

ROK Resources Inc. Confirms Closing of Previously Announced Transformational \$72 Million Acquisition of Sustainable, Producing, Oil-Weighted Assets

07.03.2022 | [ACCESS Newswire](#)

REGINA, March 7, 2022 - [ROK Resources Inc.](#) ("ROK" or the "Company") (TSXV:ROK) is pleased to announce that it has successfully closed the previously announced transformational acquisition (the "Acquisition") of certain oil & gas assets (the "Assets"), primarily in Saskatchewan and Alberta, from Federated Co-operatives Limited and its wholly-owned subsidiary 2214896 Alberta Ltd. ("FCL"). The Assets include approximately 2,962 boe/d (72% liquids)[1] of low-decline, oil-weighted production in Southern Saskatchewan and Alberta which, at US\$75/bbl WTI pricing, is expected to generate an operating netback of \$37/boe resulting in annualized net operating income ("NOI") of \$40 million, implying a 1.8x TV / NOI multiple.

Total consideration paid for the Acquisition was approximately \$72 million ("Transaction Value" or "TV"), prior to realizing a downward purchase price adjustment of \$9.6 million to account for, among other things, the November 1, 2021 effective date of the Acquisition, and was funded through a combination of proceeds from the previously announced Bought Public Offering (as defined herein) and the previously announced Senior Loan Facility (as defined herein), details of which can be found within the Company's press release dated March 4, 2022.

Acquisition Highlights

The Acquisition is completely aligned with ROK's long-term business strategy to grow into a premier, publicly traded energy producer through the acquisition and responsible exploration and development of diversified and sustainable assets in strategic locations, including in Alberta and Saskatchewan, where the management team has a deeply rooted track record of value creation through successfully building and exiting four prior private companies.

Description of Assets

The highlights of the Acquisition and the anticipated benefits associated with the Assets include the following:

- Land Positions within Economic Conventional and Unconventional Resource Plays
 - Land position of 1,380,556 gross (333,347 net) acres of land within four core areas in Saskatchewan (Dodsland, Butte Shaunavon, and Southeast Saskatchewan) and Alberta (Kaybob)
 - Recent offsetting industry drilling activity is focused on the Midale, Frobisher, Shaunavon and Viking, and the Cardium, Bluesky, Dunvegan, and Montney
 - No significant near-term expiries and unrestricted year-round access
 - Average working interest of nearly 50% (excluding Weyburn)
 - Interest in several conventional units, including the Weyburn CCUS EOR project
- Booked Reserves & Long-Term Resource Development Upside
 - Remaining proved developed producing ("PDP") reserves of 6.7 million BOE (comprised of 4.9 million Bbls of Crude Oil, 4,750 MMcf of Natural Gas and 294,000 Bbls of Natural Gas Liquids), valued at an NPV_{10%} of \$96 million
 - Total Proved Plus Probable reserves of 13.5 million BOE (comprised of 9.0 million Bbls of Crude Oil, 2,160 MMcf of Natural Gas and 896,000 Bbls of Natural Gas Liquids) valued at an NPV_{10%} of \$168 million
 - Over 100 identified Gross drilling locations (including 34₁ locations identified by McDaniel)
 - Historically under-capitalized; primary development and secondary / tertiary EOR potential

- Base Production Yields Free Funds Flow Potential
 - Fiscal 2021 estimated production average of 3,163 Boepd (comprised of 2,143 Bopd, 5,132 Mmcf/d and 165 Bpd of NGLS)
 - First year production estimate of approximately 2,962 BOE/d (comprised of 2,000 Bopd, 4,800 Mmcf/d and 162 Bpd of NGLS), including ~460 BOE/d (comprised of 445 Bopd and 15 Bpd of NGLs) at Weyburn
 - Medium-to-light oil weighted production between 27-38° API gravity
 - Free funds flow driven by a 22% base decline (including 4% at Weyburn), operating netbacks (\$37/BOE) and capital efficiencies (less than \$20,000/BOE/d)
 - Opportunity to efficiently optimize production via several workover candidates
- Integrated Operations Delivering the following Structures
 - High working interest and operatorship in key growth properties ensures substantial control over pace of development
 - Readily available area processing capacity and strategic access to markets
 - Attractive royalties (<13%) and operating costs (<\$20/BOE)
 - Annualized NOI of \$40 million driven off a \$37/ BOE operating netback
 - Asset retirement obligations (ARO) expected to be fully serviced by spending approximately \$1.2 million₂ per year
- ESG Characteristics Underpin Responsible and Sustainable Development
 - Weyburn CCUS EOR project provides significant CO₂ & GHG production offsets
 - Licensee liability ratios of greater than 2 in Alberta and greater than 1 in Saskatchewan
 - Program to actively manage abandonment obligations on an annual basis
 - Weyburn CO₂ sequestration offsets current Vendor GHG emissions by 86%
 - The Corporation endeavors to become carbon neutral in the future through a combination of gas conservation, fugitive emission reduction and vent to flare conversions where applicable.

