

Topaz Energy Corp. Announces Strategic Core Area Royalty Acquisition And Bought Deal Equity Financing

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ACQUISITION IMMEDIATELY PROVIDES 50% ROYALTY ACREAGE, 12% ROYALTY PRODUCTION AND 8% ROYALTY REVENUE GROWTH

CALGARY, Oct. 1, 2024 - [Topaz Energy Corp.](#) (TSX: TPZ) ("Topaz" or the "Company") is pleased to announce that further to its growth strategy of acquiring low-risk, premium royalty interests, the Company has entered into definitive agreements with [Tourmaline Oil Corp.](#) ("Tourmaline") to acquire gross overriding royalty interests on approximately 3.0 million gross acres, over 50% undeveloped, in its NEBC Montney, Alberta Deep Basin and Peace River High core royalty areas (the "Strategic Acquisition Lands") for total cash consideration of \$278.2 million, before customary closing adjustments (the "Strategic Acquisition"). Topaz will fund the Strategic Acquisition, which is scheduled to close November 1, 2024, through a \$175.4 million bought deal equity financing (the "Equity Financing") and Topaz's existing credit facilities.

Acquisition Highlights

- Strategic acquisition of complementary, developed and undeveloped, liquids-rich natural gas and crude oil royalty assets in Topaz's core areas that attract reliable, commodity price-resilient capital activity, well poised for growth alongside North American LNG market development.
 - The Strategic Acquisition increases Topaz's royalty acreage by 50% (3.0 million gross acres, over 50% undeveloped) across existing core royalty areas, including a 38% increase in Topaz's premium Montney rights royalty acreage.⁽⁶⁾
 - The Strategic Acquisition enables Topaz to expand its core royalty acreage and growth optionality during an opportunistic time in the natural gas commodity cycle, in advance of anticipated egress improvements with the planned commissioning of LNG Canada (Phase I) during 2025, growth in the North American LNG market and acceleration of natural gas-powered electrical generation requirements.
 - Topaz holds financial hedging contracts that provide superior commodity pricing relative to current commodity price forecasts, including 22,500 GJ/d of natural gas for FY 2025 at a weighted average fixed price of C\$3.15/GJ (C\$3.32/Mcf) and 1,500 bbl/d of crude oil for FY 2025, at a weighted average floor price of C\$95.68 per bbl.⁽¹³⁾
- Strategic alignment with Tourmaline (BBB High), Canada's largest and most active natural gas producer, further enhancing Topaz's future growth outlook.
 - Pro forma the Strategic Acquisition, Topaz will hold royalty interests over nearly all of Tourmaline's acreage and hold royalty interests in each of Tourmaline's identified future growth projects across a premium undeveloped acreage portfolio.
 - Over 1.0 billion boe of externally and independently evaluated proved and probable ("2P") operator working interest reserves were assigned to the Strategic Acquisition Lands, effective December 31, 2023.⁽⁷⁾ Tourmaline has identified over 2,200 gross future drilling locations⁽⁸⁾ across the Strategic Acquisition Lands.

- Enhanced scale, future long-term growth, outlook optionality and embedded upside potential.
 - The gross average production from the Strategic Acquisition Lands during H1 2024 was 77.2 Mboe/d⁽³⁾ (17% crude oil and condensate). Topaz estimates 2,251 boe/d⁽⁴⁾ (15% crude oil and condensate) of royalty production and \$9.7 million royalty revenue would have been generated during H1 2024 (\$19.4 million royalty revenue on an annualized basis), representing 12% royalty production growth and 8% royalty revenue growth relative to Topaz's H1 2024 financial results.⁽¹⁾⁽⁴⁾
 - Topaz expects the Strategic Acquisition will generate between 2,450 and 2,650 boe/d (15% crude oil and condensate) average royalty production in 2025, representing \$25.4 to \$27.5 million royalty revenue to Topaz.⁽¹⁾⁽⁵⁾
 - Topaz has increased its 2024e annual average royalty production guidance estimate range to 19,100 - 20,000 boe/d⁽¹⁾⁽²⁾ (~70% natural gas) from 18,800 - 19,600 boe/d⁽²⁾ (~70% natural gas) to reflect the incremental royalty production volume attributed to the Strategic Acquisition for November and December 2024.
 - The Strategic Acquisition does not require Topaz to add any additional G&A resources or costs and increases the Company's existing tax pools of \$1.6 billion⁽¹²⁾ by 17% (\$0.3 billion).
 - Together with the Equity Financing, Topaz estimates that the Strategic Acquisition provides immediate and increasing future accretion on cash flow per share, free cash flow per share, and transaction consideration metrics.⁽¹⁾

Strategic Rationale

The Strategic Acquisition Lands were acquired by Tourmaline over the past two years, all of which significantly enhance Tourmaline's scale, undeveloped reserve base and growth project optionality as they capitalize on cost, egress and margin synergies. For Topaz, NEBC Montney, Alberta Deep Basin and Peace River High are core royalty areas, situated in resource-rich areas of the WCSB that attract commodity price-resilient capital activity. Together, these areas received 48%⁽⁹⁾ of the operator funded drilling activity across Topaz's acreage during H1 2023 that increased to 51%⁽⁹⁾ during H1 2024, overall attracting a meaningful share (7%) of industry drilling activity across the WCSB.⁽¹⁰⁾

The NEBC Montney is a core growth area for Topaz, where the underlying production across Topaz's royalty acreage increased 6% during H1 2024 relative to H1 2023 as Tourmaline continues to execute Phase I development of its Conroy/North Montney growth project. Across Topaz's NEBC Montney royalty acreage, Tourmaline's average drilling activity represented 24% of total NEBC Montney drilling activity between Q1 2023 and Q2 2024.⁽¹¹⁾ Montney well performance in NEBC continues to improve as Tourmaline continues to lengthen horizontal wells and refine Montney completion techniques in advance of acceleration of growth that is scheduled for the second half of Tourmaline's current five year development plan, when stronger intra-basin natural gas pricing is anticipated. The Strategic Acquisition enables Topaz to expand its core royalty acreage and growth optionality during an opportunistic time in the natural gas commodity cycle.

