

Tourmaline Continues Deep Basin Consolidation Strategy With The Acquisition Of Bonavista Energy Corporation, Increases Base Dividend And Declares Special Dividend

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CALGARY, Oct. 16, 2023 - [Tourmaline Oil Corp.](#) (TSX: TOU) ("Tourmaline" or the "Company") is pleased to announce entered into a definitive share purchase agreement with all of the shareholders of [Bonavista Energy Corp.](#) ("Bonavista") of the shares of Bonavista for \$1.45 billion, consisting of \$725 million in Tourmaline common shares and \$725 million of Bonavista's net debt⁽¹⁾⁽²⁾ at closing (the "Acquisition"). The Acquisition is expected to close in the second half of November 2023, subject to customary regulatory and stock exchange approvals.

The Acquisition represents a further important component of the Company's ongoing consolidation strategy that complements its long-term EP organic growth plan, adding decades of inventory and supplementing Tourmaline's existing Deep Basin assets. The Bonavista assets are a natural extension of Tourmaline's existing operations in the Deep Basin where the Company is the largest producer. The Acquisition is immediately accretive to Tourmaline's 2024 free cash flow ("FCF")⁽³⁾ yield⁽⁴⁾. Following the Acquisition, Tourmaline expects to exit 2023 with production of over 600,000 boepd⁽⁵⁾. The Company will release its guidance proforma this Acquisition with an updated 5-year plan alongside third quarter results on November 1, 2023.

BONAVISTA ACQUISITION OVERVIEW

- The Acquisition, which includes low-decline, long-life average production of over 60,000 boepd⁽⁶⁾, is expected to generate operating income⁽⁷⁾ of approximately \$450 million per year in 2024 through 2026 based on strip pricing⁽⁸⁾, with annual capital spending⁽⁹⁾ of under \$225 million per year on the assets.
- The Bonavista assets include existing 2P reserves of 459 million boe⁽¹⁰⁾ at October 1, 2023; 839 gross (656.7 net) internally estimated drilling locations and 1.2 million net acres of land rights.
- Bonavista after tax PDP reserve net present value at a 10% discount rate is \$1.4 billion (based on internally estimated reserves and IC3 Q4 2023⁽¹¹⁾ pricing).
- Bonavista YTD cash costs⁽¹²⁾ to June 30, 2023 were \$10.29/boe, including operating costs of approximately \$6.10/boe. Tourmaline anticipates considerable cost synergies on the Bonavista assets on a go forward basis.
- The Board of Directors of each of Bonavista and Tourmaline have unanimously approved the Acquisition.
- Peters & Co. Limited acted as financial advisor to Tourmaline and TPH&Co, the energy business of Perella Weintraub, acted as financial advisor to Bonavista.

BASE DIVIDEND INCREASE AND SPECIAL DIVIDEND DECLARATION

- Given continued strong financial forecast for 2H 2023, as well as anticipated sustainable FCF coupled with Tourmaline's capital structure, the Board of Directors of the Company has approved an increase to the quarterly base dividend effective November 1, 2023, to \$1.12/share, on an annualized basis, from the current annualized \$1.04/share, representing a 7.7% increase.
- The Board of Directors of the Company has also declared a Q4 2023 special dividend of \$1.00/share that will be paid on November 1, 2023, to shareholders of record on October 24, 2023. This special dividend is designated as an "eligible dividend" for Canadian income tax purposes.

Reader Advisories

CURRENCY

All amounts in this news release are stated in Canadian dollars unless otherwise specified.

FORWARD-LOOKING INFORMATION

This news release contains forward-looking information and statements (collectively, "forward-looking information") within the meaning of applicable securities laws. The use of any of the words "forecast", "expect", "anticipate", "continue", "estimate", "object", "ongoing", "on track", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this news release contains forward-looking information regarding Tourmaline's plans and other aspects of its anticipated future operations, management focus, objectives, strategies, financial performance, operating and production results and business opportunities, including the following: the completion of the Acquisition and the timing and terms thereof; the Company's anticipated 2023 exit production; the benefits of the Acquisition and the characteristics of the acquired assets including that the Acquisition is immediately accretive to the Company's FCF yield in 2024, the anticipated operating income to be generated from the acquired assets and the anticipated maintenance capital expenditures thereon.

acquired assets hold decades of inventory and include low-decline, long-life production, that Tourmaline will realize cost synergies on the acquired assets; the Company's strong financial forecast for 2H 2023 and anticipated sustainable FCF; Tourmaline's future drilling prospects and plans, business strategy, future development and growth opportunities, prospect base. The forward-looking information is based on certain key expectations and assumptions made by Tourmaline, including prevailing and future commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rate production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals including in connection with the Acquisition; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and nature of future drilling operations; the successful completion of acquisitions (including the Acquisition) and dispositions and the benefits derived therefrom; the state of the economy and the exploration and production business; the availability and cost of financing and services; and ability to market crude oil, natural gas and NGL successfully. 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, 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 Tourmaline to pay dividends is subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate legislation) and any restrictions contained in the instruments governing its indebtedness, including its credit facility.

