

# Topaz Energy Corp. Provides Acquisition Activity Update and Increased 2021 Guidance Which Yields 78% EBITDA Growth Over 2020

08.06.2021 | [CNW](#)

CALGARY, June 8, 2021 - [Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to provide an acquisition activity update and increased 2021 guidance estimates to incorporate the Clearwater and NEBC Montney acquisitions announced May 18, 2021.

## Acquisition Activity Update

### Reserve Royalty

On May 31, 2021, Topaz completed its previously announced (May 3, 2021) acquisition from Reserve Royalty Income Trust ("Reserve Royalty") of its subsidiaries which hold all of the Reserve Royalty assets, for \$26.0 million, which was paid through the issuance of 1,794,886 Topaz shares ("Reserve Royalty Acquisition") plus customary closing adjustments paid in cash. The subsidiaries acquired from Reserve Royalty have aggregate corporate tax pools of approximately \$100.0 million and no debt. The Reserve Royalty Acquisition adds a large royalty portfolio consisting of 345,000 gross acres of developed and undeveloped fee mineral title and royalty interest lands diversified across Western Canada, providing high margin, low decline royalty assets and free cash flow growth for Topaz. The Reserve Royalty Acquisition assets produced 609 boe/d<sup>(1)</sup> of royalty production in the first quarter of 2021.

### Charlie Lake Royalty

On June 1, 2021, Topaz completed its previously announced (April 12, 2021) royalty acquisition from [Tamarack Valley Energy Ltd.](#) ("Tamarack") for total cash consideration of \$32.0 million ("Charlie Lake Royalty Acquisition"). Pursuant to Charlie Lake Royalty Acquisition, Topaz acquired a newly created 2% gross overriding royalty interest on crude oil, conventional natural gas and natural gas liquids from approximately 300,000 gross acres of Tamarack's developed and undeveloped lands which are focused on Charlie Lake light oil development (approximately 210,000 gross acres). The Charlie Lake Royalty Acquisition assets are currently producing approximately 12,500 boe/d, includes a \$60.0 million capital commitment over the next two years and Tamarack plans to maintain a production base of 12,000 to 13,000 boe/d.

### Clearwater (Marten Hills) Royalty

On May 18, 2021, Topaz completed its previously announced (May 18, 2021) acquisition from Cenovus Energy Inc. of existing gross overriding royalty interests on approximately 192,000 gross acres in the Marten Hills Clearwater area of Alberta operated by [Headwater Exploration Inc.](#) ("Headwater") for total cash consideration of \$102.0 million ("Clearwater Acquisition"). The Clearwater Acquisition includes a remaining capital commitment of \$62.5 million by December 31, 2021 and Headwater's production from the Clearwater Acquisition lands is expected to grow from approximately 4,600 bbl/d crude oil currently to a sustainable production base of 13,000 - 14,000 bbl/d.

### NEBC Montney Royalty and Infrastructure

On May 18, 2021, Topaz announced that it had entered into definitive agreements with [Tourmaline Oil Corp.](#) ("Tourmaline"), for the purchase of gross overriding royalty interests on approximately 535,000 gross acres in the NEBC Montney and working interest ownership in Tourmaline's Gundy infrastructure which is supported by a ten-year fixed take-or-pay commitment, for total cash consideration of \$245.0 million ("NEBC Montney Acquisition"). The NEBC Montney Acquisition is scheduled to close July 1, 2021, will increase Topaz's existing Tourmaline-operated NEBC Montney royalty acreage by 134% and the assets' current production of approximately 22,600 boe/d<sup>(4)</sup> is expected to grow to over 100,000 boe/d<sup>(5)</sup> by mid-decade. Tourmaline has publicly stated that over the next five years, its North Montney growth will shift to the greater Conroy area where it plans to develop a separate new operated complex ultimately producing at similar levels to its Gundy core complex and Tourmaline's NEBC Montney production is well poised for significant future growth alongside the commissioning of future LNG projects.

## Acquisition Benefits

The cumulative recent acquisitions enhance Topaz's near and long-term free cash flow profile, are immediately accretive to 2021 per share metrics and are highly accretive to 2022 per share metrics, including 11% on both EBITDA<sup>(6)(8)</sup> and free cash flow<sup>(6)(8)</sup> and 10% on royalty production<sup>(8)</sup>. Upon close of the NEBC Montney Acquisition, Topaz will own gross overriding royalty interests on approximately 4.3 million gross acres which represents 45% growth.

#### Increased 2021 Guidance Estimates<sup>(8)</sup>

Topaz's 2021 guidance estimates, increased to reflect the Clearwater Acquisition and the NEBC Montney Acquisition, are presented in the table below. Topaz's estimates exclude any future acquisitions or deployment of capital pursuant to its growth strategy and Topaz's outlook is supported by our confidence in Tourmaline's continued focus on moderate growth across its production base and significant growth of its NEBC Montney production; as well as contractual capital commitments underpinning our other strategic royalty acquisitions.

