

Waldron Energy Corporation Announces Sale of Gross Overriding Royalty for Total Proceeds of Seven Million Dollars

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CALGARY, ALBERTA--(Marketwired - Jun 10, 2014) - [Waldron Energy Corp.](#) (TSX:WDN) ("Waldron" or the "Corporation") is pleased to announce that it has entered into a purchase and sale agreement ("**Agreement**" or "**Transaction**") with Maple Leaf 2013 Oil & Gas Income Limited Partnership for total proceeds of \$7 million to sell a 3% gross overriding royalty ("**GORR**") on its existing land base. The Agreement is subject to customary closing conditions and consents and is expected to close within two weeks. The effective date is June 10, 2014.

Transaction is Accretive to Waldron Shareholders

The Transaction crystallizes accretive value for the Corporation's shareholders and provides an immediate improvement to the balance sheet, as the proceeds from the sale of the GORR will be used to reduce total corporate indebtedness. The metrics of the deal are:

- **Based on the Corporation's December 31, 2013 GLJ Reserve Report, the transaction is valued at approximately Proved plus Probable at a 10% discount rate; and**
- **Based on annualized Q1 2014 revenue of \$29.2 million, representing an annual GORR payment of \$0.9 million, proceeds of the GORR sale represent an annual cash flow multiple of approximately 8.0X.**

The tables below summarize the implied valuation of the Corporation using the metrics of the Transaction, demonstrating the significant discount at which the Corporation currently trades:

Net Asset Value based on Transaction reserves valuation		
Proved plus Probable NI 51-101 discounted at 10% at December 31, 2013 (2P Value)	\$	86,035,000
Approximate reduction to reserve value at December 31, 2013 as a result of Transaction (2P Value)		(6,500,000)
Net Debt at March 31, 2014 less proceeds from Transaction		(23,640,000)
Net Asset Value	\$	55,895,000
Basic Common Shares Outstanding at May 31, 2014		57,267,170
Net Asset Value - Basic (per share) ⁽¹⁾	\$	0.98
Current share price	\$	0.29
Net Asset Value based on Transaction cash flow multiple		
Proceeds from Transaction	\$	7,000,000
Approximate increase to annual royalty expense as a result of Transaction		870,000
Cash flow multiple from Transaction		8.0X
Q1 2014 annualized funds from operations ("funds flow")	\$	8,940,000
Approximate reduction to funds flow as a result of Transaction (increased royalty expense)		(870,000)
Approximate increase to funds flow as a result of Transaction (decreased interest expense)		385,000
Revised Q1 2014 annualized funds from operations		8,455,000
Cash flow multiple from Transaction		8.0X
Value of Corporation based on cash flow multiple from Transaction	\$	67,640,000
Net Debt at March 31, 2014 less proceeds from Transaction		(23,640,000)
Net Asset Value	\$	44,000,000
Basic Common Shares Outstanding at May 31, 2014		57,267,170
Net Asset Value - Basic (per share) ⁽¹⁾	\$	0.77
Current share price	\$	0.29

Notes:

(1) Excludes the value of undeveloped lands and certain seismic data and does not incorporate changes in dilutives.

Transaction Highlights

- **3% GORR on all existing lands;**
- **Additional 7% GORR on two Ferrybank Falher wells yet to be drilled;**
- **If the Corporation fails to drill either of the two Ferrybank Falher horizontal wells, or a mutually agreed upon substitute, the Corporation will forfeit \$750,000 per well of the \$7 million advanced; and**
- **The Corporation has an option to purchase the GORR back for 15 months from the Agreement date at a price of 30% above the original proceeds on the Transaction less any royalties paid under the Agreement and less two thirds of any amounts forfeited as a result of any failure to drill the Ferrybank wells.**

Operations Update

Waldron has licensed a high impact liquids-rich natural gas Ferrybank Falher well, and is in the process of licensing a second location, and will drill the first well early in the third quarter of 2014. This well will offset a recent third-party drill which averaged over 3 mmcf per day of natural gas plus liquids over its first four months of initial production. If successful, the Corporation has multiple follow-up horizontal locations on adjacent 100% Waldron owned lands. The Corporation currently has no reserves booked to this opportunity.

Investor Information

Waldron is a Calgary, Alberta based corporation engaged in the exploration, development and production of petroleum and natural gas. The Corporation's common shares are currently listed on the Toronto Stock Exchange under the trading symbol "WDN." Additional information regarding Waldron is available under the Corporation's profile at www.sedar.com or at the Corporation's website, www.waldronenergy.ca.

About Maple Leaf

Maple Leaf Energy Income Limited Partnerships provide Canadian resident investors with energy sector investments. - See more at: <http://www.mapleleafunds.ca/EnergyIncome>

Forward-Looking and Cautionary Statements

This news release contains forward-looking statements relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, strategies, financial and operating results and business opportunities. These forward-looking statements may include opinions, assumptions, estimates, management's assessment of value, reserves, future plans and operations.

Forward-looking statements typically use words such as "will," "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "should," "plan," and similar expressions suggesting future outcomes, and include statements that actions, events or conditions "may," "would," "could," or "will" be taken or occur in the future. Specifically, this press release contains forward-looking statements relating to the timing and closing of the Transaction; use of proceeds; results and timing of operations, including with regards to wells expected to be drilled; whether or not recent industry results are favorable; whether or not additional well licenses are obtained and additional reserves are recognized; whether or not the Corporation achieves guidance; the character and nature of the Corporation's asset base; whether or not the asset base is prospective; and number of horizontal drilling locations and opportunities and number of follow-up opportunities. The forward-looking statements are based on various assumptions including expectations regarding the timing and success of current or future drill wells; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures and net proceeds of the Transaction; estimates of future production; assumptions concerning the timing of regulatory approvals; the state of the economy and the exploration and production business; results of operations; business prospects and opportunities; future exchange and interest rates; assumptions with regards to hedging activities; the Corporation's ability to

obtain equipment in a timely manner to carry out development activities; and the ability of the Corporation to access capital and credit. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements are subject to a wide range of assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodities prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; general economic conditions; delays resulting from or inability to obtain required regulatory approvals; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Waldron believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not rely unduly on forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by applicable law, Waldron does not undertake any obligation to publicly update or revise any forward-looking statements.

Note Regarding Non-GAAP Measures

Funds from operations, operating netback and net debt are not recognized measures under IFRS as issued by the International Accounting Standards Board ("IASB"). Management believes that in addition to cash flow from operations and net earnings, funds from operations and operating netback are useful supplemental measures as they demonstrate the Corporation's ability to generate the cash necessary to fund future growth through capital investment or repay debt if incurred in future periods. The Company uses net debt (bank debt plus negative working capital or less positive working capital, both excluding bank debt) as an alternative measure of outstanding debt and is used as a measure to assess the Company's financial position. Investors are cautioned, however, that these measures should not be construed as an alternative to cash flow from operating activities or net earnings determined in accordance with IFRS as an indication of the Corporation's performance or financial position. The Corporation's method of calculating these measures may differ from other entities and, accordingly, they may not be comparable to measures used by other entities. For these purposes, the Corporation defines funds from operations as cash flow from operations before changes in non-cash operating working capital, transaction and other costs and decommissioning expenditures and defines operating netback as revenue, net of any realized gains or losses on commodity price contracts, less royalties, operating and transportation expenses. Net debt is defined as current assets less current liabilities, excluding commodity price contracts.

Note Regarding BOEs

The term barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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 conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

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