

Topaz Energy Corp. Announces Agreement to Acquire Weyburn Royalty Interest, 14% Dividend Increase, Bought Deal Equity Financing and Complementary Royalty Acquisitions

05.10.2021 | [CNW](#)

/NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES/

CALGARY, Oct. 5, 2021 - [Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to announce that it has entered into a purchase and sale agreement with [Whitecap Resources Inc.](#) ("Whitecap") to acquire a newly-created 5% gross overriding royalty interest on Whitecap's working interest in the Weyburn Unit (the "Unit") for \$188.0 million⁽²⁾ in cash ("Weyburn Royalty Acquisition"). The Weyburn Royalty Acquisition will be funded through a \$131.7 million bought deal equity financing ("Equity Financing") and Topaz's existing credit facilities.

Complementary Royalty Acquisitions

During the third quarter, Topaz completed complementary royalty acquisitions⁽⁵⁾ for aggregate cash consideration of \$40.0 million (the "Complementary Royalty Acquisitions"). Pursuant to the Complementary Royalty Acquisitions, the Company has acquired newly-created gross overriding royalties on approximately 496,000 gross acres of developed and undeveloped acreage in the greater Clearwater, Provost, Lloydminster and West Central areas in Alberta which are supported by aggregate contract development commitments of \$70.0 million.

Topaz Acquisition Benefits

The total cash consideration paid and payable by Topaz pursuant to the Complementary Royalty Acquisitions and the Weyburn Royalty Acquisition (together, the "Strategic Acquisitions") is \$237.9 million. Topaz believes the Strategic Acquisitions will enhance its royalty portfolio, providing commodity diversification, enhanced scale and embedded growth. The Strategic Acquisitions' current working interest production is approximately 29,600 boe/d⁽⁶⁾ (95% crude oil and natural gas liquids) in which Topaz acquired newly-created gross overriding royalties ranging from 2% to 5%. The Strategic Acquisitions further demonstrate Topaz's acquisition growth strategy and are expected to provide \$30.8 million Estimated Annualized EBITDA to Topaz.

14% Dividend Increase

Topaz has achieved significant free cash flow⁽¹⁾ growth since its inception in November 2019, and is pleased to announce that the Board has approved a 14% dividend increase which results in a \$0.24 per share quarterly dividend commencing in the third quarter of 2021; the Company's second dividend increase to date in 2021.

Highlights of the Weyburn Royalty Acquisition

- Adds complementary low decline, reliable free cash flow⁽¹⁾ generating assets to enhance Topaz's existing high-quality royalty portfolio
- The Unit is a self-sustaining, low (3%) base decline rate operation that generates strong free cash flow⁽¹⁾ even in a volatile commodity price environment with production levels that can be maintained with relatively minimal capital investment
- To date, the Unit has produced approximately 540 million barrels out of an original oil in place estimate of 2.1 billion barrels⁽³⁾. At current production levels, the Unit has a proved plus probable developed producing reserve life of 24 years and a proved plus probable reserve life index of more than 24 years⁽³⁾
- The Unit has effectively captured over 36 million tonnes of CO₂⁽⁴⁾ over the past 20 years; the technical reliability of the Unit has become internationally recognized
- Well capitalized, amongst the best-in-class, ESG-attentive operator positioned to deliver long-term value
- Whitecap is one of the largest, most active oil operators in the WCSB and sequesters more greenhouse gas (CO₂) than it produces which results in "negative" net corporate CO₂ emissions⁽⁷⁾
- The Unit's strong capital efficiencies attract a reliable allocation of Whitecap's annual maintenance capital
- Strategic growth execution which illustrates Topaz's ESG-integrated investment strategy and provides an enhanced free cash flow per share⁽¹⁾ Topaz growth profile
- High-quality commodity and counterparty diversification enhances long-term value for Topaz shareholders
- Strong near-term, low-decline royalty production growth enables methodical, sustainable dividend increases for shareholder returns

