

## **Due Diligence Report: Management Runs the Business, the Business Doesn't Run Management: Kurt Reinecke Increases Position in PetroTerra Corp.**

### **Summary**

PetroTerra Corp. is a domestic focused oil and gas exploration and development company based in Colorado Springs, Colorado. The Company is engaged in identifying, evaluating, and developing early stage onshore oil and gas opportunities in North America.

The Company holds oil and gas leases for property in Sevier and Beaver Counties, Utah. These three Leases cover 5,950.54 gross acres in Sevier and Beaver counties in south west Utah. The two Sevier leases, UTU-89243 and UTU-89244, each have a term through 02/01/2023 (hereinafter, the Sevier Prospect). The Company will seek to acquire property in the United States and will initially focus on properties in the Central Utah Thrust Belt, including the Utah Properties.

PetroTerra Corp. has a current market capitalization of \$23.80M with 26.45 M outstanding shares. Its daily average volume traded is 1,977 shares.

### **Key Indicators (Q2 2015)**

Shares Outstanding	26.45 M
Revenue (FY 2014)	Nil
Gross Profit	Nil
Net Loss (basic/diluted)	-0.09 M
Cash and Short-term Inv	2,322
Total Debt	129,088

### **Performance (6 months)**



### **Recent News and Analysis:**

The company has been relatively quiet on the news front with the last press release coming out on Aug 26, 2015 with PetroTerra announcing the release of Q2 2015 financials. Financials were not overly impressive as to warrant a 52% jump in share price on Monday, so there must exist another reason. More recently, Sept 28, 2015, the company filed a statement of beneficial ownership outlining the increase in share position from the COO Reinecke Kurt who was awarded an additional 40,000 shares. Again, this is unlikely to have moved the share price significantly, but this may be part of the equation. For the answer, one must turn to Reinecke Kurt's history.

One of the most legendary Rocky Mountains wildcatters-Bill Barret Corp.- produced 1.58 million barrels in the Central Utah Thrust Belt in 2013. Barret is largely considered a barometer for wildcatters, having received the Wildcatter of the Year award in 1993 and being inducted into the Hall of Fame in 2003. There are three things investors are looking at in terms of new Utah wildcatting prospects. The first is proximity to the Wolverine coup. The second is what Bill Barret has done. The third is management, because small wildcatters are a risky bet and only solid management can help turn the risk into reward. With this in mind, the sector certainly sat up and paid attention in October 2014, when one of the founding members of Bill Barret Corp., Kurt Reinecke, gave up his lucrative job to join the team of a small wildcatter PetroTerra, whose stocks just started trading in 2014. Everyone is wondering what Reinecke knows and why he was willing to give up his salary at a \$1.2 billion market cap company-where he served as Executive Vice-President in charge of exploration-to bet on this new explorer thought to be sitting on as much as 243 million barrels of oil. That answers the question of what Barret is doing: Its founder has now become Chief Operations Officer of PetroTerra. It also goes far to ease management concerns, as Reinecke is a geologist who has a strong wildcatting track record on terrain similar to the Central Utah Thrust Belt. As to who is doing what near the Wolverine discovery, Devon, EOG, Anadarko-they are all drilling near PetroTerra's Sevier prospect and its hoped-for 243 million barrels.

Given Reinecke's history and reputation, the addition of shares in PTR A from this insider could be the reason for the recent appreciation in the share price. Oil is cheap, and shale gas has become very expensive, despite the lure of major plays such as Bakken and Eagle Ford, and the market dictates that conventional drilling is back in fashion, and wildcatting promises the biggest reward for those who can navigate the risk.

