

# Petrus Resources Announces Second Quarter 2024 Financial & Operating Results

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CALGARY, Aug. 07, 2024 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results as at and for the three and six months ended June 30, 2024.

## Q2 2024 HIGHLIGHTS:

- Production - Production for the first half of 2024 averaged 9,627 boe/d<sup>(1)</sup>, up from 9,474 boe/d in the fourth quarter of 2023, despite reduced capital investment, scheduled downtime associated with maintenance, and strategic shut-ins due to low natural gas prices in the first half of 2024.
- Increased oil production - Average oil weighting for the first half of 2024 increased to 15%, up from 13% in the fourth quarter of 2023. Over the same time period, oil production increased 17% to an average of 1,426 boe/d.
- Operating expense down 27% - Operating expense was \$4.96/boe in the second quarter of 2024, a 27% decrease from \$6.76/boe in the prior quarter. The lower per boe operating expense was primarily due to reduced power costs and an increase in processing and transportation fees received from third-parties.
- Commodity prices - Total realized price was \$26.81/boe in the second quarter of 2024, a 15% decrease compared to \$31.42/boe in the prior quarter. Realized natural gas prices fell by 44%, partially offset by oil and NGL prices which increased by 15% and 13%, respectively.
- Funds flow<sup>(2)</sup> - Generated funds flow of \$10.6 million (\$0.09 per share<sup>(3)</sup>) in the second quarter of 2024, a 35% decrease compared to the \$16.3 million (\$0.13 per share) reported in the first quarter of 2024. The decrease is attributable to lower natural gas prices, lower production, and a loss on hedge contract settlements.
- Dividends - Petrus continued to pay its monthly dividend of \$0.01 per share in the second quarter with dividend payments to shareholders totaling \$3.7 million.

## OUTLOOK<sup>(4)</sup>

In June, Petrus successfully completed the 3 (3.0 net) operated wells drilled in the first quarter of 2024 and the wells came on production in late July.

The Company's 2024 drilling program is expected to resume in September 2024 with a limited capital program for the second half of the year. Debt is expected to remain flat for the remainder of 2024.

For the balance of 2024, the Company has hedged approximately 48% of forecast production at approximately \$3.00/GJ for natural gas and CAD\$98.00/bbl for oil. With this strategy, the Company is well positioned to continue its monthly dividend payment. As always, Petrus will closely monitor changing market conditions and is ready to adjust its capital program accordingly, guided by its commitment to delivering sustainable returns to shareholders.

<sup>(1)</sup>Disclosure of production on a per boe basis consists of the constituent product types and their respective quantities. Refer to "BOE Presentation" for further details.

<sup>(2)</sup>Non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures"

<sup>(3)</sup>Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

<sup>(4)</sup>Refer to "Advisories - Forward-Looking Statements".

## SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months	Three months	Three months	Three months	Three months
	ended	ended	ended	ended	ended
	Jun. 30, 2024	Jun. 30, 2023	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Average Production					
Natural gas (mcf/d)	38,908	44,010	40,174	39,891	42,045
Oil and condensate (bbl/d)	1,322	1,670	1,529	1,218	1,316
NGLs (bbl/d)	1,664	1,486	1,557	1,607	1,556
Total (boe/d)	9,471	10,492	9,783	9,474	9,880
Total (boe) <sup>(1)</sup>	861,838	954,738	890,267	871,567	908,985
Liquids weighting	32	% 30	% 32	% 30	% 29
Realized Prices					
Natural gas (\$/mcf)	1.41	2.64	2.54	2.76	2.81
Oil (\$/bbl)	103.77	91.69	90.38	98.63	99.33
NGLs (\$/bbl)	37.25	34.82	43.09	37.26	37.09
Total realized price (\$/boe)	26.81	30.59	31.42	30.60	31.05
Royalty income	0.05	0.06	0.07	0.09	0.06
Royalty expense	(3.83)	) (3.66)	) (3.89)	) (4.78)	) (3.37)
Gain on risk management activities	-	0.03	-	-	-
Net oil and natural gas revenue (\$/boe)	23.03	27.02	27.60	25.91	27.74
Operating expense	(4.96)	) (5.83)	) (6.76)	) (5.07)	) (6.70)
Transportation expense	(1.46)	) (1.40)	) (1.81)	) (1.46)	) (1.54)
Operating netback <sup>(2)</sup> (\$/boe)	16.61	19.79	19.03	19.38	19.50
Realized gain (loss) on financial derivatives	(0.36)	) 3.56	2.90	1.99	1.21
Other cash income (expense)	0.05	0.04	0.05	(0.18)	) 0.04
General & administrative expense	(1.34)	) (1.55)	) (1.32)	) (0.37)	) (1.27)
Cash finance expense	(1.91)	) (1.33)	) (1.78)	) (1.43)	) (1.26)
Decommissioning expenditures	(0.72)	) (0.58)	) (0.61)	) (0.43)	) (0.34)
Funds flow & corporate netback <sup>(2)</sup> (\$/boe)	12.33	19.93	18.27	18.96	17.88
FINANCIAL (000s except \$ per share)	Three months	Three months	Three months	Three months	Three months
	ended	ended	ended	ended	ended
	Jun. 30, 2024	Jun. 30, 2023	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023
Oil and natural gas sales	23,150	29,266	28,039	26,747	28,273
Net income (loss)	2,789	5,043	(5,333)	) 39,708	(11,293)
Net income (loss) per share					
Basic	0.02	0.04	(0.04)	) 0.32	(0.09)
Fully diluted	0.02	0.04	(0.04)	) 0.32	(0.09)
Funds flow <sup>(2)</sup>	10,628	19,040	16,272	16,525	16,243
Funds flow per share <sup>(2)</sup>					
Basic	0.09	0.15	0.13	0.13	0.13
Fully diluted	0.08	0.15	0.13	0.13	0.13
Capital expenditures	6,907	3,380	12,343	32,029	21,617
Acquisitions (dispositions)	-	(100)	) -	-	-
Weighted average shares outstanding					
Basic	124,290	123,752	124,299	123,812	123,743
Fully diluted	126,559	127,040	124,299	124,840	123,743
As at period end					
Common shares outstanding					
Basic	124,372	123,849	124,259	124,266	123,867
Fully diluted	134,919	134,423	134,484	134,542	134,436

Total assets	419,584	383,231	427,574	437,842	380,100
Non-current liabilities	59,511	62,630	59,995	60,926	59,687
Net debt <sup>(2)</sup>	61,848	36,186	63,114	62,596	42.251

<sup>(1)</sup>Disclosure of production on a per boe basis consists of the constituent product types and their respective quantities. Refer to "BOE Presentation" for further details.

<sup>(2)</sup>Non-GAAP financial measure or non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

## OPERATIONS UPDATE

Second quarter average production by area was as follows:

For the three months ended June 30, 2024	Ferrier	Foothills	Central Alberta	Total
Natural gas (mcf/d)	33,340	1,085	4,483	38,908
Oil and condensate (bbl/d)	998	78	246	1,322
NGLs (bbl/d)	1,528	7	129	1,664
Total (boe/d)	8,082	267	1,122	9,471

Second quarter average production was 9,471 boe/d in 2024 compared to 10,492 boe/d in 2023. The 9.7% decrease in production from the prior year comparative period was mainly due to a decrease in drilling and completion activity, natural declines and uneconomic wells shut-in due to low gas prices.

Completion activities for the wells drilled earlier in 2024 began in late June and the wells commenced production in late July.

## CAPITAL EXPENDITURES

Capital expenditures (excluding acquisitions and dispositions) totaled \$6.9 million in the second quarter of 2024, compared to \$3.4 million in the prior year comparative period. The majority of the capital spent in the second quarter of 2024 is related to the completion activities for the operated wells drilled in the first quarter of 2024.