1. 34 Gross locations identified in the McDaniels Estimates, of which 17 have been assigned Probable Reserves and 34 have been assigned Proved plus Probable Reserves. There are an additional 7 locations identified that have no reserves assigned as at October 31, 2021.

2. \$1.2MM/year spend on is calculated based on a 5%/year of current inactive sites in the jurisdictions of the Assets. This is consistent with the provincial regulators existing guidelines for minimum annual ARO spend.

Proforma ROK Highlights

ROK is strongly positioned to pursue a cost-focused and operationally efficient development plan that is designed to maximize organically generated free funds flow which will be used initially to deleverage the balance sheet, in the medium-term to provide significant flexibility to accelerate growth via development drilling or through completing other accretive acquisitions, and ultimately over the long term ROK believes that these Assets will prove to be the cornerstone to providing attractive yield back to its shareholders.

After completion of the Acquisition, the Bought Public Offering, and Senior Note Conversion (as defined below), the Company expects to have approximately 186 million Common Shares outstanding and net debt of approximately \$40 million[2]. Furthermore, the pro forma Company expects to produce 3,174 boe /d (72% liquids)[3] and to generate an annualized net operating income of \$42 million[4].

ROK is currently unhedged and immediately after completion of the Acquisition, intends to enter into a hedge program. Details of which will follow.

ROK Capitalization (\$MM, except per share)	ROK	%
Standalone	Post-Deal [5]	Change
Issue Price	\$0.18	\$0.18

Basic
Shares 186
Market
Capitalization \$33
Net
Debt
(current
/ \$3 / \$0 \$55 / \$40
as
at
YE22E)
Enterprise
Value
(current
/ \$16 / \$13 \$89 / \$73
as
at
YE22E)

Estimated ROK	Estimated ROK	%
Projected as at YE22E [6] [7]	Post-Deal [8]	Change
EV / \$ 56k Production	\$23k	(59%)
EV / 5.8x NOI	1.8x	(70%)
Debt-Adjusted Free Funds Flow (24%) Yield	37%	61%
PDP Reserves (Mboe / 307 / \$5 \$MM) boe / 0.00 share	6,959 / \$101	2,165% / 1,891%
NAV / \$0.03 share	\$0.25	759%
TP Reserves (Mboe / 836 / 15 \$MM) boe / 0.01 share	\$9,275 / 124	1,010% / 753%
NAV / \$0.16 share	\$0.37	137%

TPP			
Reserves			
(Mboe)			
1,494 / \$32	15,035 / \$ 200	907% / 523%	
\$MM)			
boe			
/ 0.02	0.08	303%	
share			
NAV			
/ \$0.39	\$0.78	99%	
share			

Financings

The Acquisition was funded through the previously announced bought public offering of subscription receipts (the "Subscription Receipts") led by Echelon Capital Markets for gross aggregate proceeds of approximately \$17.3 million, including the over-allotment option (the "Bought Public Offering"), and the previously announced senior secured loan facility with Anvil Channel Energy Solutions for an aggregate principal amount of \$65 million (the "Senior Loan Facility").

Each Subscription Receipt will entitle the holder thereof to receive, upon the satisfaction of certain conditions, and without payment of additional consideration or further action, one unit (a "Unit"), consisting of one Common Share and one Common Share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder thereof to acquire one additional Common Share at an exercise price of \$0.25 for a period of 36 months from the closing date. The Company has applied to list the Common Shares and Warrants underlying the Unit on the TSX Venture Exchange (the "Exchange").

In connection with the Acquisition and the Senior Loan Facility, the Company converted \$2.8 million principal amount of its existing senior secured notes (the "Senior Secured Notes") into equity on the same terms as the Bought Public Offering ("Senior Note Conversion"). The remaining Senior Secured Notes were fully repurchased by the Company, pursuant to the terms of the Senior Secured Notes. The Units issued to the former holders of Senior Secured Notes are subject to a four month and a day hold period, expiring on July 8, 2022. In addition \$0.5 million, plus a 3% origination fee, will be repaid to certain management members of the Corporation which was used to contribute to the \$1.0 million deposit on Transaction Value under the term of the Acquisition.

