

Alvopetro Announces Q1 2024 Results and Details for the Q1 2024 Earnings Call, April Sales Volumes, an Operational Update and Details for our Upcoming AGM

08.05.2024 | [CNW](#)

CALGARY, May 8, 2024 - [Alvopetro Energy Ltd.](#) (TSXV: ALV) (OTCQX: ALVOF) announces April 2024 sales volumes, operational update, financial results for the three months ended March 31, 2024 and details for both our Q1 2024 earnings call and our upcoming annual general and special meeting.

All references herein to \$ refer to United States dollars, unless otherwise stated and all tabular amounts are in thousand United States dollars, except as otherwise noted.

April Sales Volumes

April sales volumes averaged 1,808 boepd, including natural gas sales of 10.3 MMcfpd, associated natural gas liquids and condensate of 79 boepd and oil sales of 18 boepd, based on field estimates.

Natural gas, NGLs and crude oil sales: April 2024 March 2024

Natural gas (Mcfpd), by field:

Caburé	9,773	10,437
Murucututu	492	462
Total natural gas (Mcfpd)	10,265	10,899
NGLs (boepd)	79	86
Oil (boepd)	18	8
Total (boepd)	1,808	1,911

Operational Update

We have completed the planned chemical injection program in our 197-1 well. This program was designed to enhance production from the well and we are in the process of bringing the back online to the field production facility. Following this project, we will recompleting our 183-1 well in an uphole Caruaçu zone. We expect to initiate this project in the next two weeks, with production results anticipated in June. Following this, we also plan to finish the completion of our 183-A3 well. This well was drilled to a measured depth of 3,540 metres and based on open-hole logs, the well encountered potential net natural gas pay in both the Caruaçu Member of the Maracangalha Formation and the Gomo Member of the Candeias Formation, with an aggregated potential vertical depth of potential natural gas pay, using a 6% porosity cutoff, 50% Vshale cut-off and 50% water saturation cutoff. The 183-A3 work is expected to start at the beginning of the third quarter pending equipment availability.

On April 4, 2024, the independent expert appointed in connection with the redetermination of working interests in the unit which includes Alvopetro's Caburé natural gas field (the "Unit"), found in favour of Alvopetro, increasing Alvopetro's working interest from 49.1% to 56.2%. Our partner filed a notice of dispute seeking to stay the redetermination result. Alvopetro has filed an emergency arbitration request before the International Chamber of Commerce ("ICC") seeking an injunction to make the decision effective in the interim, starting on June 1, 2024, as provided for in our Unit Operating Agreement ("UOA"). The

may ultimately need to be decided by an arbitral tribunal pursuant to the Rules of Arbitration of the ICC as provided for terms of the UOA.

Financial and Operating Highlights - First Quarter of 2024

- Our daily sales averaged 1,701 boepd during the quarter, a decrease of 21% from Q4 2023 and 39% from Q1 2023, due to lower natural gas demand and reduced availability from the Unit.
- Our average realized natural gas price was \$12.57/Mcf, a 4% increase from Q1 2023, and our overall realized price was \$75.94 (+4% from Q1 2023).
- With lower overall sales volumes, our natural gas, condensate and oil revenue was \$11.8 million in Q1 2024, a decrease of \$3.5 million (-23%) compared to Q4 2023 and a decrease of \$6.4 million (-35%) compared to Q1 2023.
- Our operating netback in the quarter was \$66.16 per boe (-\$0.45 per boe from Q1 2023) with higher production volumes more than offsetting the increase in realized sales prices.
- We generated funds flows from operations of \$8.5 million (\$0.23 per basic and per diluted share), a decrease of \$3.9 million compared to Q1 2023 and \$3.9 million compared to Q4 2023.
- We reported net income of \$4.6 million in Q1 2024, a decrease of \$7.7 million compared to Q1 2023 and an increase of \$1.1 million compared to Q4 2023.
- Capital expenditures totaled \$2.4 million, including completion costs for the 183-A3 well on our Murucututu natural gas site construction costs for a new well pad on the Murucututu field and equipment purchases for upcoming capital projects.
- Consistent with lower overall sales volumes and funds flow from operations in the quarter, our Board of Directors declared the quarterly dividend to \$0.09 per share. The dividend was paid on April 15, 2024 to shareholders of record on March 29, 2024.
- Our working capital surplus was \$15.0 million as of March 31, 2024, increasing \$1.9 million from December 31, 2023.

The following table provides a summary of Alvo Petro's financial and operating results for the periods noted. The consolidated financial statements with the Management's Discussion and Analysis ("MD&A") are available on our website at www.alvo.com and will be available on the SEDAR+ website at www.sedarplus.ca.

