CALGARY, Aug. 25, 2015 /CNW/ - Petroamerica Oil Corp. (TSX-V: PTA) ("Petroamerica" or the "Company"), a Canadian oil and gas company operating in Colombia, is pleased to announce the financial and operating results for the three and six months ended June 30, 2015, and to provide an operational update on the Company's activities in Colombia.

Copies of the Company's Management Discussion and Analysis ('MD&A') and Interim Financial Statements have been filed with the Canadian Securities Regulatory authorities and can be viewed or downloaded at the Company's website at www.petroamericaoilcorp.com or at www.sedar.com. The financial results for all periods presented are in United States dollars unless otherwise indicated.

Ralph Gillcrist, President and CEO of Petroamerica commented, "The second quarter results reflect the Company's response to the low oil price environment that has prevailed since late last year, where the emphasis was on cash preservation and balance sheet strength. Inevitably, this deferred investment strategy has resulted in lower than expected production levels. In this low price environment, the Company is focused on low cost operations that will enhance production. This work has already commenced at the Las Maracas field, with a work over campaign targeting low watercut production where results have exceeded expectations. At the Cohembi field, the Company has identified a number of low risk workovers and development drilling locations that, subject to partner approval and oil pricing, it will consider implementing. On the exploration and appraisal front, the Company has a number of exciting high impact drilling activities in the pipeline, including a low-side fault prospect expected to spud in the fourth quarter on the LLA-10 Block, N Sand appraisal drilling on the PUT-7 Block where the environmental impact study has been submitted and drilling is anticipated late in the first quarter of 2016, and the high impact Tinigua prospect expected to spud in the first half of 2016. Petroamerica is largely carried on the LLA-10 and Tinigua wells. Additionally, the integration of PetroNova is progressing smoothly with this acquisition expected to add significant near to mid-term upside to the Company's portfolio."

Financial and Operating Highlights:

- Announced agreement to acquire the shares of PetroNova Inc. ('PetroNova') This acquisition was completed on July 29, 2015, adding four blocks (two operated) to the Company's portfolio, and production of approximately 350 barrels of oil equivalent per day ('boepd') before royalty;
- Tightened up the share structure with a ten for one share consolidation shortly after the acquisition of PetroNova;
- Generated over $18 million in revenue (before royalty) in a challenging oil price environment, realizing a sales price of over $54 per barrel (Brent reference price: $63.50) and an operating net back of almost $21 per barrel of oil equivalent ('boe');
- Recognized funds flow from operations in the quarter of $3.0 million ($0.03 per share);
- Obtained extensions into 2016 on the drilling commitments on the El Porton, LLA-19 and PUT-7 blocks.

Financial and Operating Results

The following table presents the highlights of Petroamerica's financial and operating results.

(in $000 US except share, per share or unless otherwise noted)	Q2 2015	Q1 2015	6 mos 2015	Q2 2014
Oil revenue – net of royalties	$ 15,873	$ 17,055	$ 32,928	$ 47,825
Funds flow from operations	$ 3,022	$ 2,294	$ 5,315	$ 18,222
Funds flow per share- basic	$ 0.03	$ 0.03	$ 0.06	$ 0.31
Funds flow per share- diluted	$ 0.03	$ 0.03	$ 0.06	$ 0.30
(Loss) income for period	$ (2,024)	$ (6,952)	$ (8,976)	$ 6,431
Total comprehensive (loss) income	$ (2,628)	$ (9,344)	$ (11,972)	$ 8,562
(Loss) income per share - basic	$ (0.02)	$ (0.08)	$ (0.10)	$ 0.11
(Loss) income per share - diluted	$ (0.02)	$ (0.08)	$ (0.10)	$ 0.10
Total assets	$ 230,849	$ 265,016	$ 230,849	$ 232,336
Total cash	$ 23,504	$ 55,222	$ 23,504	$ 101,325
Notes payable	$ -	$ 27,623	$ -	$ 31,981

