horizontal wells to access the significant remaining reserves in Prospera's Saskatchewan heavy oil fields.

Prospera attained higher working interest (net) sales of 519 boe/d (658 boe/d gross) in Q3 2023 with higher corresponding revenue of \$4.0M compared to Q3 2022. Prospera's Joint Venture partners are in receivables and therefore in default payables until remedied. Consequently, Prospera assumes 100% of production and revenue. In 2023 Quarter three highlights are as follows:

- Realized positive Operating Income of \$1,101,827 in Q3 2023 compared to \$783,084 in Q3 2022.
- Reported Net Income of \$71,011 in Q3 2023 compared to a Net Loss of (\$779,438) in Q2 2023.
- PEI realized average sales prices of \$82.15/boe in Q3 2023, compared to \$85.09/boe in Q3 2022. PEI expects pricing to remain at similar levels through the remainder of 2023.
- Operating Expenses in Q3 2023 were \$41.45/boe compared to \$36.24/boe in Q3 2022. Increases were driven by higher vegetation control, facility de-sanding, injection volumes optimization, winterization, and preparation for additional volume throughput.
- Restructuring efforts continue to improve Prospera's balance sheet:
 - Increased Property and Equipment balance to \$36.0 million from \$29.0 million on December 31, 2022.
 - Positive Shareholders Equity balance of \$2.3 million compared to -\$6.2 million on December 31, 2022.
- Year-to-date, PEI has received \$7,435,568 through warrant exercises and \$4,329,000 through private placements, whilst extending matured convertible debt of \$1,500,000 to 2025, allowing for PEI capital development without affecting working capital.
- Prospera's capital development program originally consisted of 10 heavy oil horizontal wells and 8 medium oil vertical wells and was expected to contribute an additional 1,000 bpd. Prospera has since drilled, completed and tied-in 5 horizontal wells and due to positive drilling results, has extended the heavy oil horizontal development program.

Operating Netback (\$)	Q3 2023	Q3 2022
Total petroleum and natural gas sales revenue	\$ 3,920,428	\$ 3,750,664
Transportation costs	(276,460)	(168,705)
Royalties	(424,448)	(451,488)
Operating costs	(1,978,034)	(1,597,486)
Operating netback	1,241,485	1,532,985

Operating Netback (\$/boe)	Q3 2023	Q3 2022
Sales revenue	\$ 82.15	\$ 85.09
Transportation costs	(5.79)	(3.83)
Royalties	(8.89)	(10.24)

Operating costs	(41.45)	(36.24)
Operating netback	\$ 11.30	\$ 34.78
	September 30, 2023	December 31, 2022
Balance Sheet: Assets		
Current assets		
Cash	\$ 194,941	\$ 1,050,960
Trade and other receivables	3,902,395	838,500
Prepaid expenses and deposits	547,997	59,788
Inventory	426,661	449,849
Total current assets	5,071,994	2,399,097
Non-current assets		
Trade and other receivables	1,655,328	2,844,129
Deposits	1,002,658	918,902
Property and equipment	36,013,239	28,984,586
Right-of-use	543,340	661,941
Total assets	\$ 44,286,560	\$ 35,808,655

Prospera Quarter Three Financial Performance:

Selected financial and operational information outlined above should be read in conjunction with the Company's financial statements and related management's discussion and analysis (MD&A) for the quarter ended September 30, 2023.

PEI has submitted its quarter-end financial information for 2023, within the Company's issuer profile on SEDAR at www.sedar.com.

First Closing of Debt Financing

Additionally, Prospera Energy announces the first closing of CDN \$580,000 private placement financing of debt with an equity bonus. Prospera intends to use the net proceeds for development capital (covering default partner portion) - drilling, completion & tie-in, well abandonment & reclamation costs, and ongoing ESG initiatives. The financing is subject to approval by the TSX Venture Exchange.