Overview of the Weyburn Royalty Acquisition

The Unit, discovered in the 1950's and currently operated by Whitecap (who holds a 65.33% working interest), is a conventional oil and gas field.

unitized oil field under carbon dioxide ("CO₂") enhanced oil recovery encompassing approximately 53,360 acres located in southeast Saskatchewan. The Unit is the largest anthropogenic carbon capture, utilization and storage ("CCUS") project in the world; is expected to continue to sequester carbon at a rate of approximately 2 million tonnes per year; and is internationally recognized as one of the most successful developments of its kind from a technical, economic and environmental perspective. The captured CO₂ acts like a solvent to enhance oil recoverability as it flushes otherwise unrecoverable oil from pores in the reservoir. Whitecap has long-term contracts in place whereby it acquires pipeline-connected CO₂ from the coal-fired Boundary Dam Station in Estevan, Saskatchewan and a coal gasification project in North Dakota; which avoids the release of the major portion of CO₂ generation. Significant expansion opportunities remain to expand the Weyburn CO₂ flood and further mitigate a low decline rate and low greenhouse gas ("GHG") emissions intensity.

Equity Financing

Topaz has entered into an agreement with a syndicate of underwriters co-led by Peters & Co. Limited and National Bank of Canada Inc. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a best efforts basis, 7.7 million common shares ("Common Shares") of Topaz at a price of \$17.10 per Common Share for gross proceeds of approximately \$131.7 million. The Underwriters will have an option to purchase up to an additional 15% of the Common Shares issued under the Equity Financing at a price of \$17.10 per Common Share to cover over-allotments exercisable and for stabilization purposes in whole or in part at any time until 30 days after the closing.

Completion of the Equity Financing is subject to customary closing conditions, including the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange. Closing of the Equity Financing is expected to occur on or before October 26, 2021. Closing of the Equity Financing is not conditional on the closing of the Weyburn Royalty Acquisition. If the Weyburn Royalty Acquisition does not close, the net proceeds from the Equity Financing will be used to fund future acquisitions and for internal working capital purposes.

In conjunction with the Equity Financing, certain officers, directors and employees of Topaz and their associates intend to purchase a minimum of 145,000 Common Shares at a price of \$17.10 per Common Share on a private placement basis.

The Common Shares issued pursuant to the Equity Financing will be distributed by way of a short form prospectus in Canada and may also be placed privately in the United States to Qualified Institutional Buyers (as defined under Rule 144A under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) pursuant to the exemption provided under the U.S. Securities Act, and may be distributed outside Canada and the United States on a basis which does not require the qualification or registration of any of the Company's securities under domestic or foreign securities laws. The Common Shares have not been and will not be registered under the U.S. Securities Act, and this news release does not constitute an offer of securities for sale in the United States. The Common Shares may not be offered or sold in the United States absent registration or an exemption from registration.

No securities regulatory authority has either approved or disapproved of the contents of this news release. This news release does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State where such offer, solicitation or sale would be unlawful.

Topaz Acquisition Funding

Topaz will fund the Weyburn Royalty Acquisition through the \$131.7 million Equity Financing and Topaz's existing credit facilities, which is expected to close concurrently with the Equity Financing on or before October 26, 2021, and is subject to customary closing conditions as set forth in the definitive agreements, including the accuracy of representations and warranties and the performance of covenants.

Third Quarter 2021 Results and 2022 Guidance Estimates

Topaz plans to release its third quarter 2021 results and 2022 guidance estimates on Thursday, November 4, 2021 after market close. Topaz will host a conference call on Friday, November 5, 2021 starting at 9:00 a.m. MST (11:00 a.m. EST). To participate in the conference call, please dial 1-888-664-6392 (North American toll free) a few minutes prior to the call. Conference ID: 49622828.

Additional information

Additional information about Topaz, including the financial statements and management's discussion and analysis for the three and six months ended June 30, 2021 as well as the Company's 2020 Annual Information Form are available electronically under the Company's profile on SEDAR, www.sedar.com, and on Topaz's website, www.topazenergy.ca.