Shareholders' equity	$ 169,525	$ 171,885	$ 169,525	$ 160,248
Exploration costs	$ -	$ -	$ -	$ 263
Capital expenditures - excluding acquisition	$ 950	$ 2,538	$ 3,488	$ 6,257
Common shares outstanding (000's)	87,252	87,252	87,252	60,106
Weighted average shares outstanding:				
Basic (000's)	87,252	87,252	87,252	59,628
Diluted (000's)	87,252	87,252	87,252	61,569
Average production - boepd	3,634	4,587	4,108	6,513
Selling price $/boe	$ 54.47	$ 46.88	$ 50.29	$ 105.10
Royalty $/boe	$ (6.80)	$ (5.18)	$ (5.91)	$ (23.98)
Average transportation costs $/boe	$ (12.25)	$ (14.00)	$ (13.22)	$ (17.26)
Average production cost $/boe	$ (14.54)	$ (10.78)	$ (12.47)	$ (5.00)
Operating netback $/boe	$ 20.88	$ 16.92	$ 18.69	$ 58.86
Cash netback $/boe	$ 8.92	$ 9.35	$ 9.14	$ 50.80
			$	
Reference price - Brent ($/bbl)	$ 63.50	$ 55.13	$ 59.35	$ 109.69
Share trading				
High	$ 1.45	$ 1.60	$ 1.60	$ 3.80
Low	$ 1.00	$ 1.10	$ 1.00	$ 2.80
Close	$ 1.05	$ 1.40	$ 1.05	$ 3.70
Trading volume (000's)	7,085	9,355	16,440	8,691

Second Quarter Financial Summary

For the three months ended June 30, 2015, the Company reported $18.1 million in revenue (before royalties) from the sale of 333 thousand boe. The realized sales price was $54.47/boe generating an operating netback of $20.88/boe.

For the second quarter of 2015, the Company's net loss was $2.0 million ($0.02 per share diluted). This loss is due to the low realized oil price in the second quarter of 2015 as well as the recognition of over $7 million in non-cash depletion and depreciation expense in the current quarter. The Company's capital expenditures for the second quarter were $1.0 million, all invested in Colombia. As at June 30, 2015, the Company held 45 thousand barrels of oil ('Mbbls') in inventory.

The Company continues to focus on reducing field operating expenditures. On a per barrel basis, production costs were $14.54 for the second quarter of 2015, a reduction from $15.46/boe and $17.38/boe in the third and fourth quarters of 2014 respectively, but an increase from $10.78/boe in the first quarter of 2015. The increase in the production costs in the second quarter over the first quarter of 2015 is due primarily to higher water handling costs on Langur, combined with lower production volumes. These costs were expensed in the second quarter, affecting the overall per barrel operating costs in the quarter in which they have been recognized. Transportation costs have been reduced from $14.87/boe and $14.36/boe in the third and fourth quarters of 2014 respectively to $12.25/boe in the current quarter. These savings have been achieved through a combination of negotiations with service providers, positive foreign exchange movements and utilizing the lowest cost transportation routes, such as routing most of the Company's production from the Suroriente block through the Ecuador OCP pipeline where direct transportation costs are between $10 and $11/boe.

Current Financial Status

The Company, as of the date of this press release, holds approximately $25 million in cash, $11 million in estimated working capital, and over $13 million in restricted cash. On April 19, 2015, the Company repaid the Canadian dollar denominated $35 million debenture that had been in place since April 2012 using cash-on-hand and is currently debt free. The Company is currently projecting that as a direct result of cost savings initiatives, improvements in the realized oil price, and changes to the capital spending plans for the current year, it will maintain sufficient cash to meet all of its planned commitments throughout the rest of 2015 and into early 2016.

2015 Second Half Guidance

The Company is targeting gross company share production (net before royalty) for full-year 2015 of 3,600 boepd. Petroamerica's expected capital spending projection for the same period is approximately $8.5 million. Given the continued volatility of the oil markets, the Company will continue to review its production and capital guidance for the rest of the year.