	As at and Three Months Ended		
	March 31,		
	2024	2023	Change (%)
Financial			
(\$000s, except where noted)			
Natural gas, oil and condensate sales	11,752	18,160	(35)
Net income	4,550	12,202	(63)
Per share - basic (\$) ⁽¹⁾	0.12	0.34	(65)
Per share - diluted (\$) ⁽¹⁾	0.12	0.33	(64)
Cash flows from operating activities	8,213	13,856	(41)
Per share - basic (\$) ⁽¹⁾	0.22	0.38	(42)
Per share - diluted (\$) ⁽¹⁾	0.22	0.37	(41)
Funds flow from operations ⁽²⁾	8,513	14,972	(43)
Per share - basic (\$) ⁽¹⁾	0.23	0.41	(44)
Per share - diluted (\$) ⁽¹⁾	0.23	0.40	(43)
Dividends declared	3,296	5,104	(35)
Per share ⁽¹⁾	0.09	0.14	(36)

Capital expenditures	2,439	3,291	(26)
Cash and cash equivalents	17,450	24,623	(29)
Net working capital ⁽²⁾	15,047	20,915	(28)
Weighted average shares outstanding			
Basic (000s) ⁽¹⁾	37,282	36,323	3
Diluted (000s) ⁽¹⁾	37,693	37,470	1

Operations

Natural gas, NGLs and crude oil sales:

Natural gas (Mcfpd), by field:

Caburé (Mcfpd)	9,236	15,637	(41)
Murucututu (Mcfpd)	430	158	172
Total natural gas (Mcfpd)	9,666	15,795	(39)
NGLs - condensate (bopd)	78	130	(40)
Oil (bopd)	12	5	140
Total (boepd)	1,701	2,767	(39)

Average realized prices⁽²⁾:

Natural gas (\$/Mcf)	12.57	12.06	4
NGLs - condensate (\$/bbl)	87.89	84.10	5
Oil (\$/bbl)	65.06	72.29	(10)
Total (\$/boe)	75.94	72.92	4

Operating netback (\$/boe)⁽²⁾

Realized sales price	75.94	72.92	4
Royalties	(2.02)	(2.34)	(14)
Production expenses	(7.76)	(3.97)	95

(1) Operating netback amounts are based on weighted average shares outstanding other than dividends per share, which is based on the number of common shares outstanding at each dividend record date. The weighted average netback amount based on common shares outstanding in the computation of funds flow from operations and cash flows from operating activities per share is the same as for net income per share.

(2) See "Non-GAAP and Other Financial Measures" section within this news release.

Q1 2024 Results Webcast

Alvopetro will host a live webcast to discuss our Q1 2024 financial results at 9:00 am Mountain time on Thursday May 9. Details for joining the event are as follows:

DATE: May 9, 2024

TIME: 9:00 AM Mountain/11:00 AM Eastern
LINK: <https://us06web.zoom.us/j/88909857820>
DIAL-IN NUMBERS: <https://us06web.zoom.us/u/kwXOrGk7>
WEBINAR ID: 889 0985 7820

The webcast will include a question-and-answer period. Online participants will be able to ask questions through the Zoom chat. Dial-in participants can email questions directly to socialmedia@alvopetro.com.

Annual General Meeting

Alvopetro's annual general and special meeting (the "Meeting") will be held on Tuesday, June 18, 2024 at the Penn West Conference Centre (Suite 211, 207 9th Avenue SW, Calgary, Alberta) beginning at 9:30 a.m. Mountain time. The management information circular and all related materials will be available on our website and www.sedarplus.ca later this month.

All interested parties are invited to attend the Meeting. We will also be broadcasting the meeting via live webcast for the benefit of all shareholders. Please be advised that shareholders will not be able to vote any shares through this webcast format. Information on how to join the event are as follows:

DATE: June 18, 2024
TIME: 9:30 AM Mountain/11:30 AM Eastern
LINK: <https://us06web.zoom.us/j/85643699805>
DIAL-IN NUMBERS: <https://us06web.zoom.us/u/kdTMTKlxry>
WEBINAR ID: 856 4369 9805

Corporate Presentation

Alvopetro's updated corporate presentation is available on our website at: <http://www.alvopetro.com/corporate-presentation>.