The following table shows capital expenditures (excluding acquisitions and dispositions) for the reporting periods indicated. All capital is presented before decommissioning obligations.

Capital Expenditures (\$000s)	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Drill and complete	5,687	448	15,527	24,629
Oil and gas equipment	986	2,472	3,230	7,077
Geological	-	30	-	545
Land and lease	7	57	7	217
Office	-	86	6	102
Capitalized general and administrative expense	227	287	479	546
Total capital expenditures	6,907	3,380	19,249	33,116
Gross (net) wells drilled	-	-	10 (5.3)	7 (7.0)

An updated corporate presentation can be found on the Company's website at [www.petrusresources.com](http://www.petrusresources.com).

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## NON-GAAP AND OTHER FINANCIAL MEASURES

This press release makes reference to the terms "operating netback" (on an absolute and \$/boe basis), "corporate netback" (on an absolute and \$/boe basis), "funds flow" (on an absolute, per share (basic and fully diluted) and \$/boe basis), and "net debt". These non-GAAP and other financial measures are not recognized measures under GAAP (IFRS) and do not have a standardized meaning prescribed by GAAP (IFRS). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. These non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS as indicators of our performance. Management uses these non-GAAP and other financial measures for the reasons set forth below.

### *Operating Netback*

Operating netback is a common non-GAAP financial measure used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product type at the oil and natural gas lease level. The most directly comparable GAAP measure to operating netback is oil and natural gas sales. Operating netback is calculated as oil and natural gas revenue less royalty expenses, gain (loss) on risk management activities, operating expenses and transportation expenses. See below for a reconciliation of operating netback to oil and natural gas sales.

Operating netback (\$/boe) is a non-GAAP ratio used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product type at the oil and natural gas lease level. It is calculated as operating netbacks divided by weighted average daily production on a per boe basis. See below.

### *Corporate Netback and Funds Flow*

Corporate netback or funds flow is a common non-GAAP financial measure used in the oil and natural gas industry which evaluates the Company's profitability at the corporate level. Corporate netback and funds flow are used interchangeably. Petrus analyzes these measures on an absolute value and on a per unit (boe) and per share (basic and fully diluted) basis as non-GAAP ratios. Management believes that funds flow and corporate netback provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. They are calculated as the operating netback less general and administrative expense, cash finance expense and decommissioning expenditures, plus or minus other income (expense) and the realized gain (loss) on financial derivatives. See below for a reconciliation of funds flow and corporate netback to oil and natural gas revenue.

Corporate netback (\$/boe) or funds flow (\$/boe) is a non-GAAP ratio used in the oil and natural gas industry which evaluates the Company's profitability at the corporate level. Management believes that funds flow (\$/boe) or corporate netback (\$/boe) provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. It is calculated as corporate netbacks or funds flow divided by weighted average daily production on a per boe basis. See below.

Funds flow per share (basic and fully diluted) is comprised of funds flow divided by basic or fully diluted weighted average common shares outstanding.

	Three months ended		Three months ended		Six months ended		Six months ended	
	Jun. 30, 2024		Jun. 30, 2023		June 30, 2024		June 30, 2023	
	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas sales	23,150	26.86	29,266	30.65	51,189	29.22	70,585	33.86
Royalty expense	(3,305 )	(3.83 )	(3,492 )	(3.66 )	(6,766 )	(3.86 )	(10,026 )	(5.00 )
Gain (loss) on risk management activities	-	-	32	0.03	-	-	1,522	0.03
Net oil and natural gas revenue	19,845	23.03	25,806	27.02	44,423	25.36	62,081	33.89

