PetroTal Announces Q3 2023 Financial and Operating Results

13.11.2023 | Newsfile

Q3 2023 average sales and production of 11,553 bopd and 10,909 bopd respectively
Q3 2023 unrestricted cash of $94 million
OCP sales pilot commencing shortly with support from Ecuadorian government
US$0.02 per share dividend to be paid December 15, 2023

Calgary, November 13, 2023 - PetroTal Corp. (TSX: TAL) (AIM: PTAL) (OTCQX: PTALF) ("PetroTal" or the "Company") is pleased to report its operating and financial results for the three and nine months ended September 30, 2023 ("Q3").

Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited consolidated financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2023, which are available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.PetroTal‐Corp.com. All amounts herein are in United States dollars unless otherwise stated.

Selected Highlights

- Average quarterly sales and production of 11,553 and 10,909 barrels ("bbls") of oil per day ("bopd"), respectively, impacted by a severe dry season and consequent low river levels that limited barge transport and tanker unloading capacity at Manaus;
- Exited the quarter in a strong cash position with $113 million in total cash ($94 million unrestricted), up 22% from the end of the second quarter ("Q2") of 2023;
- The Company has declared a cash dividend of $0.02 per common share that will be paid December 15, 2023, with a record date of November 30, 2023. This represents a 15% annualized yield based on the current share price. In addition, the Company will continue to buy back shares under its normal course issuer bid, at approximately $1 million per month during the fourth quarter of 2023 ("Q4");
- Completed the latest well, 15H, in early June 2023 averaging 7,203 bopd during its first 30 days online. The well was shut-in in mid July due to production constraints caused by low river levels, and was briefly reopened last month for 10 days, averaging 5,000 bopd. The well is expected to be fully reopened the last week of November as river levels continue to rise;
- Completed installation of the new west drilling platform ("L2 West Platform") where the Company expects to drill future oil wells;
- Generated EBITDA and free funds flow of $42.0 million ($39.55/bbl) and $36.9 million ($34.76/bbl) respectively, compared to $70.0 million ($41.63/bbl) and $37.7 million ($22.41/bbl) in Q2 2023;
- Achieved net income of $25.4 million ($0.03/share) in Q3 2023 compared to $46.6 million ($0.05/share) in Q2 2023;
- Paid a dividend of $0.025/share and repurchased 5.6 million common shares in Q3 2023, representing a total of $26.1 million of capital returned to shareholders (~5.0% of September 30, 2023, market capitalization) due to record results in Q2 2023 financial performance; and,
- Enhanced the Board of Directors ("Board") by adding two new independent directors since June 30, 2023. Mr. Felipe Arbelaez Hoyos and Ms. Emily Morris joined the Board, each bringing significant breadth and depth in commercial strategy, capital markets, ESG and M&A to the PetroTal team.

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

"Despite a challenging Q3 from an oil sales perspective due to extremely low river levels, the Company delivered strong cash flows for the quarter, driven by robust Brent prices and prudent spending by the management team. This has allowed the Company to declare a cash dividend of $0.02 per common share. With river levels now rising we expect to be producing approximately 20,000 bopd consistently by the last week of November 2023.

Looking ahead to Q4 2023, management is very focused on optimizing existing logistics and unlocking new commercial sales routes, starting with our 100,000 barrel oil sales pilot through the Ecuador pipeline ("OCP"). If successful, and with some added facilities, we estimate this route could carry up to 5,000 bopd, significantly limiting the impact of future dry seasons. In addition, the commercial team has completed a significant Brazilian export milestone by unloading directly from barge to ship without requiring a terminal to unload the crude, bypassing that potential bottleneck.

As we contemplate future sales routes in our 2024 budget planning, including the route via Yurimaguas that should be ready next year, we are still expecting an ONP sales option in 2024 as Petroperu continues to work through their financial and operational challenges. We will continue to support constructive discussions with Petroperu in this area."

Selected Financial Highlights

The table below summarizes PetroTal's comparative financial position.