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

Although Tourmaline believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Tourmaline can give no assurance that it will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it is subject to inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including but not limited to: the risks associated with the oil and gas industry in general such as operational risks; delays or changes in plans with respect to exploration or development projects; changes in commodity prices and exchange rates; expenditures; the uncertainty of estimates and projections relating to reserves, production, revenues, costs and expenses; safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions including the Acquisition; failure to complete or realize the anticipated benefits of acquisitions including the Acquisition or dispositions; failure to access sufficient capital from internal and external sources; uncertainties associated with counterparty credit risk; failure to obtain required regulatory and other approvals; climate change risks; severe weather (including forest fires); inflation; supply chain disruptions; impact of wars or other hostilities (including the war in Ukraine) and pandemics (including COVID-19); and changes in laws and regulations including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of risks is not exhaustive.

Additional information on these and other factors that could affect Tourmaline, or its operations or financial results, are contained in the Company's most recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), Annual Report on Form 10-K (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca) or Tourmaline's website (www.tourmalineoil.com).

The forward-looking information contained in this news release is made as of the date hereof and Tourmaline undertakes to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, expressly required by applicable securities laws.

RESERVES DATA

The reserves data set forth in this new release is based upon internal estimates. There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The production and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies, future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk, timing and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineer at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

BOE EQUIVALENCY

In this news release, production and reserves information may be presented on a "barrel of oil equivalent" or "BOE" basis. BOEs 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This news release contains the terms "free cash flow", "net operating income", "EP spending" and "cash costs", which are considered non-GAAP financial measures, and the term "net debt", which is considered a capital management measure. These terms 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. Investors are cautioned that these measures should not be construed as an alternative to or more meaningful than the most directly comparable GAAP measures in evaluating the Company's performance. See "Non-GAAP and Other Financial Measures" in the most recent Management's Discussion and Analysis for more information on the definition and description of certain of these terms.

Non-GAAP Financial Measures

Free Cash Flow

Management uses the term "free cash flow" for its own performance measure 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 its future growth expenditures, to repay debt and provide shareholder returns. Free cash flow is defined as cash flow less capital expenditures, excluding acquisitions and dispositions. Free cash flow is prior to dividend payment. "Cash flow" is defined as cash flow from operating activities less current income taxes, plus current income taxes paid, less change in non-cash working capital. The most directly comparable GAAP measure for cash flow is cash flow from operating activities. "Capital Expenditures" is a non-GAAP financial measure defined as Cash flow used in investing activities adjusted for the change in non-cash working capital (deficit). The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities.

Net Operating Income

Management uses the term "net operating income" as a key performance indicator and one that is commonly presented by other oil and natural gas producers. Net operating income for the purposes of the Acquisition is defined as the sum of revenue less the sum of royalties, transportation costs and operating expenses.

Capital Management Measure

Net Debt

Management uses the term "net debt" as a key measure for evaluating a company's capital structure and to provide shareholders and potential investors with a measurement of total indebtedness. For purposes of the Acquisition, net debt is defined as all indebtedness (including bank debt) plus working capital (excludes commodity hedges) and includes all transaction and related costs.

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.

ESTIMATES OF DRILLING LOCATIONS

Unbooked drilling locations are the internal estimates of Tourmaline based on Tourmaline's or the acquired

assets prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by Tourmaline's management as an estimation of Tourmaline's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Tourmaline will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Tourmaline will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Tourmaline drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Tourmaline 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.