### **Conclusions:**

Traditional oil plays such as this one have become quite popular as analysts and investors slowly lose hope in a sudden comeback of oil prices. Most believe that oil will hover around \$50 a barrel for the next several years, this will give a chance to small explorers in traditional oil fields a chance at becoming significant players. PetroTerra is one such company. It recently, within the last 12 months, attracted a very reputable COO, Kurt Reinecke, who gave up a lot to join this team. His confidence likely comes from his experience and his knowledge of the deposit. Maybe 243 million barrels of oil on the Sevier prospect is a conservative estimate, with reality pushing that number much higher. In addition, traditional vertical wells are much more cost-friendly compared to the new innovative shale gas drilling and extraction methods.

### **Sources:**

1. <http://www.google.ca/finance?q=OTCMKTS%3APTRA&hl=en&gl=ca&ei=COKbVojoFM3RjAHxoovgBA>
2. <https://ca.finance.yahoo.com/q?s=PTR A&q=1>
3. <http://www.reuters.com/finance/stocks/companyProfile?rpc=66&symbol=PTR A.PK>
4. <http://stockcharts.com/h-sc/ui?s=PTR A&p=D&b=5&q=0&id=p83890385448>
5. <http://www.microcapdaily.com/a-look-at-loran-connection-corp-otcmktsptr a-aka-petroterra-corp/110002/>
6. <http://www.sec.gov/Archives/edgar/data/0001463208/000149315215004431/0001493152-15-004431-index.htm>
7. <http://finance.yahoo.com/news/low-oil-prices-spur-conventional-120000177.html>

## **Risk Factors**

An investment in the common stock of the company is subject to a number of risks. The link below will direct you to the latest filings and risk factors that should be considered by all investors. Investors should carefully consider the risk factors set out below and consider all other information contained herein, and in the company's SEC filings, before making an investment decision. We assume no obligation to update or revise any such forward looking statements to reflect events or circumstances that occur after such statements are made.

<https://www.sec.gov/edgar/searchedgar/companysearch.html>

Disclosure: I, Robert Borowski, research analyst have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions and I have no business relationship with any company whose stock is mentioned in the article.

The information contained herein is not intended to be investment advice and does not constitute any form of invitation or inducement by Robert Borowski to engage in investment activity. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Securities, financial instruments, strategies, or commentary mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fluctuate, and an investor may, upon selling an investment lose a portion of, or the entire principal amount invested. Past performance is no guarantee of future results. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

### **FORWARD-LOOKING STATEMENT**

This report may contain certain forward-looking statements and information, as defined within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and is subject to the Safe Harbor created by those sections. This material contains statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Such forward-looking statements by definition involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of mentioned company to be materially different from the statements made herein.

### **COMPLIANCE PROCEDURE**

Content is researched, written and reviewed on a best-effort basis. This document, article or report is written and authored by Robert Borowski. An outsourced research services provider represented by Robert Borowski,

provided Broad Street Alerts this article or report. However, we are only human and may make mistakes. If you notice any errors or omissions, please notify us below. Broad Street Alerts is not entitled to veto, interfere or alter the articles, documents or report once created and reviewed by the outsourced research provider represented by Robert Borowski. All parties responsible for the creation and dissemination of this report do not engage in high frequency trading.

**NO WARRANTY OR LIABILITY ASSUMED**

None of the companies mentioned or any related entities have compensated Broad Street Alerts for the creation or dissemination of this report. Broad Street Alerts is not responsible for any error, mistake or shortcoming which may be occasioned at the time of printing of this document. Broad Street Alerts does not hold any positions in companies mentioned. No liability is accepted by Broad Street Alerts whatsoever for any direct, indirect or consequential loss arising from the use of this document. Broad Street Alerts expressly disclaim any fiduciary responsibility or liability for any consequences, financial or otherwise arising from any reliance placed on the information in this document. Broad Street Alerts does not guarantee the accuracy, timeliness, completeness or correct sequencing of the information, or warrant any results from use of the information. The included information is subject to change without notice.

Broad Street Alerts is the party responsible for hosting the full analyst report. Broad Street Alerts has compensated Robert Borowski fifty dollars for the right to disseminate this report. Information in this report is fact checked and produced on a best efforts basis by Robert Borowski.