

# Lotus Creek Exploration Inc. Announces 2026 Budget and Guidance

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[Lotus Creek Exploration Inc.](#) (TSXV: LTC) ("Lotus Creek" or the "Company") is pleased to provide the Company's 2026 budget and guidance to shareholders.

## 2026 APPROVED FISCAL BUDGET AND GUIDANCE

The Board of Directors of the Company has approved a 2026 budget (the "2026 Budget") of \$42.0 million that is expected to deliver 75% annual production growth with forecast average production for the fourth quarter of 2026 of 4,000 boe per day. The Company's drilling program is primarily weighted to the second half of 2026 with expected production to peak in the first quarter of 2027.

The details of the 2026 Budget are as follows:

- \$33.6 million (80%) focused on drilling 6.0 gross (6.0 net) light oil Belly River wells in Wilson Creek and expanding infrastructure at the 5,000 boe per day 02-29 oil battery and gathering system.
- \$8.4 million (20%) invested in land, seismic, field capital projects, recompletions, other corporate costs and continued reduction in liabilities associated with abandonment and reclamations.

The 2026 Budget is forecast to deliver the following results:

**Table 1**

	2026 Fiscal Guidance
Annual production (boe/d)	3,400 - 3,800
Q4 average production (boe/d)	3,800 - 4,200
Crude oil and NGLs weighting (%)	77
Natural gas weighting (%)	23
Capital and abandonment expenditures (\$ millions)	42.0

The full-year 2026 Budget advances our strategy of disciplined, profitable per-share growth while maintaining financial resilience in a lower oil price environment. Capital is directed to our highest-value projects at Wilson Creek, ensuring every dollar deployed drives meaningful value creation. This strategy also further leverages the benefit of key foundational investments in 2025, including the 3D seismic program and the commissioning of the 02-29 oil battery in Wilson Creek.

The 2026 Budget supports three strategic priorities:

**Production Growth:** Delivers meaningful year-over-year and Q4-over-Q4 production increases, extending the momentum established in 2025. Development is concentrated in proven areas with strong technical and economic performance.

**Cash Flow Management:** A phased development schedule distributes capital throughout the year and provides flexibility to respond to evolving market conditions. The existing hedge portfolio will be expanded to provide further downside price protection and support stable cash flow.

**Operational Efficiency:** Maximizes the use of existing pads, surface locations, and infrastructure while continuing to delineate the asset base. An early-January spud secures a top-tier drilling rig and key services, improving execution reliability and cost control.

"As we execute our growth initiatives, we remain focused on balancing expansion with profitability, ensuring our shareholders benefit from both scale and financial strength. At a US\$60 WTI per barrel price, the 2026 Budget delivers sustained organic growth while maintaining a strong balance sheet," said Kevin Johnson,

President and Chief Executive Officer.

## **ABOUT LOTUS CREEK**

Lotus Creek is a light oil weighted Canadian exploration and production company with production in Alberta and Saskatchewan. On February 5, 2025, Lotus Creek, Gear Energy Ltd. and a third-party closed the previously announced transformative plan of arrangement and the Company commenced commercial operations on close of the plan of arrangement.

Lotus Creek's Key Attributes:

### **High Return Belly River Light Oil Play**

- Demonstrated top quartile play economics
- Proprietary 3D seismic confirms 30+ locations

### **Exposure to Cold Lake Heavy Oil Fairway**

- Undeveloped land base with long tenure
- Multi-zone potential with 60+ locations

### **Financial Discipline & Value-Driven Growth**

- Continued balance sheet strength
- Capital allocated to top economic opportunities

October 2025 represented an important period for the Company, reflecting the first full month of production from our inaugural two well Belly River drilling program. In the emerging Belly River light oil play, these wells achieved two of the highest monthly production rates, combining to over 1,700 boe per day (83% crude oil and NGLs), and two of the fastest drill times from spud to rig release, averaging less than nine days. This performance underscores both the high return nature of the project and the Lotus Creek team's strong execution capabilities.

With these important additions, October 2025 production increased to 2,923 boe per day (+119% month-over-month), consisting of 2,370 boe per day of crude oil and natural gas liquids and 3,316 mcf per day of natural gas, and monthly adjusted funds flow grew to \$2.7 million (+350% month-over-month) or \$32 million annualized. Two additional Belly River wells were brought online November 18, 2025 which have further supported cashflow and production growth.

At Lotus Creek, we are committed to disciplined and profitable growth that maximizes long-term shareholder value. Our strategy focuses on expanding core operational and financial metrics-earnings, cash flow, production, and reserves-on a per-share basis to ensure sustainable, value-accretive growth. By maintaining operational excellence and financial discipline, we aim to outperform industry peers and deliver superior returns to our shareholders.