	Three Months Ended				Nine Months Ended September 30			
	Q3-2023		Q2-2023		2023		2022	
($ thousands US)	$/bbl	$ 000	$/bbl	$ 000	$/bbl	$ 000	$/bbl	$ 000
Average Production (bopd)		10,909		19,031		14,040		12,816
Average sales (bopd)		11,553		18,483		14,214		14,095
Total sales (bbls)[1]		1,062,851		1,681,962		3,880,424		3,847,807
Average Brent price	$84.65		$77.29		$81.88		$102.39	
Contracted sales price, gross	$84.31		$77.88		$80.45		$98.78	
Tariffs, fees and differentials	($19.25)		($21.26)		($20.34)		($22.03)	
Realized sales price, net	$65.05		$56.61		$60.01		$76.75	
Oil revenue[1]	$65.05	$69,142	$56.61	$95,229	$60.01	$232,865	$76.75	$295,350
Royalties[2]	$5.49	$5,835	$5.29	$8,899	$5.40	$20,972	$6.80	$26,166
Operating expense	$8.45	$8,982	$4.22	$7,100	$5.78	$22,436	$6.72	$25,839
Direct Transportation:								
Diluent	$1.72	$1,829	$0.98	$1,641	$1.25	$4,838	$2.12	$8,167
Barging	$0.80	$845	$0.53	$896	$0.68	$2,647	$1.46	$5,608
Diesel	$0.13	$141	$0.07	$120	$0.10	$374	$0.24	$938
Storage	$1.99	$2,114	$0.00	$0	$0.54	$2,114	$0.91	$3,517
Total Transportation	$4.64	$4,929	$1.58	$2,657	$2.57	$9,973	$4.73	$18,230
Net Operating Income[3,4]	$46.47	$49,396	$45.53	$76,573	$46.26	$179,484	$58.50	$225,114
G&A	$6.92	$7,355	$3.89	$6,548	$5.02	$19,462	$3.78	$14,549
EBITDA[3]	$39.55	$42,041	$41.63	$70,025	$41.24	$160,021	$54.72	$210,565
Adjusted EBITDA[3,5]	$50.76	$53,953	$38.09	$64,064	$40.93	$158,842	$57.11	$219,684
Net Income	$23.86	$25,359	$27.73	$46,635	$22.93	$88,975	$39.33	$151,351
Basic Shares Outstanding		916,700		922,306		916,700		859,324
Market Capitalization[6]		$522,519		$433,484		$522,519		$360,916
Net Income/Share		$0.03		$0.051		$0.10		$0.176
Capex		$17,011		$26,367		$76,296		$62,178
Free Funds Flow[3] [7]	$34.76	$36,944	$22.41	$37,697	$21.27	$82,547	$40.93	$157,506
% of Market Capitalization[6]		7.1%		8.7%		15.8%		43.6%
Total Cash[8]		$112,827		$92,552		$112,827		$93,018
Net Surplus (Debt) [3] [9]		$86,545		$97,523		$86,545		$75,505

1. Approximately 82% of Q3 2023 sales were through the Brazilian route vs 91% in Q2 2023.

2. Royalties at year to date September 30, 2023 and September 30, 2022 include the impact of the 2.5% community social trust.
3. Non-GAAP (defined below) measure that does not have any standardized meaning prescribed by GAAP and therefore may not be comparable with the calculation of similar measures presented by other entities. See "Selected Financial Measures" section.
4. Net operating income represents revenues less royalties, operating expenses, and direct transportation. See "Selected Financial Measures" section.
5. Adjusted EBITDA is net operating income less general and administrative ("G&A") and plus/minus realized derivative impacts. See "Selected Financial Measures" section.
6. Market capitalization for Q3 2023, Q2 2023, and Q3 2022 assume share prices of $0.57, $0.47, and $0.42, respectively.
7. Free funds flow is defined as adjusted EBITDA less capital expenditures. See "Selected Financial Measures" section.
8. Includes restricted cash balances.
9. Net Surplus (Debt) = Total cash + all trade and VAT receivables + short and long term net derivative balances - total current liabilities - long term debt - non current lease liabilities - net deferred tax - other long term obligations. See "Selected Financial Measures" section.

Q3 2023 Financial Variance Summary

	Three Months Ended			Nine Months Ended September 30		
US$/bbl Variance Summary	Q3 2023	Q2 2023	Variance	2023	2022	Variance
Oil Sales (bopd)	11,553	18,483	(693)	14,214	14,095	119
Contracted Brent Price	$84.31	$77.88	$6.43	$80.45	$98.78	($18.33)
Realized Sales Price	$65.05	$56.61	$8.44	$60.01	$76.75	($16.74)
Royalties	$5.49	$5.29	$0.20	$5.40	$6.80	($1.40)
Total Opex and Transportation	$13.09	$5.80	$7.29	$8.35	$11.45	($3.10)
Net Operating Income[1,2]	$46.47	$45.53	$0.94	$46.26	$58.50	($12.25)
G&A	$6.92	$3.89	$3.03	$5.02	$3.78	$1.24
EBITDA	$39.55	$41.63	($2.08)	$41.24	$54.72	($13.48)
Net Income	$23.86	$27.73	($3.87)	$22.93	$39.33	($16.41)
Free Funds Flow[3]	$34.76	$22.41	$12.35	$21.27	$40.93	($19.66)