Operations Update

Company working interest ('WI') production (before royalties) for the second quarter of 2015 averaged 3,634 boepd, with 2,106 boepd coming from the Llanos Basin and 1,528 boepd from the Putumayo Basin. Production for the first half of 2015 averaged 4,108 boepd, approximately 2% below the April guidance estimate of 4,200 boepd due to the cumulative impact of a number of minor factors. In Suroriente, the shortfall was primarily due to the deferral of several pump repairs (Cohembi-14, Cohembi-2, and Quinde-6) and an 8-day period in June when normal transportation was reduced to 25% of production capacity as a result of local community road blockages. In the Las Maracas field, two key oil wells were temporarily shut in until repairs were completed in July, and downtime was incurred for the Las Maracas-15 well while conducting a recompletion to access and test oil zones with additional production potential. For the month of July, total Company WI production was 3,210 boepd. The Las Maracas recompletion and well repair activity carried into July, and the field is now returning to normal operations. The recompletions at Las Maracas-5 and Las Maracas-15 were conducted to enhance field production by opening new low watercut zones in favor of previous high watercut zones. The Las Maracas-15 well has stabilized at approximately 1,286 boepd (643 boepd net to the Company before royalty) at below 70% watercut. The Las Maracas-5 well has tested at 1% watercut, but has not established a stable rate and the evaluation is ongoing. Company working interest production to August 23 was approximately 3,770 boepd, and with the recent Las Maracas recompletion contribution, has been approximately 4,104 boepd for the most recent 6 days up to August 23.

In the Suroriente block, Petroamerica and the operator have been continuously evaluating options to conduct the well repairs and also reactivate the development drilling program in a cost-effective manner and taking into account current oil prices.

2015/2016 Program Update

Following the acquisition of PetroNova, and including wells already scheduled by Petroamerica, a number of high impact exploration prospects are expected to be drilled in the near-term. A summary of exploration, appraisal and development operations expected for the remainder of 2015 and early 2016 is outlined in the following table:

Prospect/Well	Activity Type	Block	Working Interest	Expected Timing/Status
Tautaco	Exploration	LLA-10	50% (carried)[1]	Q4 2015
Crypto	Exploration	El Porton	100%	Q1 2016
Cumplidor N Sand	Appraisal	PUT-7	50%	Q1 2016
Tinigua-1	Exploration	Tinigua	40% (carried)[2]	1H 2016
Cohembi-16 NSand[3]	Development	Suroriente	15.8%	Q1 2016
Cohembi-17 NSand[3]	Development	Suroriente	15.8%	Q1 2016

1. PTA's share of capital for drilling the Tautaco well is 5.5% of the well costs, with the remainder being fully carried under a farm-in arrangement with Parex Resources Inc.
2. Under the farm-in agreement with Metapetroleum, PTA will pay 10% of capital for drilling the Tinigua-1 well, and retain a 40% working interest. Drilling costs for an optional second well will be fully carried by Metapetroleum up to $7 million.
3. Contingent on oil price

We have recently received contract phase extensions from the ANH for the PUT-7, LLA-19 and the El Porton blocks. The Company is continuing to move forward with activities to drill the required wells within this time frame, and has recently submitted an environmental license application to the regulatory authority for drilling of the Cumplidor N Sand prospect on PUT-7.

Petroamerica Oil Corp.

Condensed Consolidated Interim Statements of Financial Position

(thousands of United States dollars)	As at June 30, 2015	As at December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 23,504	$ 73,296
Trade and other receivables	10,202	13,825
Prepayments and deposits	4,021	463
Crude oil inventory	2,096	2,096
	39,823	89,680
Non-current assets		
Restricted cash	13,516	11,065
Property, plant and equipment	121,016	134,711
Exploration and evaluation assets	56,494	54,974
	191,026	200,750
Total assets	$ 230,849	$ 290,430
Liabilities		
Current liabilities		
Current equity tax	$ 206	$ -
Current income tax	19	2,459
Accounts payable and accrued liabilities	22,006	38,803
Notes payable	-	29,933
	22,231	71,195
Non-current liabilities		
Decommissioning liabilities	10,424	9,939
Deferred tax liability		

