



# CENTAURUS

**CENTAURUS ENERGY INC.  
ANNOUNCES 2020 SECOND QUARTER FINANCIAL RESULTS AND OPERATIONAL UPDATE**

*(All dollar figures are expressed in United States Dollars)*

Buenos Aires, Argentina, Oct 8, 2020 – Centaurus Energy Inc. ("Centaurus" or the "Company") (TSXV: CTA, OTCQB: CTARF) is pleased to announce its financial and operating results for the three months ended June 30, 2020.

Centaurus' CEO David Tawil commented: *"Although we confronted a very challenging oil-price environment in the second quarter, the Company's cost and expense base continues to be reduced and increases in production are expected to be forthcoming, positioning Centaurus for success as oil prices recover."*

## **CONFERENCE CALL**

The Company will hold an investor conference call to discuss the Company's operating and financial results on Friday Oct 9, 2020 at 8:00 a.m. MDT (10:00 a.m. EDT). Analysts and investors are invited to participate using the following dial-in numbers:

Local Dial-in Number: (+1) 416 764 8688

Toll Free Dial-in Number North America: (+1) 888 390 0546

Toll Free Dial-in Number United Kingdom: 0800 652 2435

Toll Free Dial-in Number Argentina: 0800 444 8221

## **SUMMARY FINANCIAL AND OPERATIONAL RESULTS**

Selected information is outlined below and should be read in conjunction with Centaurus' unaudited condensed interim consolidated financial statements for the six months ended June 30, 2020 and the associated management's discussion and analysis ("MD&A"), which are available for review under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.ctaurus.com](http://www.ctaurus.com)

	Three months ended	
	June 30	
	2020	2019
<b>Financial – (\$000s, except per share amounts)</b>		
Oil and gas revenue	4,860	8,979
Funds flow from (used in) continuing operations <sup>(1)</sup>	(2,725)	577
Per share - basic & diluted <sup>(1)</sup>	(0,005)	0,001
Net loss from continuing operations	(16,442)	(2,268)
Per share - basic & diluted <sup>(1)</sup>	(0,03)	(0,00)
Capital expenditures <sup>(3)</sup>	(130)	2,745
Working capital (deficiency) <sup>(1)</sup>	(16,693)	(1,420)
EBITDA	(1,809)	729
Common shares outstanding - 000s	544,060	544,060
<b>Operating</b>		
<i>Average Daily Sales</i>		
Crude oil and Ngl's – Bbls/d	1,975	1,734
Natural gas – Mcf/d	1,226	1,655
Total - Boe /d	2,180	2,010
<i>Average Sales Prices</i>		
Crude oil and Ngl's - \$/Bbl	25.70	52.85
Natural gas - \$/Mcf	2.15	4.24
Total - \$/Boe	24.50	49.09
<i>Operating Netbacks<sup>(2)</sup> - \$/Boe</i>	(7.16)	9.86

(1) This table contains the term "funds flow from continuing operations" and "working capital", which are non-GAAP measures and should not be considered an alternative to, or more meaningful than "cash flows from operating activities" as determined in accordance with International Financial Reporting Standards ("IFRS") as an indicator of the Company's performance. Working capital, funds flow from operations and funds flow from operations per share (basic and diluted) do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from continuing operations to analyze operating performance and considers funds flow from continuing operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investment. The reconciliation between funds flow from continuing operations and cash flows from operating activities can be found in the MD&A. Funds flow from continuing operations per share is calculated using the basic and diluted weighted average number of shares for the period, consistent with the calculations of earnings (loss) per share. Working capital is computed as current assets less current liabilities. Management uses working capital to measure liquidity and to evaluate financial resources.

(2) Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs.

(3) Includes non-cash additions related to CASE \$245.

## **Operations Update**

### **Production**

August production was approximately 2,313 barrels of oil equivalent ("boe/d") (92% crude oil).

### **Short-term oil prices and capital controls**

Oil pricing in Argentina is tied to international Brent pricing, and consequently, was affected due to significant commodity price volatility due to the COVID-19 pandemic and potential increased production supply from OPEC and Russia.