ABOUT THE COMPANY

Topaz is a unique royalty and energy infrastructure company focused on generating free cash flow growth and paying sustainable dividends to its shareholders, through its strategic relationship with one of Canada's largest natural gas producers, Tourmaline Oil Corp., 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 and governance best practices. For further information, please visit the Company's website www.topazenergy.ca.

(1) Refer to "Non-GAAP Financial Measures."

(2) Subject to customary closing adjustments.

(3) Reserve estimates according to Whitecap's independent reserve evaluation by McDaniel & Associates ("McDaniel") effective December 31, 2020.

(4) Estimates provided by the Unit operator, [Whitecap Resources Inc.](http://www.whitecap.com)

(5) Excludes previously announced transactions which closed during the third quarter of 2021 as follows: on July 1, 2021 Topaz closed the \$245.0 million acquisition from [Tourmaline Oil Corp.](http://www.tourmalineoil.com) ("Tourmaline") of a newly created gross overriding royalty on approximately 535,000 gross acres of developed and undeveloped lands in the NEBC Montney play area and working interest ownership in Tourmaline's Gundy infrastructure; and on August 1, 2021 Topaz closed the \$145.0 million acquisition of a newly created gross overriding royalty from Tourmaline on approximately 296,000 gross acres of developed and undeveloped land in the NEBC Montney play area.

(6) Refer to "Estimated Annualized EBITDA Non-GAAP Financial Measure," "Supplemental Information Regarding Product Types" and "Forward-Looking Statements."

(7) After accounting for Whitecap's scope 1 & 2 emissions.

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 events or the Company's future performance. Any statements that express, or involve discussions as to, expectations, 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 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 accurate and such forward-looking statements included in this news release should not be unduly relied upon. These statements are made 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; production increases relating to completed and planned acquisitions; the benefits to be derived from the Strategic Acquisitions including ESG benefits; the timing for the completion of the Weyburn Royalty Acquisition; the geological characteristics of the CCUS, reserve life index, GHG emissions intensity and capital efficiencies; the statements relating to the Equity Financing including the size of the Equity Financing, the use of proceeds under the Equity Financing, the expected participation of insiders in the concurrent private placement, the anticipated closing of the Equity Financing and concurrent private placement, receipt of all regulatory approvals for the Equity Financing including the approval of the Toronto Stock Exchange; the expected benefits associated with the Strategic Acquisitions; expected production increases and capital commitments on the royalty portfolio; estimated levels of EBITDA,⁽¹⁾ (including Estimated Annualized EBITDA) and free cash flow⁽¹⁾; the future dividend increase declaration and payment of dividends and the timing and amount thereof; the information described under the heading "Estimated Annualized EBITDA NON-GAAP FINANCIAL MEASURE" below; other expected benefits from the Weyburn Royalty Acquisition; the Complementary Acquisitions including enhancing Topaz's existing high-quality royalty portfolio and providing complementary assets; low decline, reliable free cash flow generating assets; 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 may 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) or Topaz's website (www.topazenergy.ca).

Statements relating to "reserves" and "resources" are also deemed to be forward looking information, as they involve the assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted and that the reserves or resources 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 policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, cash flow,⁽¹⁾ financial requirements for the Company's operations and the execution of its acquisition 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 or 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 the terms "EBITDA", "cash flow", "free cash flow," and "free cash flow per share," 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," "cash flow", "free cash flow," and "free cash flow per share," 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 measure of income (loss) 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, excluding extraordinary items, plus interest expense, income taxes and adjustments for non-cash items including depletion and depreciation and share-based compensation and gains or losses on asset dispositions. "Cash flow" is cash from (used in) operations before changes in non-cash working capital. "Free cash flow" is cash flow less capital expenditures. "Free cash flow per share" is defined as free cash flow divided by the weighted average number of common shares outstanding during the respective period.