Debt Term Sheet

Issuer:	Prospera Energy Inc. ("Prospera" or the "Company").
Issue:	Low-dilutive offering (the "Offering") of debt financing with equity bonus.
Target Close Date:	November 15, 2023.
Offering Amount:	\$3,000,000 CAD.
Equity Bonus:	Principal amount loaned will be granted an equity bonus. 1 share for every \$1 of debt provided up to 3,000,000 shares.
Interest:	14% interest, calculated and paid quarterly in cash starting after the 3rd quarter (interest in the 4th quarter compounded).
Term:	2 years.
Repayment:	Principle repaid at the end of the term.
Underlying Equity Bonus:	Common shares of the Company listed on the TSX Venture Exchange under the symbol PEI (the "Shares").
Use of Proceeds:	Prospera intends to use the net proceeds of the Offering for development capital (covering default partner portion) - drilling, completion & tie-in, well abandonment & reclamation costs, and ongoing ESG initiatives.
Finders Fees:	The Corporation may pay qualified finders a fee of 7% cash and 7% warrants.
Offering Basis:	Private placement debt offering with equity bonus.

An aggregate amount of up to \$3,000,000 CAD may be raised through this non-brokered private placement

and Prospera is actively in discussion to fill the remaining amount. The company remains focused on minimal dilution financing options moving forward and if fully subscribed, this debt financing would represent less than 1% equity dilution.

The securities will be offered to qualified purchasers in reliance upon exemptions from prospectus and registration requirements of applicable securities legislation. A finder's fee in cash and/or warrants may be paid to eligible finders in relation to this financing. These private placements are offered in jurisdictions where the Corporation is legally allowed to do so.

Furthermore, PEI issues a clarification in respect to the settlement of finder's fees totaling \$47,304 (the "Shares for Debt Transaction") pursuant to the finder's fee agreement dated January 15, 2023. This debt was incurred in respect to a private placement announced on January 25, 2023, and referenced in press releases on March 29, 2023, and again on June 14, 2023, both times using a price per share and warrant exercise price that was deemed unacceptable to the TSXV.

Under this revised agreement, the Corporation will convert the debt into common share units of the Corporation (the "Common Share Units"). The shares for debt transaction involves the issuance of 525,600 Common Share Units at a deemed price of \$0.09 per common share unit, subject to certain conditions, including the final approval of the TSX Venture Exchange ("TSXV"). Each common share unit consists of one common share and 0.875 common share purchase warrants. Holders of whole purchase warrants are entitled to purchase one common share at \$0.105 per share until February 14, 2025. The Corporation reserves the right to accelerate the expiry of the warrants should the shares trade at \$0.30 for ten consecutive business trading days following the expiry of the four-month hold period. The common shares issued as part of the shares for debt transaction will be subject to a four-month hold period.

Prospera and Development objectives

[Prospera Energy Inc.](#) (TSX.V: PEI, OTC: GXRFF, FRA: OF6B) is a publicly traded energy company based in Western Canada, specializing in the exploration, development, and production of crude oil and natural gas. [Prospera Energy Inc.](#) has announced a mid-August spud of PEI's phase 2 restructured development program intended to increase production. This phase includes the transformation from vertical wells to horizontal wells to access the significant remaining reserves (400 million bbls) in Prospera's Saskatchewan heavy oil fields. This transformation will also reduce PEI environmental and surface footprint by eliminating the numerous vertical well leases along the lateral path.

The first 5 horizontal wells drilled have performed higher than the estimated type curve and the IP60 has exceeded PEI expectations. Prospera's current production is 1,100 boepd, with another 450 boepd behind pipe to accommodate development. The extended horizontal drilling is to resume and in the next few days. The development of light oil slanted wells has received permits and lease construction, which is set to commence in the next few days as well. Prospera will continue the Phase 2 development program to increase production, aiming to achieve year-end targets and enhance Prospera's share value.

Phase 3 of Prospera's restructured development program involves full-scale reservoir management with IOR/EOR applications to provide support to optimize recovery and lower the decline to sustain steady volume delivery. Prospera plans to further its acquisition strategy, expanding within its core area and diversifying its product mix. The goal for PEI is to attain 50% light oil, 40% heavy oil and 10% gas.

PEI remains committed to ESG initiatives aimed at minimizing its environmental footprint, reducing and ultimately eliminating emissions, and exploring innovative methods to enhance API quality. This approach not only improves margins but also eliminates the need for diluents.

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FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements relating to the future operations of the Corporation and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will," "may," "should," "anticipate," "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding future plans and objectives of the Corporation, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Although Prospera 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 Prospera 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 and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Prospera. As a result, Prospera cannot guarantee that any forward-looking statement will materialize, and the reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release, and Prospera does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by Canadian securities law.

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

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