Q3 2023 Financial Variance Commentary

- Strong contracted Brent price of $84.31/bbl compared to the preceding quarter of $77.88/bbl, resulting in a higher realized price by 15%;
- Higher operating expenses per barrel resulting from lower sales volumes in Q3 2023 compared to Q2 2023 and the inclusion of approximately $2 million in well servicing and erosion control costs in the quarter. Higher transportation costs were driven by an increase in floating storage costs caused by longer than usual barge travel times during the dry season;
- Capital spending in the quarter was $17 million compared to $26.4 million in Q2 2023 driven by lower rig activity. This generated a flat Q3 2023 free funds flow[1,3] dollar figure of approximately $37 million compared to Q2 2023, which increased 64% on a per barrel basis;
- Enhanced liquidity in Q3 2023 compared to Q2 2023, with total cash growing by $10 million to $112.8 million driven by timely AR collections, strong Brent prices and lower rig activity in the quarter; and,
- Strong balance sheet position in Q3 2023 with no debt and a net surplus [4] of $87 million.

1. See "Selected Financial Measures"
2. Net operating income represents revenues less royalties, operating expenses, and direct transportation; See "Selected Financial Measures" section.
3. Free funds flow is defined as adjusted EBITDA less capital expenditures. See "Selected Financial Measures" section.
4. Net Surplus (Debt) = Total cash + all trade and VAT receivables + short and long term net derivative balances - total current liabilities - long term debt - non current lease liabilities - net deferred tax - other long term obligations. See "Selected Financial Measures" section.

Financial and Operating Updates Subsequent to September 30, 2023

Current oil production. With river levels gradually increasing, production is ramping up. Production for October 2023 averaged 11,808 bopd, but increased to 13,420 bopd for the period October 17, 2023, to November 9, 2023. The Company expects to achieve an average of approximately 14,500 bopd for Q4 2023 and over 14,000 bopd for the 2023 full year.

OCP pilot project. PetroTal continues with plans to sell 100,000 barrels of crude oil into the OCP Ecuador pipeline for eventual arrival at Esmeralda's port. Subject to logistical optimization, facility additions and completion of the pilot, the Company estimates an eventual reliable oil sales route of up to 5,000 bopd. Notably, this route is expected to be less impacted by the lower water levels in dry seasons. PetroTal has secured the required barging and trucking service to support the route logistics and are now finalizing commercial terms for payment with an internationally recognized oil trading company.

Upcoming operations. The L2 West Platform has been completed on time and on budget. This will allow the Company to drill new locations. PetroTal will commence drilling its 17th well (16H) shortly, at an estimated cost of approximately $15 million, with production expected to begin early 2024.

Brazilian route optimization. PetroTal is pleased to announce a barge-to-ship arrangement recently approved by Transpetro, a Brazilian infrastructure and maritime transportation company. PetroTal will unload crude oil directly from barges to tanker, considerably reducing barge waiting times currently caused by terminal availability thereby allowing increased sales through the Brazilian route.

Q3 2023 dividend declaration. Based on the Company's current liquidity exceeding $60 million, PetroTal confirms that a cash dividend of $0.02 per common share will be declared and paid in Q4 2023. This represents a 15% annualized yield based on current share price and includes the recurring US$0.015 per common share amount plus an amount for a minimum liquidity sweep equal to US$0.005 per common share. The total dividend of $0.02 per common share will be paid according to the following timetable:

- Ex dividend date: November 29, 2023
- Record date: November 30, 2023
- Payment date: December 15, 2023

The dividend is an eligible dividend for the purposes of the Income Tax Act (Canada) and investors should note that the excess liquidity sweep portion of all future dividends may be subject to fluctuations up or down in accordance with the Company's return of capital policy. Shareholders outside of Canada should contact their respective brokers or registrar agents for the appropriate tax election forms regarding this dividend.