GENERAL

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

CERTAIN DEFINITIONS:

1H	first half
2H	second half
bbl	barrel
bbls/day	barrels per day
bbl/mmcft	barrels per million cubic feet
bcf	billion cubic feet
bcfe	billion cubic feet equivalent
bpd or bbl/d	barrels per day
boe	barrel of oil equivalent
boepd or boe/d	barrel of oil equivalent per day
bopd or bbl/d	barrel of oil, condensate or liquids per day
CNG	compressed natural gas
DUC	drilled but uncompleted wells
EP	exploration and production
gj	gigajoule
gjs/d	gigajoules per day
JKM	Japan Korea Marker
mbls	thousand barrels
mmbbls	million barrels

mboe	thousand barrels of oil equivalent
mboepd	thousand barrels of oil equivalent per day
mcf	thousand cubic feet
mcfpd or mcf/d	thousand cubic feet per day
mcfe	thousand cubic feet equivalent
mboe	million barrels of oil equivalent
mmbtu	million British thermal units
mmbtu/d	million British thermal units per day
mmcf	million cubic feet
mmcfpd or mmcf/d	million cubic feet per day
MPa	megapascal
mstb	thousand stock tank barrels
natural gas	conventional natural gas and shale gas
NCIB	normal course issuer bid
NGL or NGLs	natural gas liquids
TCF	trillion cubic feet
TCFe	trillion cubic feet equivalent

ABOUT TOURMALINE OIL CORP.

Tourmaline is Canada's largest and most active natural gas producer dedicated to producing the lowest emission and lowest-cost natural gas in North America. We are an investment grade exploration and production company providing strong and predictable operating and financial performance through the development of our three core areas in the Western Canadian Sedimentary Basin. With our existing large reserve base, decades-long drilling inventory, relentless focus on execution and cost management, and industry-leading environmental performance, we are excited to provide shareholders an excellent return on capital, and an attractive source of income through our base dividend and surplus free cash flow distribution strategies.

- (1) This news release contains certain specified financial measures consisting of non-GAAP financial measures, non-GAAP financial ratios and capital management measures. See "Non-GAAP and Other Financial Measures" in this news release for information regarding the following specified financial measures: "free cash flow", "net debt", "net operating income", "EP spending" and "cash costs". Since these specified financial measures do not have standardized meanings under International Financial Reporting Standards ("GAAP"), securities regulations require that, among other things, they be identified, defined, qualified and, where required, reconciled with their nearest GAAP measure and compared to the prior period. See "Non-GAAP and Other Financial Measures" in this news release and in the Company's most recently filed Management's Discussion and Analysis (the "Q2 MD&A"), which information is incorporated by reference into this news release, for further information on the composition of and, where required, reconciliation of certain of these measures.
- (2) "Net debt" is a capital management measure defined for these purposes as all indebtedness (including bank debt) plus working capital (excludes commodity hedging) and includes all transaction and related costs.
- (3) "Free cash flow" is a non-GAAP financial measure defined as cash flow less capital expenditures, excluding acquisitions and dispositions. Free cash flow is prior to dividend payments. "Cash flow" is a non-GAAP financial measure and is defined as cash flow from operating activities less current income taxes, plus current income taxes paid, less change in non-cash working capital. "Capital Expenditures" is a non-GAAP financial measure defined as Cash flow used in investing activities adjusted for the change in non-cash working capital (deficit). See "Non-GAAP and Other Financial Measures" in this news release.
- (4) Calculated as forecast 2024 FCF per diluted share (based on estimated diluted Common Shares of 354 million) divided by a Common Share price of \$67.
- (5) Comprised of approximately 43% Conventional Natural Gas, 33% Shale Natural Gas, 9% Light and Medium Crude Oil and Condensate and 16% NGLs.
- (6) Comprised of approximately 64% Conventional Natural Gas, 5% Light and Medium Crude Oil and Condensate and 31% NGLs.
- (7) "Net operating income" is a non-GAAP financial measure and is calculated as expected revenue of \$725 million less royalties of \$100 million, transportation costs of \$35 million and operating expenses of \$140 million. See "Non-GAAP and Other Financial Measures" in this news release.
- (8) Based on oil and gas commodity strip pricing at September 20, 2023.
- (9) "EP spending" is a non-GAAP financial measure and is defined as anticipated capital expenditures, excluding acquisitions, dispositions, exploration capital and other corporate expenditures.
- (10) Reserves have been internally estimated by qualified reserve evaluators in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook with an effective date of September 30, 2023.
- (11) IC3 Q4 2023 pricing is the average of forecast prices published by Sproule Associates Ltd., GLJ Ltd. and McDaniel & Associates Consultants Ltd. as at October 1, 2023 (each of which is available on their respective websites at www.sroule.com, www.gljpc.com, and www.mcdan.com)
- (12) "Cash Costs" is a non-GAAP financial measure defined as operating, transportation, general & administrative and interest expenses. See "Non-GAAP and Other Financial Measures" in this news release.

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