ESTIMATED ANNUALIZED EBITDA NON-GAAP FINANCIAL MEASURE

References are made in this news release to the term "Estimated Annualized EBITDA," which is presented by management as an estimate of the financial impact attributed to the Strategic Acquisitions, before consideration of future development by the operators of the Complementary Acquisitions' assets. This estimate is not a recognized measure under GAAP, and does not have a standardized meaning prescribed by GAAP. Accordingly, the Company's use of this term may not be comparable to similarly defined measures presented by other companies.

"Estimated Annualized EBITDA" was calculated using management's best estimate of the working interest production attributable to the Strategic Acquisitions (see "Supplemental Information Regarding Product Types"); the Company's respective gross royalty percentage attributable to the Weyburn Royalty Acquisition of 5% and the respective Complementary Acquisition of 4%; and the most recent (September 2021) monthly commodity prices as follows: crude oil US\$WTI \$71.54; Western Canadian Select differential US\$13.48; Mixed Sweet Blend (Edm) differential US\$3.36; AECO natural gas C\$3.73/mcf; and production differentials and transportation deductions consistent with historical realizations. "Estimated Annualized EBITDA" was calculated on a monthly basis; annualized by multiplying by 12.

FINANCIAL OUTLOOKS

Also included in this news release are estimates of Topaz's 2021 Estimated Annualized EBITDA, which is based on, among other things, the various assumptions as to working interest production levels, capital expenditures, annual cash flows and other assumptions disclosed in this news release. To the extent such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Topaz on October 5, 2021 and are included to provide readers with an understanding of Topaz's anticipated Estimated Annualized EBITDA based on the capital expenditure, production and other assumptions disclosed herein and readers are cautioned that the information may not be appropriate for other purposes.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to the current production of the Strategic Acquisitions on a combined basis which represents the average daily working interest production from each of the Weyburn Royalty Acquisition and the Complementary Royalty Acquisitions for the five days ending October 2, 2021. The following table is intended to provide supplemental information regarding product type composition for the working interest production figure that is provided in this news release:

Average daily working interest production for the five days ending October 2, 2021	Weyburn Royalty Acquisition ⁽¹⁾	Complementary Royalty Acquisitions ⁽²⁾	Strategic Acquisitions Estimated Average Daily Production
Light and Medium crude oil (bbl/d)	13,500	1,408	14,908
Heavy crude oil (bbl/d)	?	12,439	12,439
Conventional Natural Gas (Mcf/d)	?	8,968	8,968
Natural Gas Liquids (bbl/d)	563	252	815
Total (boe/d)	14,063	15,594	29,657

⁽¹⁾ Average daily working interest production for the month of May 2021 was 14,350 bbl/d (comprised of 13,973 bbl/d of crude oil and 377 bbl/d of NGLs) prior to downtime attributed to compressor maintenance activity which was completed on September 30, 2021; thereafter production returned to previous production rates.

⁽²⁾ Reflects recent drilling results but does not take into consideration future development anticipated by the assets' operators pursuant to aggregate contractual capital development commitments of \$70.0 million.
BOE EQUIVALENCY

Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas per 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 current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion 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.

Original oil in place ("OOIP") means discovered petroleum initially in place ("DPIIP"). DPIIP is derived by Whitecap's independent qualified reserve evaluators ("QRE") and prepared in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluations Handbook ("COGEH"). DPIIP, as defined in COGEH, is the

of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recovery portion of DPIIP includes production, reserves and resources other than reserves (ROTR). OOIP/DPIIP and potential recovery estimates are based on current recovery technologies. There is significant uncertainty as to the ultimate recoverability and commercial viability of any of the resource associated with OOIP/DPIIP, and as such a recovery project cannot be defined at this volume of OOIP/DPIIP at this time. All reserve and resource estimates contained in this news release have been prepared by McDaniell effective as of December 31, 2020.

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

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

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/395798--Topaz-Energy-Corp.-Announces-Agreement-to-Acquire-Weyburn-Royalty-Interest-14Prozent-Dividend-Increase-B>

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 -1999-2025. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).