As previously announced, Argentina's Government in September, 2019 announced currency controls aimed at reducing market volatility and containing the impact of fluctuations of financial flows on the economy. The controls remain in place and have required increased communication with customers and suppliers and some increased administrative activities for our finance teams, but the measures do not restrict trade and are not expected in any material way to adversely affect Centaurus' ability to carry out operations in its normal course of business.

On May 19, 2020, the National Executive Branch implemented a series of measures related to the hydrocarbon industry to mitigate the impact of the drop in international oil prices and in oil demand as a consequence of the Coronavirus pandemic (COVID-19). Decree No. 488/2020 ("Executive Order") sets a reference price for local transactions (*Barril Criollo*). The reference price for "Medanito" crude oil is set on USD 45/bbl ("Reference Price") from May 19 to December 31, 2020 ("Term"). The Reference Price will apply for local crude oil delivery transactions invoiced by oil producing companies and paid by the refiners. This price will be adjusted for each type of crude oil by quality and by port of loading, using the same reference, in accordance with the usual practice in the local market. This price will apply for the calculation of hydrocarbon royalties payable to the oil producing Provinces.

Refiners have alleged that they are unable to pay the Reference Price on account of a freeze placed on prices charged to final consumers in local currency terms and the absence of any demand from industry due to the obligatory quarantine imposed by Decree 297/2020. Refiners have instead paid a price representing a major commercial discount to the Reference Price. As a result, the average price received by the Company for its oil for the Quarter was \$25.70/bbl, lower than the \$52.85/bbl realized in Q2-2019.

### **Impairment**

At June 30, 2020, Centaurus determined indicators of impairment existed in each of its Argentine CGUs as result of the impact on commodity prices generated by the economic impact of the global COVID-19 pandemic and the global oversupply of crude oil.

As a result, impairment tests were performed over each CGU and one of them, MEA South, was deemed to be impaired as its estimated recoverable amount was lower than the carrying amount by \$10.5 million. For MEA North, the recoverable amount was higher than its carrying amount by \$1.2 million. The combined recoverable amounts, calculated as \$11.4 million, resulted in impairment expense of \$9.3 million.

### **About Centaurus Energy**

Centaurus is an independent upstream oil and gas company with both conventional and unconventional oil and gas operations in Argentina. The Company's shares trade on the TSX Venture Exchange under the symbol CTA and on the OTCQB under the symbol CTARF.

### **For further information please contact:**

David Tawil  
Chief Executive Officer  
email: [info@ctaurus.com](mailto:info@ctaurus.com)  
phone: (403) 262-1901

### **Reader Advisories**

#### ***Forward Looking Information***

*The information in this news release contains certain forward-looking statements. These statements relate to future events or our future performance. 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 "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control, including: the impact of the COVID-19 pandemic on the Company's business and operations (and the duration of the impacts thereof). the inability of the Company to meet its commitments in Curamhuele or to reach an agreement with the government of the Neuquen Province to revise the commitment schedule, the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves, changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits the Company will derive from them. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements.*

*The forward-looking statements in this news release are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements. Investors are encouraged to review and consider the additional risk factors set forth in the Company's Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

#### **Non-GAAP Measurements**

*The Company utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including operating netback, funds flow from continuing operations and working capital. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Company's MD&A. Operating netback is a non-GAAP measure calculated as the average per boe of the Company's oil and gas sales, less royalties and operating costs. Funds flow from continuing operations per share is calculated using the basic and diluted weighted average number of shares for the period, consistent with the calculations of earnings (loss) per share. Working capital is computed as current assets less current liabilities.*

#### **Meaning of Boe**

*The term "boe" or barrels of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 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.*

#### **Well Test Results**

*Well test results should be considered as preliminary and not necessarily indicative of long-term performance or of ultimate recovery. Neither a pressure transient analysis nor a well-test interpretation has been carried out on the well test data contained herein and therefore the data contained herein should be considered to be preliminary until such analysis or interpretation has been done.*

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