27,613

26,750

Stock appreciation rights liability	1,056	1,554
Total liabilities	61,324	109,438
Shareholders' equity		
Share capital	226,492	226,492
Contributed surplus	25,143	24,638
Translation reserve	(9,362)	(6,366)
Deficit	(72,748)	(63,772)
	169,525	180,992
Total liabilities and shareholders' equity	$ 230,849	$ 290,430

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Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

	Three months ended June 30		Six months ended June 30	
(thousands of United States dollars, except per share amounts)	2015	2014	2015	2014
Revenue				
Oil revenue - net of royalties	$ 15,873	$ 47,825	$ 32,928	$ 99,527
	15,873	47,825	32,928	99,527
Expenses				
Production	(4,841)	(2,948)	(9,250)	(4,992)
Transportation	(4,078)	(10,172)	(9,806)	(21,513)
Purchased oil	-	-	-	(1,625)
Exploration and evaluation	-	(263)	-	(354)
Depletion and depreciation	(7,034)	(9,417)	(16,084)	(18,950)
Colombian equity tax	-	-	(501)	-
General and administration	(3,612)	(3,738)	(5,428)	(6,473)
Transaction costs	(10)	(1,229)	(10)	(1,229)
Share-based payments	85	(1,793)	(112)	(1,992)
	(19,490)	(29,560)	(41,191)	(57,128)
Finance and other	(430)	(1,209)	(1,940)	(2,501)
Foreign exchange gain (loss)	884	(3,849)	2,827	1,843
	454	(5,058)	887	(658)
Income (loss) before income taxes				

13,207

41,741

Current income tax expense	(116)	(9,296)	(779)	(15,810)
Deferred tax recovery (expense)	1,255	2,520	(821)	(1,888)
Net income (loss) for the period	(2,024)	6,431	(8,976)	24,043
Other comprehensive income (loss)				
Items that may be reclassified subsequently to income or (loss):				
Reserve on translation of foreign operations	(604)	2,131	(2,996)	(2,051)
Total comprehensive income (loss)	$ (2,628)	$ 8,562	$ (11,972)	$ 21,992
Basic income (loss) per share	$ (0.02)	$ 0.11	$ (0.10)	$ 0.40
Diluted income (loss) per share	$ (0.02)	$ 0.10	$ (0.10)	$ 0.39
Weighted average number of basic common shares outstanding	87,252,085	59,627,870	87,252,085	59,491,594
Weighted average number of diluted common shares outstanding	87,252,085	61,569,229	87,252,085	61,432,953

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Condensed Consolidated Interim Statements of Changes in Equity

(thousands of United States dollars)	Share Capital	Contributed surplus	Translation reserve	Deficit	Total equity
Balance at January 1, 2015	$ 226,492	$ 24,638	$ (6,366)	$ (63,772)	$ 180,992
Net loss for the period	-	-	-	(8,976)	(8,976)
Other comprehensive loss	-	-	(2,996)	-	(2,996)
Total comprehensive loss	-	-	(2,996)	(8,976)	(11,972)
Share-based payments	-	505	-	-	505
Balance at June 30, 2015	$ 226,492	$ 25,143	$ (9,362)	$ (72,748)	$ 169,525

(thousands of United States dollars)	Share Capital	Contributed surplus	Translation reserve	Deficit	Total equity
Balance at January 1, 2014	$ 138,936	$ 24,079	$ (1,172)	$ (25,745)	$ 136,098
Net income for the period	-	-	-	24,043	24,043
Other comprehensive loss	-	-	(2,051)	-	(2,051)
Total comprehensive income (loss)	-	-	(2,051)	24,043	21,992
Warrants exercised	2,333	(346)	-	-	1,987
Stock options exercised	57	(22)	-	-	35
Share-based payments	-	136	-	-	136
Balance at June 30, 2014	$ 141,326	$ 23,847	$ (3,223)	$ (1,702)	$ 160,248

Petroamerica Oil Corp.