Social Media

Follow Alvopetro on our social media channels at the following links:

Twitter - <https://twitter.com/AlvopetroEnergy>
Instagram - <https://www.instagram.com/alvopetro/>
LinkedIn - <https://www.linkedin.com/company/alvopetro-energy-ltd>

[Alvopetro Energy Ltd.](#)'s vision is to become a leading independent upstream and midstream operator in Brazil. Our strategy is to unlock the on-shore natural gas potential in the state of Bahia in Brazil, building off the development of our Caburé and other natural gas fields and our strategic midstream infrastructure.

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

Abbreviations:

\$000s = thousands of U.S. dollars

boepd = barrels of oil equivalent ("boe") per day

bopd = barrels of oil and/or natural gas liquids (condensate) per day

BRL = Brazilian Real

Mcf = thousand cubic feet

Mcfpd = thousand cubic feet per day

MMcf = million cubic feet

MMcfpd = million cubic feet per day

NGLs = natural gas liquids (condensate)

Q1 2023 = three months ended March 31, 2023

Q1 2024 = three months ended March 31, 2024

Q4 2023 = three months ended December 31, 2023

USD = United States dollars

GAAP = IFRS Accounting Standards

Non-GAAP and Other Financial Measures

This news release contains references to various non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures as such terms are defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure. Such measures are not recognized measures under GAAP and do not have a standardized meaning prescribed by IFRS and might not be comparable to similar financial measures disclosed by other issuers. While these measures may be common in the oil and gas industry, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. The non-GAAP and other financial measures referred to in this report should not be considered an alternative to, or more meaningful than measures prescribed by IFRS and they are not meant to enhance the Company's reported financial performance or position. These are complementary measures that are used by management in assessing the Company's financial performance, efficiency and liquidity and they may be used by investors or other users of this document for the same purpose. Below is a description of the non-GAAP financial measures, non-GAAP ratios, capital management measures and supplementary financial measures used in this news release. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures and Other Financial Measures" section of the Company's MD&A which may be accessed through the SEDAR+ website at www.sedarplus.ca.

Non-GAAP Financial Measures

Operating netback

Operating netback is calculated as natural gas, oil and condensate revenues less royalties and production expenses. This calculation is provided in the "Operating Netback" section of the Company's MD&A using our IFRS measures. The Company's MD&A may be accessed through the SEDAR+ website at www.sedarplus.ca. Operating netback is a common metric used in the oil and gas industry used to demonstrate profitability from operations.

Non-GAAP Financial Ratios

Operating netback per boe

Operating netback is calculated on a per unit basis, which is per barrel of oil equivalent ("boe"). It is a common non-GAAP measure used in the oil and gas industry and management believes this measurement assists in evaluating the operating performance of the Company. It is a measure of the economic quality of the Company's producing assets and is useful for evaluating variable costs as it provides a reliable measure regardless of fluctuations in production. Alvo Petro calculated operating netback per boe as operating netback divided by total sales volumes (boe). This calculation is provided in the "Operating Netback" section of the Company's MD&A using our IFRS measures. The Company's MD&A may be accessed through the SEDAR+ website at www.sedarplus.ca. Operating netback is a common metric used in the oil and gas industry used to demonstrate profitability from operations on a per boe basis.

Operating netback margin

Operating netback margin is calculated as operating netback per boe divided by the realized sales price per boe. Operating netback margin is a measure of the profitability per boe relative to natural gas, oil and condensate sales revenues per boe and is calculated as follows:

	Three Months Ended	
	March 31,	
	2024	2023
Operating netback - \$ per boe	66.16	66.61
Average realized price - \$ per boe	75.94	72.92
Operating netback margin	87 %	91 %

Funds Flow from Operations Per Share

Funds flow from operations per share is a non-GAAP ratio that includes all cash generated from operating activities and is calculated before changes in non-cash working capital, divided by the weighted average shares outstanding for the respective period. For the periods reported in this news release the cash flows from operating activities per share and funds flow from operations per share is as follows:

	Three Months Ended	
	March 31,	
\$ per share	2024	2023
Per basic share:		
Cash flows from operating activities	0.22	0.38
Funds flow from operations	0.23	0.41
Per diluted share:		
Cash flows from operating activities	0.22	0.37
Funds flow from operations	0.23	0.40

Capital Management Measures

Funds Flow from Operations

Funds flow from operations is a non-GAAP capital management measure that includes all cash generated from operating activities and is calculated before changes in non-cash working capital. The most comparable GAAP measure to funds flow from operations is cash flows from operating activities. Management considers funds flow from operations important as it helps evaluate financial performance and demonstrates the Company's ability to generate sufficient cash to fund future growth opportunities. Funds flow from operations should not be considered an alternative to, or more meaningful than, cash flows from operating activities however management finds that the impact of working capital items on the cash flows reduces the comparability of the metric from period to period. A reconciliation of funds flow from operations to cash flows from operating activities is as follows:

	Three Months Ended	
	March 31,	
	2024	2023
Cash flows from operating activities	8,213	13,856
Add back changes in non-cash working capital	300	1,116
Funds flow from operations	8,513	14,972
Net Working Capital		

Net working capital is computed as current assets less current liabilities. Net working capital is a measure of liquidity, is used to evaluate financial resources, and is calculated as follows:

	As at March 31,	
	2024	2023
Total current assets	24,149	33,264
Total current liabilities	(9,102)	(12,349)
Net working capital	15,047	20,915

Supplementary Financial Measures

"Average realized natural gas price - \$/Mcf" is comprised of natural gas sales as determined in accordance with IFRS, divided by the Company's natural gas sales volumes.

"Average realized NGL - condensate price - \$/bbl" is comprised of condensate sales as determined in accordance with IFRS, divided by the Company's NGL sales volumes from condensate.

"Average realized oil price - \$/bbl" is comprised of oil sales as determined in accordance with IFRS, divided by the Company's oil sales volumes.

"Average realized price - \$/boe" is comprised of natural gas, condensate and oil sales as determined in accordance with IFRS, divided by the Company's total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

"Dividends per share" is comprised of dividends declared, as determined in accordance with IFRS, divided by the number of shares outstanding at the dividend record date.

"Royalties per boe" is comprised of royalties, as determined in accordance with IFRS, divided by the total

natural gas, NGL and oil sales volumes (barrels of oil equivalent).

"Production expenses per boe" is comprised of production expenses, as determined in accordance with IFRS, divided by the total natural gas, NGL and oil sales volumes (barrels of oil equivalent).

BOE Disclosure

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this news release are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Testing and Well Results

Data obtained from the 183-A3 well identified in this press release including net pay and porosities should be considered to be preliminary. There is no representation by Alvopetro that the data relating to the 183-A3 well contained in this press release is necessarily indicative of long-term performance or ultimate recovery. The reader is cautioned not to unduly rely on such data as such data may not be indicative of future performance of the well or of expected production or operational results for Alvopetro in the future.

Forward-Looking Statements and Cautionary Language

This news release contains forward-looking information within the meaning of applicable securities laws. The use of any of the words "will", "expect", "intend" and other similar words or expressions are intended to identify forward-looking information. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the expectations discussed in the forward-looking statements. These forward-looking statements reflect current assumptions and expectations regarding future events. Accordingly, when relying on forward-looking statements to make decisions, Alvopetro cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. More particularly and without limitation, this news release contains forward-looking statements concerning the redetermination and Alvopetro's working interest share of the Unit, the arbitration procedures, plans relating to the Company's operational activities, proposed exploration development activities and the timing for such activities, the expected natural gas price, gas sales and gas deliveries under Alvopetro's long-term gas sales agreement, exploration and development prospects of Alvopetro, capital spending levels, future capital and operating costs, future production and sales volumes, production allocations from the Caburé natural gas field, anticipated timing for upcoming drilling and testing of other wells, projected financial results, and sources and availability of capital. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to, expectations and assumptions concerning the timing of regulatory licenses and approvals, equipment availability, the success of future drilling, completion, testing, recompletion and development activities and the timing of such activities, the performance of producing wells and reservoirs, well development and operating performance, expectations regarding Alvopetro's working interest and the outcome of any redeterminations, environmental regulation, including regulation relating to hydraulic fracturing and stimulation, the ability to monetize hydrocarbons discovered, the outlook for commodity markets and ability to access capital markets, foreign exchange rates, general economic and business conditions, forecasted demand for oil and natural gas, the impact of global pandemics, weather and access to drilling locations, the availability and cost of labour and services, the regulatory and legal environment and other risks associated with oil and gas operations. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. In addition, the declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors. Although we believe 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 we 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, reliance on industry partners, availability of equipment and personnel, uncertainty surrounding timing for drilling and completion activities resulting from weather and other factors, changes in applicable regulatory regimes and health, safety and environmental risks), commodity price and foreign exchange rate fluctuations, market uncertainty associated with financial institution instability, and general economic conditions. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Although Alvo Petro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Alvo Petro can give no assurance that it will prove to be correct. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on factors that could affect the operations or financial results of Alvo Petro are included in our AIF which may be accessed on Alvo Petro's SEDAR+ profile at www.sedarplus.ca. The forward-looking information contained in this news release is made as of the date hereof and Alvo Petro undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE [Alvo Petro Energy Ltd.](#)

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