## **Forward-Looking Information and Statements**

*This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: the expectation that the 2026 Budget will advance our strategy of disciplined, profitable per-share growth while maintaining financial resilience in a lower oil price environment; the intent that every dollar deployed will drive meaningful value creation; the expectation of benefiting from key foundational investments in 2025, including the 3D seismic program and the commissioning of the 02-29 oil battery in Wilson Creek; the expectation that the 2026 Budget will deliver meaningful year-over-year and Q4-over-Q4 production increases; the intent to deploy a phased development schedule by distributing capital throughout the year to provide flexibility to respond to evolving market conditions; the expectation that the existing hedge portfolio will be expanded to provide further downside price protection and support stable cash flow; the intent to maximize the use of existing pads, surface locations, and infrastructure while continuing to delineate the asset base; the expectation that an early-January spud will secure a top-tier drilling rig and key services, improving execution reliability and cost control; the amount and expected details of the 2026 Budget; the expectation that the 2026 Budget will deliver 75% annual production growth; the forecast full-year and Q4 average production and commodity weightings; the intent that the Company's drilling program will be heavily weighted to the second half of 2026 with expected production to peak in the first quarter of 2027; the expected play economics of the Belly River light oil play; the expected drilling locations*

associated with the Belly River light oil play and Cold Lake heavy oil fairway; the intent to focus on continued balance sheet strength with capital allocated to top economic opportunities; the commitment to disciplined and profitable growth that maximizes long-term shareholder value; our strategic focuses; and the intent to maintain operational excellence and financial discipline, in order to outperform industry peers and deliver superior returns to our shareholders.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Lotus Creek including, without limitation: that Lotus Creek will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; the ability of the Company to receive all necessary regulatory approvals without significant adverse conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Lotus Creek's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds from operations to fund its planned expenditures. Lotus Creek believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

To the extent that any forward-looking information contained herein may be considered a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeting and developing future plans and readers are cautioned that the information may not be appropriate for other purposes. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: the risk that (i) the U.S. and/or Canadian governments implement, maintain or increase the rate or scope of new tariffs, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed by the U.S. on other countries and responses thereto could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Company; the failure to receive any regulatory approvals required for the Company's operations as contemplated; the imposition of the impact of the Russian-Ukraine war and the conflicts in the Middle East on the global economy and commodity prices; the impacts of inflation and supply chain issues; pandemics, political events, natural disasters and terrorism; changes in commodity prices; the impact of actions taken by OPEC+ on global supply and demand of oil and gas; changes in the demand for or supply of Lotus Creek's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Lotus Creek or by third party operators of Lotus Creek's properties, increased debt levels or debt service requirements; inability to obtain debt or equity financing as necessary to fund operations, capital expenditures and any potential acquisitions; any ability for Lotus Creek to repay any of its indebtedness when due; inaccurate estimation of Lotus Creek's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Lotus Creek's public documents including risk factors set out in Lotus Creek's Listing Application dated February 5, 2025 on TSX Venture Exchange Form 2B, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking information and statements contained in this press release speak only as of the date of this press release. The Corporation does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

#### **Non-GAAP and Other Financial Measures**

This press release includes references to the financial measure "adjusted funds flow from operations", which is not defined by International Financial Reporting Standards ("IFRS") Accounting Standards and is therefore referred to as a non-GAAP financial measure. Adjusted funds from operations is a non-GAAP financial measure defined as cash flows from (used in) operating activities before changes in non-cash operating working capital and decommissioning liabilities settled and adding back transaction costs, if any. Management believes that this financial measure used by the Company is a key performance measure for Lotus Creek that provides investors with information that is commonly used by other oil and gas companies. This key performance indicator as presented does not have a standardized meaning prescribed by IFRS

*Accounting Standards and therefore may not be comparable with the calculation of similar measures for other entities. This non-GAAP financial measure should not be considered an alternative to or more meaningful than their most directly comparable financial measure presented in the financial statements, as an indication of the Company's performance. Descriptions of the non-GAAP financial measures used by the Company as well as reconciliations to the most directly comparable measures recognized under Canadian generally accepted accounting principles are available in the Company's most recent management's discussion and analysis, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

#### **Barrels of Oil Equivalent**

*Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, 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 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.*

#### **Initial Production Rates**

*References in this press release to initial production ("IP") rates, other short-term production rates or initial performance measures relating to new wells 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 for the Company. Accordingly, the Company cautions that such short-term rates should be considered to be preliminary.*

#### **Product Types**

*References in this press release to "crude oil" includes light oil and heavy oil.*

#### **Drilling Locations**

*This press release discloses unbooked drilling location inventory. Unbooked locations are internal estimates based on Lotus Creek's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources and have been identified by management of Lotus Creek as an estimation of Lotus Creek's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Lotus Creek will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Lotus Creek actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by Lotus Creek previously drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.*

#### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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