

Saturn Oil & Gas Inc. Announces Sale of Non-Core Deer Mountain Property

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Calgary, April 1, 2024 - [Saturn Oil & Gas Inc.](#) (TSX: SOIL) (FSE: SMKA) (OTCQX: OILSF) ("Saturn" or the "Company") is pleased to announce the Company has entered into a definitive agreement with a private operator to sell its non-core Deer Mountain property in North Alberta (the "Deer Mountain Block") for cash of \$27 million, less customary closing adjustments. The Deer Mountain Block had production of approximately 800 boe/d⁽¹⁾ (93% oil and NGLs) in March 2024, based on field estimates. The sale of the Deer Mountain Block is expected to close on or about May 1, 2024, subject to customary closing considerations.

Saturn is streamlining its development portfolio to drive enhanced operational efficiencies and accelerate net debt⁽²⁾ reduction, further strengthening Saturn's balance sheet. The sale of the Deer Mountain Block does not impact Saturn's 2024 development capital expenditure budget.

"The Deer Mountain Block did not meet our expected investment return threshold to develop with new drilling in either of Saturn's 2023 or 2024 capital budgets," commented Justin Kaufmann, Chief Development Officer. "The Deer Mountain Block was acquired as part of the February 2023 acquisition of Ridgeback Resources Inc. for which Saturn paid approximately 1.7x the 12-month forecasted net operating income ("NOI") of the aggregate properties. The sale proceeds for the Deer Mountain Block are approximately 3.0x its forecasted 12-month NOI. Since the acquisition of the Deer Mountain Block, up to the expected closing date of its sale, Saturn estimates it will have received a total of \$20 million of NOI from this property."

The proceeds from the sale of the Deer Mountain Block will be used to reduce the Company's Net Debt⁽²⁾.

Revised Guidance

| Guidance Range | Full Year 2024 |
|---|-----------------------|
| WTI oil price 2024 average ⁽³⁾ | \$US 75 |
| Annual Average Production ⁽²⁾ | Boe/d 26,000 - 27,000 |
| Adjusted EBITDA ⁽²⁾ , before derivatives | \$MM 388 - 403 |
| Adjusted EBITDA ⁽²⁾ , net derivatives | \$MM 346 - 362 |
| Adjusted Funds Flow ⁽²⁾ | \$MM 290 - 306 |
| Adjusted Funds Flow Per Share ⁽²⁾ | \$/sh 1.82 - 1.92 |
| Development capital expenditures ⁽²⁾ | \$MM 146 |
| Decommissioning expenditures | \$MM 12 |
| Free Funds Flow ⁽²⁾ | \$MM 134 - 150 |
| Free Funds Flow Per Share ⁽²⁾ | \$/sh. 0.85 - 0.94 |
| Free Funds Flow Yield ⁽²⁾ | % 35% - 40% |
| Net Debt ⁽²⁾ December 2024 | \$MM 260 - 275 |
| Net Debt ⁽²⁾ to Adjusted EBITDA ⁽²⁾ | Ratio 0.7x - 0.8x |
| Weighted average 2024 common shares out MM | 159.7 |

Sensitivities:

| Assumption | Change | Adjusted Funds Flow Effect (\$ Millions) |
|--------------------------|--------|--|
| WTI oil price (US\$/bbl) | \$1.00 | 3.0 |
| AECO C gas price | \$0.10 | 0.9 |

About Saturn Oil & Gas Inc.

[Saturn Oil & Gas Inc.](#) is a growing Canadian energy company focused on generating positive shareholder

returns through the continued responsible development of high-quality, light oil weighted assets, supported by an acquisition strategy that targets highly accretive, complementary opportunities. Saturn has assembled an attractive portfolio of free-cash flowing, low-decline operated assets in Saskatchewan and Alberta that provide a deep inventory of long-term economic drilling opportunities across multiple zones. With an unwavering commitment to building an ESG-focused culture, Saturn's goal is to increase reserves, production and cash flows at an attractive return on invested capital. Saturn's shares are listed for trading on the TSX under ticker 'SOIL' on the Frankfurt Stock Exchange under symbol 'SMKA' and on the OTCQX under the ticker 'OILSF'.

Further information and a corporate presentation are available on Saturn's website at www.saturnoil.com.