Canon distribution update. On October 20, 2023, Peruvian congress voted in favour of the new proposed canon distribution law, which was approved by Peruvian congress on November 9, 2023. The new law will reallocate 40% of the canon (payment from the government to the communities generated by oil and gas royalties) to the producing province encompassing municipalities and districts near the Bretana oil field. This should result in a smoother process for the Company to carry out exploration activities in Block 95, creating alignment between the Company, government and communities.

Corporate presentation update. The Company has updated its Corporate Presentation, which is available for download or viewing at www.petrotal-corp.com.

Q3 2023 webcast link for November 13, 2023

Please join the Company for its' Q3 2023 webcast on November 13, 2023 at 9am CT (Houston).

https://stream.brrmedia.co.uk/broadcast/650d4b6b39ad9f961be9caad

ABOUT PETROTAL

PetroTal is a publicly traded, tri‐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, the Company's filed documents at www.sedarplus.ca, or below:

Douglas Urch
Executive Vice President and Chief Financial Officer
Durch@PetroTal-Corp.com
T: (713) 609-9101

Manolo Zuniga
President and Chief Executive Officer
Mzuniga@PetroTal-Corp.com
T: (713) 609-9101

PetroTal Investor Relations
InvestorRelations@PetroTal-Corp.com

Celicourt Communications
Mark Antelme / Jimmy Lea
petrotal@celicourt.uk
T : 44 (0) 20 7770 6424

Strand Hanson Limited (Nominated & Financial Adviser)
Ritchie Balmer / James Spinney / Robert Collins
T: 44 (0) 207 409 3494

Stifel Nicolaus Europe Limited (Joint Broker)
Callum Stewart / Simon Mensley / Ashton Clanfield
T: +44 (0) 20 7710 7600

Peel Hunt LLP (Joint Broker)
Richard Crichton / David McKeown / Georgia Langoulant
T: +44 (0) 20 7418 8900

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, oil production levels and guidance, including the ramp up and resumption of shut-in production. All statements other than statements of historical fact may be forward-looking statements. 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. Without limitation, this press release contains forward-looking statements pertaining to: PetroTal's drilling, completions, workovers and other activities; the Company's plans and expectations with respect to its barge-to-ship commercial arrangement approved by Transpetro, including its effects on barge queue time and monthly sales in the Brazilian route moving forward; anticipated future production and revenue; drilling plans including the timing of drilling, commissioning, and startup (including in respect of well 16H and the L2 West Platform); expectations surrounding disrupted barge logistics and the consequences in respect thereof, including in relation to the Company's production guidance; expectations surrounding the L2 West Platform including the number of wells to be drilled at the location and the timing thereof; expectations surrounding oil production rates throughout the remainder of 2023; the Company's plans to declare and distribute a cash dividend of $0.015 per common share and buy back its own shares in Q4 2023 including in respect of the amounts and timing thereof; plans with respect to well 16H including in respect of anticipated costs, completion and timing thereof including the Company's plans to begin production at well 16H in early 2024; intentions with respect to return of capital, including quarterly eligible dividend payments equal to the sum of $0.015 per share per quarter and share buybacks of approximately $1 million per month; the Company's Q4 2023 declaration of cash dividends and timing thereof; and the Company's plans to announce its 2024 budget and timing thereof. 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. 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 government groups to effectively achieve 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 and the Israeli-Palestinian conflict). Please refer to the risk factors identified in the Company's most recent annual information form and MD&A which are available on SEDAR+ at www.sedarplus.ca. 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.

SHORT TERM RESULTS: References in this press release to peak rates, production rates since inception, current production rates, initial 12 day production rates and other short-term production rates are 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 of PetroTal.

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. "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. "Net Operating Income" (non-GAAP financial measure) is calculated as revenues less royalties, operating expenses, and direct transportation. The Company considers Net Operating Income measure as they demonstrate Company's profitability relative to current commodity prices. "Net surplus (debt)" (non-GAAP financial measure) is calculated by adding together total cash, trade and VAT receivables, and short and long-term net derivative balances less total current liabilities, long-term debt, non-current lease liabilities, deferred tax, and other long-term obligations. Net surplus (debt) is used by management to provide a more complete understanding of the Company's capital structure and provides a key measure to assess the Company's liquidity. "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 funds 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. "Free cash flow" (non-GAAP financial measure) is calculated as EBITDA less G&A less Capex prior to the realization of any derivative impacts.

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 PetroTal's prospective results of operations and production results, free funds flow, balance sheet strength, 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.

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