Transportation expense	(1,259 )	(1.46 )	(1,341 )	(1.40 )	(2,874 )	(1.64 )	(3,443 )	(1.64 )
Operating expense	(4,271 )	(4.96 )	(5,566 )	(5.83 )	(10,289 )	(5.87 )	(13,000 )	(5.87 )
Operating netback	14,315	16.61	18,899	19.79	31,260	17.85	45,638	17.85
Realized gain (loss) on financial derivatives	(307 )	(0.36 )	3,398	3.56	2,276	1.30	5,212	1.30
Other income <sup>(1)</sup>	40	0.05	37	0.04	88	0.05	206	0.05
General & administrative expense	(1,152 )	(1.34 )	(1,476 )	(1.55 )	(2,330 )	(1.33 )	(2,706 )	(1.33 )
Cash finance expense	(1,650 )	(1.91 )	(1,269 )	(1.33 )	(3,231 )	(1.84 )	(2,409 )	(1.84 )
Decommissioning expenditures	(618 )	(0.72 )	(549 )	(0.58 )	(1,162 )	(0.66 )	(686 )	(0.66 )
Funds flow and corporate netback	10,628	12.33	19,040	19.93	26,901	15.37	45,255	15.37

<sup>(1)</sup>Excludes non-cash government grant related to decommissioning expenditures.

	Three months ended		Three months ended		Three months ended	
	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023
	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas sales	28,039	31.50	26,747	30.70	28,273	31.11
Royalty expense	(3,461 )	(3.89 )	(4,167 )	(4.78 )	(3,061 )	(3.37 )
Net oil and natural gas revenue	24,578	27.61	22,580	25.92	25,212	27.74
Transportation expense	(1,615 )	(1.81 )	(1,271 )	(1.46 )	(1,401 )	(1.54 )
Operating expense	(6,018 )	(6.76 )	(4,419 )	(5.07 )	(6,086 )	(6.70 )
Operating netback	16,945	19.04	16,890	19.39	17,725	19.50
Realized gain on financial derivatives	2,583	2.90	1,737	1.99	1,102	1.21
Other income (expense) <sup>(1)</sup>	48	0.05	(161 )	(0.18 )	34	0.04
General & administrative expense	(1,178 )	(1.32 )	(319 )	(0.37 )	(1,158 )	(1.27 )
Cash finance expense	(1,581 )	(1.78 )	(1,246 )	(1.43 )	(1,148 )	(1.26 )
Decommissioning expenditures	(545 )	(0.61 )	(376 )	(0.43 )	(312 )	(0.34 )
Funds flow and corporate netback	16,272	18.28	16,525	18.97	16,243	17.88

<sup>(1)</sup>Excludes non-cash government grant related to decommissioning expenditures.

### Net Debt

Net debt is a non-GAAP financial measure and is calculated as the sum of long term debt and working capital (current assets and current liabilities), excluding the current financial derivative contracts and current portion of the lease obligation and decommissioning obligation. Petrus uses net debt as a key indicator of its leverage and strength of its balance sheet. Net debt is reconciled, in the table below, to long-term debt which is the most directly comparable GAAP measure.

(\$000s)	As at Jun. 30, 2024	As at Jun. 30, 2023	As at Sept. 30, 2023	As at Dec. 31, 2023
Long-term debt	25,000	25,000	25,000	25,000
Current assets	(16,333 )	(28,150 )	(19,375 )	(30,805 )
Current liabilities	52,379	30,032	40,636	61,755
Current financial derivatives	1,276	10,224	(3,397 )	8,374
Current portion of lease obligation	(237 )	(249 )	(254 )	(258 )
Current portion of decommissioning obligation	(237 )	(671 )	(359 )	(1,470 )
Net debt	61,848	36,186	42,251	62,596

### ADVISORIES

#### Basis of Presentation

Financial data presented above has largely been derived from the Company's financial statements, prepared in accordance with GAAP which require publicly accountable enterprises to prepare their financial statements using IFRS. Accounting policies adopted by the Company are set out in the notes to the audited consolidated financial statements as at and for the twelve months ended December 31, 2023. The reporting and the measurement currency is the Canadian dollar. All financial information is expressed in Canadian

dollars, unless otherwise stated.