Advisors

Echelon Capital Markets acted as exclusive financial advisor to ROK with respect to the Acquisition and Senior Loan Facility.

McDougall Gauley LPP, Norton Rose Fulbright, and EnerNext Counsel acted as legal advisor to ROK with respect to the Acquisition and Senior Loan Facility, with EnerNext Counsel also acted as legal advisor to ROK with respect to the Bought Public Offering.

Qualified Person

The technical content of this news release has been reviewed and approved by Bryden Wright, P. Eng., a qualified person for the purpose of National Instrument 41-101.

About ROK

ROK is primarily engaged in exploring for petroleum and natural gas development activities in Saskatchewan. Its head office is located in Regina, Saskatchewan, Canada and ROK's common shares are traded on the Exchange under the trading symbol "ROK".

For further information, please contact:

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Boe Disclosure

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6 Mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

Reserve Disclosure

All reserves information in this press release was prepared by an independent reserve evaluator, effective October 31, 2021, using the reserve evaluators November 1, 2021 forecast prices and costs in accordance with National Instrument 51-101 - Standards of Disclosure of Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"). All reserve references in this press release are "Company gross reserves". Company gross reserves are the Company's total working interest reserves before the deduction of any royalties payable by the Company and before the consideration of the Company's royalty interests. It should not be assumed that the present worth of estimated future cash flow of net revenue presented herein represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates of the Assets and ROK's crude oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGLs reserves may be greater than or less than the estimates provided herein. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Estimated proforma reserves have been disclosed to present a post-deal snapshot of ROK, understanding that Estimated ROK Standalone and Estimated ROK Post-Deal employ different price forecasts. The differences in the evaluations, however, are not material and offer a fair representation of the total reserves of the Company after closing of the Acquisition.

Drilling Locations

This press release discloses drilling locations with respect to the Assets in two categories: (i) proved locations; and (ii) un-booked locations. Proved locations are derived from the Company's internal reserves evaluation as prepared by a member of management who is a qualified reserves evaluator in accordance with NI 51-101 and the COGEH effective October 31, 2021, and account for drilling locations that have associated proved and/or probable reserves, as applicable. Un-booked locations are internal estimates based on the Company's assumptions as to the number of wells that can be drilled per section based on industry practice and internal review. Un-booked locations do not have attributed reserves or resources. Of the total 100 drilling locations identified herein, 40 are proved plus probable locations and 60 are un-booked locations. Un-booked locations have been identified by management as an estimation of Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production, and reserves information assuming completion of the Acquisition. Assuming completion of the Acquisition, there is no certainty that the Company will drill all un-booked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources, or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the un-booked drilling locations have been de-risked by the drilling of existing wells by the vendor in relative close proximity to such un-booked drilling locations, other un-booked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional

oil and gas reserves, resources or production.

Non-IFRS Measures

Certain measures commonly used in the oil and natural gas industry referred to herein, including, "Operating Netback", "Net Debt", "Net Operating Income", "Free Fund Flow", "Free Fund Flow Yield", "Debt-Adjusted Free Fund Flow", "Debt-Adjusted Free Fund Flow Yield", and "Enterprise Value" do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. These non-IFRS measures are further described and defined below. Such non-IFRS measures are not intended to represent operating profits, nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

"Operating Netback" equals petroleum sales (before realized hedging gains or losses on derivative instruments) less royalties and operating costs calculated on a boe basis. The Company uses certain industry benchmarks, such as Operating field netback, to analyze financial and operating performance. This metric can also be calculated on a per boe basis. The Company considers Operating Field Netback an important measure to evaluate operational performance, as it demonstrates field level profitability relative to current commodity prices.

"Net Debt" equals as outstanding long-term debt and net working capital. The Company uses this metric to analyze the level of debt in the Company including the impact of working capital.

"Net Operating Income" is calculated as petroleum and natural gas revenue less royalties, net operating expenses and transportation expenses. Net operating income multiple is calculated as purchase price of the acquisition divided by the annual net operating income related to the acquisition. The Company uses this metric as an indication of the cost of the acquisition in relation to the net operating income from the acquired business.

"Operating Free Funds Flow" is calculated by taking net operating income and deducting capital expenditures, excluding acquisitions and dispositions. The Company uses Operating Free Fund Flow to determine the amount of funds delivered off the asset for future capital allocation decisions.

"Operating Free Fund Flow Yield" is calculated as Operating Free Funds Flow divided by the Transaction Value. The Company uses this measure as an indication of the Operating Free Funds Flow return to all stakeholders of the asset.