To date, Topaz has generated 78% EBITDA<sup>(6)(8)(10)</sup> growth over 2020 which represents 32% on a per share basis inclusive of the equity financing which closed earlier today, and Topaz estimates it will exit 2021 with net debt<sup>(6)(8)</sup> of \$45.0 million (0.3x net debt / 2021e EBITDA<sup>(6)(8)</sup>) leaving over \$250.0 million of capacity available on its \$300.0 syndicated credit facility. Topaz's estimated 2021 dividend of \$102.0 million<sup>(8)</sup>, which reflects the recently announced increase of 5% to \$0.84 per share, represents a payout ratio<sup>(6)(8)</sup> of 64%, well within Topaz's targeted range of 60 to 90

	May 6, 2021 Guidance Estimates	June 8, 2021 Increased Guidance Estimates	Change in Estimates increase/(decrease)
\$mm except boe/d			
Annual average royalty production (boe/d) <sup>(7)</sup>	12,000 - 12,200	12,800 - 13,000	7% <sup>(10)</sup>
Processing revenue and other income	51.7	57.3	11%
EBITDA <sup>(6)</sup>	136.0 - 138.0	158.0 - 160.0	16% <sup>(10)</sup>
Annual dividends (\$0.84 per share)	91.2	102.0 <sup>(9)</sup>	12%
Exit adjusted working capital/(net debt) <sup>(6)</sup>	94.0 - 96.0	(44.0) - (46.0)	\$140mm <sup>(10)</sup>
Capital expenditures (excluding acquisitions)	1.0 - 2.0	1.0 - 2.0	-
Commodity price assumptions			
AECO 5A (CAD\$/mcf)	\$2.93	\$3.10	6%
NYMEX WTI (US\$/bbl)	\$59.76	\$64.11	7%
US\$/CAD\$ foreign exchange	0.79	0.82	4%

- (1) Comprised of 7,410 bbl/d crude oil, 22.6 mmcf/d conventional natural gas and 1,820 bbl/d natural gas liquids.
- (2) Comprised of 7,100 bbl/d crude oil, 21.0 mmcf/d conventional natural gas and 1,900 bbl/d natural gas liquids.
- (3) Comprised of 6,550 - 7,200 bbl/d crude oil, 21.0 - 22.8 mmcf/d conventional natural gas and 1,950 - 2,000 bbl/d natural gas liquids.
- (4) Comprised of 7 bbl/d crude oil, 101.1 mmcf/d shale gas and 5,730 bbl/d natural gas liquids.
- (5) Comprised of approximately 31 bbl/d crude oil, 447.3 mmcf/d shale gas and 25,419 bbl/d natural gas liquids.
- (6) Refer to "Non-GAAP Financial Measures."
- (7) Refer to "Supplemental Information Regarding Product Types."
- (8) Refer to "Forward-Looking Statements."
- (9) Estimated based on 128.7 million shares outstanding (includes Reserve Royalty Acquisition and equity financing which closed June 8, 2021). The Company's dividend payments remain subject to Board approval. Refer to "Forward-Looking Statements".

**ABOUT THE COMPANY** midpoint of the 2021 annual average royalty production estimates. Refer to "Supplemental Information Regarding Product Types".

Topaz is a unique royalty and energy infrastructure company focused on generating free cash flow growth and paying reliable and sustainable dividends to its shareholders, through its strategic relationship with one of Canada's largest natural gas producers, Tourmaline, an investment grade senior Canadian E&P company, and leveraging industry relationships to execute complementary acquisitions from other high-quality energy companies, while maintaining its commitment to environmental, social and governance best practices.

## FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") that relate to the Company's current expectations and views of future events. These forward-looking statements relate to future events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection", "strategy", "objective" and "outlook") are not historical facts and may be forward-looking statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release. In particular and without limitation, this news release contains forward-looking statements pertaining to the following: Topaz's future growth outlook and strategic plans; the anticipated capital expenditure plans and production increases relating to completed and planned acquisitions; the benefits to be derived from the Reserve Royalty Acquisition, Charlie Lake Royalty Acquisition, NEBC Montney Acquisition and the Clearwater Acquisition (collectively, the "Acquisitions"); the environmental benefits associated with the Acquisitions; expected production increases and capital commitments on the royalty lands; estimated levels of EBITDA,<sup>(6)</sup> free cash flow<sup>(6)</sup> and net debt<sup>(6)</sup>; future dividend levels and declaration and payment of dividends and the timing and amount thereof; the information described under the heading "Increased 2021 Guidance Estimates" above; other expected benefits from the Acquisitions including enhancing Topaz's future growth outlook and providing value enhancing assets including the information described under the heading "Acquisition Benefits" above; and the Company's business as described under the heading "About the Company" above. Forward-looking information is based on a number of assumptions including those highlighted in this news release and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information.