### *Forward-Looking Statements*

Certain information regarding Petrus set forth in this press release contains forward-looking statements within the meaning of applicable securities law, that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such statements represent Petrus' internal projections, estimates, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Petrus believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Petrus' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Petrus. In particular, forward-looking statements included in this press release include, but are not limited to, statements with respect to: that the Company's 2024 drilling program is expected to resume in September 2024 with a limited capital program for the second half of the year; that debt is expected to remain flat for the remainder of 2024; the percentage of our forecast production for the balance of 2024 that is hedged; that our hedging strategy leaves us well positioned to continue our monthly dividend payment; and that we will closely monitor changing market conditions and adjust our capital program accordingly, guided by our commitment to delivering sustainable returns to shareholders. In addition, statements relating to "reserves" 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.

These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including: the impact of general economic conditions; volatility in market prices for crude oil, NGL and natural gas; industry conditions; currency fluctuation; changes in interest rates and inflation rates; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; and/or increase our costs, decrease our production, or otherwise impede our ability to operate our business; extreme weather events, such as wild fires, floods, drought and extreme cold or warm temperatures, each of which could result in substantial damage to our assets and/or increase our costs, decrease our production, or otherwise impede our ability to operate our business; stock market volatility; ability to access sufficient capital from internal and external sources; and the other risks and uncertainties described in the AIF. With respect to forward-looking statements contained in this press release, Petrus has made assumptions regarding: the amount of dividends that we pay may be reduced or suspended entirely; that we reduce or suspend the repurchase of shares under our NCIB; future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment and services; effects of regulation by governmental agencies; the effects of inflation on our costs and profitability; future interest rates; and future operating costs. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide investors with a more complete perspective on Petrus' future operations and such information may not be appropriate for other purposes. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Petrus' prospective results of operations including, without limitation, our forecast for our capital program for the second half of the year, our expectation for debt levels for the remainder of 2024, the percentage of our forecast production for the balance of 2024 that is hedged, and that we are well positioned to continue our monthly dividend payment, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Petrus will derive therefrom. Petrus has included the FOFI in order to provide readers with a more complete perspective on Petrus' future operations and such information may not

be appropriate for other purposes.

These forward-looking statements and FOFI are made as of the date of this press release and the Company disclaims any intent or obligation to update any forward-looking statements and FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

#### *BOE Presentation*

The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved measurement of results and comparisons with other industry participants. Petrus uses the 6:1 boe measure which is the approximate energy equivalence of the two commodities at the burner tip. Boe's do not represent an economic value equivalence at the wellhead and therefore may be a misleading measure if used in isolation.

#### *Abbreviations*

<i>\$000's</i>	<i>thousand dollars</i>
<i>\$/bbl</i>	<i>dollars per barrel</i>
<i>\$/boe</i>	<i>dollars per barrel of oil equivalent</i>
<i>\$/GJ</i>	<i>dollars per gigajoule</i>
<i>\$/mcf</i>	<i>dollars per thousand cubic feet</i>
<i>bbl</i>	<i>barrel</i>
<i>bbl/d</i>	<i>barrels per day</i>
<i>boe</i>	<i>barrel of oil equivalent</i>
<i>mboe</i>	<i>thousand barrel of oil equivalent</i>
<i>mmbøe</i>	<i>million barrel of oil equivalent</i>
<i>boe/d</i>	<i>barrel of oil equivalent per day</i>
<i>GJ</i>	<i>gigajoule</i>
<i>GJ/d</i>	<i>gigajoules per day</i>
<i>mcf</i>	<i>thousand cubic feet</i>
<i>mcf/d</i>	<i>thousand cubic feet per day</i>
<i>mmcf/d</i>	<i>million cubic feet per day</i>
<i>NGLs</i>	<i>natural gas liquids</i>
<i>WTI</i>	<i>West Texas Intermediate</i>

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