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Notes

(1) See Reader Advisory "Supplemental Information Regarding Product Types"

(2) See Reader Advisory "Non-GAAP and Other Financial Measures"

(3) Guidance pricing assumptions: WTI US\$ 75.04/bbl; MSW/WTI Differential USD 4.00; CAD USD FX of 0.74; and AECO of \$2.74 /mcf

Reader Advisory

Non-GAAP and Other Financial Measures

Throughout this news release and in other materials disclosed by the Company, we employ certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. Non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS. The disclosure under the section "Non-GAAP and Other Financial Measures" including non-GAAP financial measures and ratios, capital management measures and supplementary financial measures in the Company's Condensed consolidated interim financial statements and MD&A are incorporated by reference into this news release.

This press release uses the terms "adjusted EBITDA", "adjusted funds flow", "free funds flow" and "net debt" which are capital management measures. See the disclosure under "Capital Management" in our audited consolidated financial statements for the three months and the year ended December 31, 2023, for an explanation and composition of these measures and how these measures provide useful information to an investor, and the additional purposes, if any, for which management uses these measures.

Supplemental Information Regarding Product Types

References herein to boe/d include gas or natural gas and NGLs which refer to conventional natural gas and natural gas liquids product types, respectively, as defined in National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), except where specifically noted otherwise.

The following tables are intended to provide the product type composition for each of the production figures provided herein, where not already disclosed within tables above for average production of the Deer Mountain Block for the month of March 2024, and for Saturn's revised corporate production for 2024:

| | |
|------------------------------------|---------------------------|
| Deer Mountain Block | March 2024 Average |
| Light and Medium Crude Oil (bbl/d) | 633 |
| Natural Gas Liquids (boe/d) | 113 |
| Conventional Natural Gas (Mcf/d) | 323 |
| Total (boe/d) | 800 |
| Revised Corporate Guidance | Midpoint of 2024E Average |
| Light and Medium Crude Oil (bbl/d) | 18,800 |
| Natural Gas Liquids (boe/d) | 2,217 |
| Conventional Natural Gas (Mcf/d) | 32,900 |
| Total (boe/d) | 26,500 |

Abbreviations and Frequently Reoccurring Terms

Saturn uses the following abbreviations and frequently recurring terms in this press release: "WTI" refers to West Texas Intermediate, a grade of light sweet crude oil used as benchmark pricing in the United States; "MSW" refers to the mixed sweet blend that is the benchmark price for conventionally produced light sweet crude oil in Western Canada; "AECO" refers to Alberta Energy Company, a grade or heating content of natural gas used as benchmark pricing in Alberta, Canada; "bbl" refers to barrel; "bbl/d" refers to barrels per day; "GJ" refers to gigajoule; "NGLs" refers to Natural Gas Liquids; "Mcf" refers to thousand cubic feet.

Boe Presentation

Boe means barrel of oil equivalent. All boe conversions in this news release are derived by converting gas to oil at the ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("Bbl") of oil. Boe may be misleading, particularly if used in isolation. A Boe conversion rate of 1 Bbl : 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio of oil compared to natural gas based on currently prevailing prices is significantly different than the energy equivalency ratio of 1 Bbl: 6 Mcf, utilizing a conversion ratio of 1 Bbl : 6 Mcf may be misleading as an indication of value.

Forward-Looking Information and Statements

Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "scheduled", "will" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, the timing of closing of the disposition, use of proceeds therefrom, updated production and guidance information as well as the business plan, cost model and strategy of the Company.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Saturn, including expectations and assumptions concerning: the timing for completion of the sale of the Deer Mountain Block, the use of proceeds from the sale of the Deer Mountain Block, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the ability to allocate capital to pay down debt and grow or maintain production, the geological characteristics of Saturn's properties, the application of regulatory and licensing requirements and the availability of capital, labour and services.

Although Saturn believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Saturn can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraints in the availability of services, commodity price and exchange rate fluctuations, actions of OPEC and OPEC+ members, changes in legislation impacting the oil and gas industry, adverse weather or

break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Saturn's Annual Information Form for the year ended December 31, 2023.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Saturn believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Saturn can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, our capital expenditure and drilling programs, drilling inventory and booked locations, production and revenue guidance, debt repayment plans and future growth plans. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

The forward-looking information contained in this press release is made as of the date hereof and Saturn undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/203894>

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