"Free Funds Flow" is calculated by taking net operating income and deducting cash G&A and interest expenses, and capital expenditures, excluding acquisitions and dispositions. The Company uses Free Fund Flow to determine the amount of funds available to the Company for future capital allocation decisions.

"Debt-Adjusted Free Fund Flow" is calculated by taking Free Funds Flow and adding back financing costs.

"Enterprise Value" is calculated using (i) the product of (x) the number of issued and outstanding Common Shares of the Company multiplied by (y) the per share closing price of the Common Shares or the Issue Price, plus (ii) the amount of the Company's debt, less (iii) the amount of cash and cash equivalents of the Company.

"Debt Adjusted Free Fund Flow Yield" is calculated as Debt-Adjusted Free Funds Flow divided by the Company's Enterprise Value at the date indicated herein. The Company uses this measure as an indication of the Free Funds Flow return to all stakeholders based on current share prices.

"Reserve Life Index" is calculated by dividing the TPP reserves by the product of the estimated current production and 365 days in a year.

Abbreviations

bbls/d barrels per day

boe barrels of oil equivalent

boe/d barrels oil equivalent per day

NGLs Natural Gas Liquids

Mboe Thousands of barrels of oil equivalent

MMboe Millions of barrels of oil equivalent

PDP Proved Developed Producing

TP Total Proved Reserves

TPP Total Proved and Probable Reserves

IFRS International Financial Reporting Standards as issued by the International Accounting Standards Board

WTI West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade

Cautionary Statement Regarding Forward-Looking Information

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation that are not historical facts. Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results, performance, prospects, and opportunities to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements with respect to the Company's objectives, goals, or future plans with respect to pursuing the objectives and the expectations regarding the expected results thereof. Forward-looking statements are necessarily based on several estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include but are not limited to general business, economic and social uncertainties; litigation, legislative, environmental, and other judicial, regulatory, political and competitive developments; delay or failure to receive board, shareholder or regulatory approvals; those additional risks set out in ROK's public documents filed on SEDAR at www.sedar.com; and other matters discussed in this news release. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether because of new information, future events, or otherwise.

Cautionary Statement Regarding Future Oriented Financial Information

This news release contains future oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by our management to provide an outlook of our activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed and described as forward-looking statements and assumptions with respect to expected annualized net operating income. The actual results of our operations

and the resulting financial results may vary from the forecast set forth herein, and such variation may be material. Our management believes that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. Readers are cautioned that the foregoing list of important factors is not exhaustive. The forward-looking statements and the FOFI contained in this news release are made as of the date of this news release or the dates specifically referenced herein. All forward-looking statements and the FOFI contained in this news release are expressly qualified by this disclaimer and cautionary statement. Other than as required by applicable securities laws, the Company assumes no obligation to update forward-looking statements or the FOFI should circumstances or the Company's estimates or opinions change.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility of the adequacy or accuracy of this release.

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[1] Includes full exercise of the over-allotment option.

[2] Based on projected net debt at year-end 2022

[3] Comprised of 2,090 bbls/d of light and medium crude oil, 5,340 mcf/d of conventional natural gas, and 194 bbls/d of NGLs.

[4] Pro forma figures based on: (i) US\$75/bbl WTI, (ii) C\$4.00/MMbtu AECO (iii) USD/CAD exchange rate of 1.28.

[5] Includes full exercise of the over-allotment option.

[6] Estimated ROK Standalone reserves based on Sproule August 31st price forecast, using (i) \$US\$69/bbl WTI in 2022 and US\$67/bbl WTI in 2023 (ii) C\$3.29/MMbtu AECO in 2022 and C\$2.82/MMbtu AECO in 2023 and (iii) USD/CAD exchange rate of 1.25. Estimated ROK Post-Deal is based on ROK Standalone Reserves plus the addition of FCL reserves, which were evaluated using Sproule Nov 1, 2021 price deck, using: (i) US\$73/bbl WTI in 2022 and US\$70/bbl WTI in 2023, (ii) C\$4.38/MMbtu AECO in 2022 and C\$3.29/MMbtu AECO in 2023 and (iii) USD/CAD exchange rate of 1.25

[7] All EV & NOI metrics based on projected net debt at year-end 2022 except NAV figures which are based on the current net debt.

[8] Pro forma figures based on: (i) US\$75/bbl WTI, (ii) C\$4.00/MMbtu AECO (iii) USD/CAD exchange rate of 1.28.

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/409096--ROK-Resources-Inc.-Confirms-Closing-of-Previously-Announced-Transformational-72-Million-Acquisition-of-Sustainable-Resources>

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