Such risks and uncertainties include, but are not limited to, the failure to complete acquisitions on the terms

or on the timing announced or at all and the failure to realize some or all of the anticipated benefits of acquisitions including estimated royalty production, royalty production revenue growth, and the factors discussed in the Company's recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), Annual Information Form (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) or Topaz's website ([www.topazenergy.ca](http://www.topazenergy.ca)).

Statements relating to "reserves" are also deemed to be forward looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Without limitation of the foregoing, future dividend payments, if any, and the level thereof is uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, free cash flow<sup>(6)</sup>, financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of Topaz to pay dividends will be subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

Topaz does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

#### NON-GAAP FINANCIAL MEASURES

In addition to using financial measures prescribed by International Financial Reporting Standards ("IFRS" or "GAAP"), references are made in this news release to "free cash flow", which is a measure that does not have any standardized meaning as prescribed by IFRS. Management uses this term for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund dividends and a portion of its future growth expenditures or to repay debt. Accordingly, investors are cautioned that this non-GAAP financial measure may not be comparable to similarly defined measures presented by other entities and should not be considered in isolation nor as an alternative to net income (loss) from continuing operations or other financial information determined in accordance with GAAP as an indication of the Company's performance. References to "free cash flow" are to the amount of cash estimated to be available for dividends to shareholders in accordance with the Company's dividend policy and is defined as cash flow less capital expenditures, where "cash flow" is defined as cash from (used in) operations before changes in non-cash working capital.

This news release also makes reference to the terms "EBITDA," "EBITDA per share," "cash flow," "free cash flow," "free cash flow per share," "adjusted working capital," and "net debt" which are not recognized measures under GAAP, and do not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses the terms "EBITDA," "free cash flow," "adjusted working capital," and "net debt" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund dividends and a portion of its future growth expenditures or to repay debt. Accordingly, investors are cautioned that the non-GAAP financial measures should not be considered in isolation nor as an alternative to net income (loss) from continuing operations or other financial information determined in accordance with GAAP as an indication of the Company's performance.

For these purposes, "EBITDA" is net income or loss from continuing operations, excluding extraordinary items, plus interest expense, income taxes and the capital portion of any finance lease received, and adjusted for non-cash items including depletion and depreciation and share-based compensation and gains or losses on dispositions. "EBITDA per share" is defined as EBITDA divided by the weighted average common shares outstanding during the respective period. "Cash flow" is cash from (used in) operations before changes in non-cash working capital. "Free cash flow" is defined as cash flow less capital expenditures. "Free cash flow per share" is defined as free cash flow divided by the weighted average common shares outstanding during the respective period. "Adjusted working capital" is current assets less current liabilities, adjusted for financial instruments and "net debt" is total debt outstanding less adjusted

working capital.

## BOE EQUIVALENCY

Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 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. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## OIL AND GAS METRICS

This news release contains certain oil and gas metrics which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon.

## MARKET, INDEPENDENT THIRD-PARTY AND INDUSTRY DATA

Certain market, independent third-party and industry data contained in this news release is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but the Company has not conducted its own independent verification of such information. This news release also includes certain data, including production, well count estimates, capital expenditures and other operational results, derived from public filings made by independent third parties. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from independent third-party sources referred to in this news release or ascertained the underlying assumptions relied upon by such sources.

## INFORMATION REGARDING PUBLIC-ISSUER COUNTERPARTIES

Certain information contained in this news release relating to the Company's public issuer counterparties which include Tourmaline, Tamarack and Headwater and the nature of their respective businesses is taken from and based solely upon information published by such issuers. The Company has not independently verified the accuracy or completeness of any such information.

## SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to estimated average daily production estimates for the year ended December 31, 2021. The following table is intended to provide supplemental information about the product type composition for each of the production figures that are provided in this news release:

For the year	Topaz May 6, 2021 Royalty Production Estimate (Midpoint)	Topaz June 8, 2021 Royalty Production Estimate (Midpoint)
	2021e	2021e
Average daily production		
Light and Medium crude oil (bbl/d)	350	372
Heavy crude oil (bbl/d)	79	397
Conventional natural gas (Mcf/d)	43,608	43,859
Shale Gas (Mcf/d)	22,008	24,221
Natural Gas Liquids (bbl/d)	735	785
Total (boe/d)	12,100	12,900

General

See also "Forward-Looking Statements" and "Non-GAAP Financial Measures" in the most recently filed Management's Discussion and Analysis.

SOURCE [Topaz Energy Corp.](#)

Contact

[Topaz Energy Corp.](#), Marty Staples, President and Chief Executive Officer, (587) 747-4830; Cheree Stephenson, VP Finance and CFO, (587) 747-4830

---

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/385916--Topaz-Energy-Corp.-Provides-Acquisition-Activity-Update-and-Increased-2021-Guidance-Which-Yields-78Prozent->

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

---

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!  
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).