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended June 30		Six months ended June 30	
(thousands of United States dollars)	2015	2014	2015	2014
Operating activities				
Net income (loss) for the year	$ (2,024)	$ 6,431	$ (8,976)	$ 24,043
Items not involving cash:				
Share-based payments	(85)	1,793	112	1,992
Depletion and depreciation	7,034	9,417	16,084	18,950
Unrealized foreign exchange (gain) loss	(706)	2,807	(3,059)	(2,601)
Deferred tax expense (recovery)	(1,255)	(2,520)	821	1,888
Accretion and amortization	58	294	333	577
	3,022	18,222	5,315	44,849
Net changes in non-cash working capital	(2,896)	(16,341)	(20,922)	4,229
Cash provided by (used in) operating activities	126	1,881	(15,607)	49,078
Investing activities				
Short term investing activities	-	(30,099)	-	(29,990)
Exploration and evaluation expenditures	(130)	(717)	(1,520)	(2,075)
Property, plant and equipment expenditures	(589)	(4,394)	(1,540)	(14,331)
Restricted cash investments	(2,451)	-	-	-
Cash used in investing activities	(3,170)	(35,210)	(5,511)	(46,396)
Financing activities				
Repayment of long-term debt	(28,674)	-	(28,674)	-
Stock options exercised	-	35	-	35
Warrants exercised	-	1,036	-	1,987
Cash provided by financing activities	(28,674)	1,071	(28,674)	2,022
Increase (decrease) in cash and cash equivalents during the period	(31,718)	(32,258)	(49,792)	4,704
Cash and cash equivalents, beginning of period	55,222	100,699	73,296	63,737
Cash and cash equivalents, end of period	$ 23,504	$ 68,441	$ 23,504	$ 68,441

Forward Looking Statements:

This news release includes information that constitutes "forward-looking information" or "forward-looking statements".

Statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. More particularly, this news release contains statements concerning expectations regarding regulatory and partner approvals on the Company's development plan, drilling and operational opportunities and the timing associated therewith, test results and the timing thereof, potential future acquisitions and other statements, expectations, beliefs, goals, objectives, assumptions and information about possible future conditions, results of operations or performance, the use of available cash on hand in addition to the potential exploration and development opportunities and expectations regarding regulatory approval and the overall strategic direction of the Company. The forward-looking statements contained in this document, including expectations and assumptions concerning the obtaining of the necessary regulatory approvals, including ANH approval, and the assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are uncertain and subject to risks.

A multitude of factors can cause actual events to differ significantly from any anticipated developments and although the Company believes that the expectations represented by such forward-looking statements are reasonable, undue reliance should not be placed on the forward-looking statements because there can be no assurance that such expectations will be realized. Material risk factors include, but are not limited to: the inability to obtain regulatory approval, including ANH approval, for the transfer of participating interests and/or operatorship for the Company's properties, the risks of the oil and gas industry in general, such as operational risks in exploring for, developing and producing crude oil and natural gas, market demand and unpredictable shortages of equipment and/or labour, changes or fluctuations in production levels, the size of oil and natural gas reserves or resources; incorrect assessments of the value of acquisitions and exploration and development programs; geological, technical, drilling, production and processing problems; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates, and reliance on industry partners.

Readers should also note that even if the drilling program as proposed by the Company is successful, there are many factors that could result in production levels being less than anticipated or targeted, including without limitation, greater than anticipated declines in existing production due to poor reservoir performance, mechanical failures or inability to access production facilities, among other factors.

Neither the Company nor any of its subsidiaries nor any of its officers, directors or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does any of the foregoing accept any responsibility for the future accuracy of the opinions expressed in this document or the actual occurrence of the forecasted developments.

The forward-looking statements contained in this document 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.

Use of "boe"

'boe' may be misleading if used in isolation. Throughout this press release the calculation of barrels of oil equivalent ("boe") is at a conversion rate of 6,000 cubic feet ("cf") of natural gas for one barrel of oil and is based on an energy conversion method at the burner tip and does not represent a value equivalence at the wellhead.

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