Overview of the Strategic Acquisition Lands - British Columbia

Pursuant to the Strategic Acquisition, Topaz will acquire a newly created gross overriding royalty interest of 3% on natural gas and 2.5% on crude oil and condensate production across approximately 0.6 million gross acres of developed and undeveloped lands in British Columbia (including 0.3 million gross acres of Montney rights, increasing Topaz's Montney royalty acreage by 38% to 1.1 million gross acres). Tourmaline predominantly acquired the lands through the October 2024 acquisition of Crew Energy Inc. ("Crew"), in addition to crown land and other acquisitions. Tourmaline has identified over 850⁽⁸⁾ future drilling locations across the Strategic Acquisition Lands in British Columbia. The Crew assets are immediately adjacent to Tourmaline's existing South Montney operated complex and provide a significant future growth opportunity in the Groundbirch area, where regulatory approval is in place to construct an electrified deep cut gas processing facility. The Groundbirch area has the potential to approximately double the existing Crew production base of approximately 30 Mboe/d.⁽¹⁾⁽¹⁴⁾

Overview of the Strategic Acquisition Lands - Alberta

Pursuant to the Strategic Acquisition, Topaz will acquire a newly created gross overriding royalty interest of 3% on natural gas and 2.5% on crude oil and condensate production across approximately 1.9 million gross acres of developed and undeveloped lands in Alberta, in addition to 0.5 million gross acres across other areas in Canada. Tourmaline acquired the lands through the November 2023 acquisition of [Bonavista Energy Corp.](#) ("Bonavista") and through other asset and incremental working interest acquisitions over the past two years. Tourmaline has identified approximately 1,400⁽⁸⁾ future drilling locations across the Strategic Acquisition Lands

in Alberta. The Bonavista assets generate lower decline production and are a natural extension of Topaz's existing Deep Basin royalty acreage where Tourmaline is the largest producer. The Deep Basin is Alberta's largest interconnected natural gas field that features well delineated, multi-zone, stacked pay. Tourmaline's 2024 drilling program across the Bonavista lands has achieved strong performance, in particular, along the Glauconite trend that continues in the southern Deep Basin. Despite reduced capital investment in response to the current natural gas price environment, production levels have exceeded expectations as a result of recent drilling results significantly outperforming historical trends. In addition, Tourmaline successfully drilled the first monobore well design for the Glauconite and expects that this design will reduce future drilling costs. Other Alberta acreage includes new crown land and other asset or working interest acquisitions completed by Tourmaline that complements Topaz's existing Deep Basin and Peace River High royalty acreage. The Strategic Acquisition Lands in Alberta provide enhanced egress and commodity optionality with liquids-rich natural gas development opportunities in the Deep Basin and crude oil development opportunities in the Peace River High.

2024e and 2025e Guidance Estimates Timing

Topaz plans to provide updated 2024e guidance estimates, including 2024e exit net debt incorporating the Strategic Acquisition and the Equity Financing, in conjunction with the release of the Company's third quarter 2024 financial results, scheduled to be released on November 4, 2024. Topaz plans to provide 2025e guidance estimates during the first quarter of 2025 following the announcement by Topaz's strategic partners of their 2025 capital development plans.

Equity Financing

Topaz has entered into an agreement with a syndicate of underwriters co-led by Peters & Co. Limited and National Bank Financial Inc. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought-deal basis, 7.0 million common shares ("Common Shares") of Topaz at a price of \$25.05 per Common Share for gross proceeds of approximately \$175.4 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 \$25.05 per Common Share to cover over-allotments exercisable and for market 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 October 22, 2024. Closing of the Equity Financing is not conditional on the closing of the Strategic Acquisition. In the event that the Strategic Acquisition does not close, the net proceeds from the Equity Financing will be used to fund general corporate purposes.

In conjunction with the Equity Financing, certain officers, directors and employees of Topaz and their associates intend to purchase a minimum of 200,000 Common Shares at a price of \$25.05 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 all provinces of Canada other than Quebec 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 by Rule 144A 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 shall 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 in which such offer, solicitation or sale would be unlawful.

Topaz Strategic Acquisition Funding

Topaz will fund the Strategic Acquisition through the \$175.4 million Equity Financing and Topaz's existing credit facilities. The Strategic Acquisition is expected to close November 1, 2024 and is subject to customary closing

conditions, including the accuracy of representations and warranties and the performance of covenants in the definitive agreements.

Note References

This news release refers to financial reporting periods in abbreviated form as follows: "FY 2025" refers to the twelve months ending December 31, 2025, "H2 2024" refers to the six months ending December 31, 2024, "H1 2024" refers to the six months ending June 30, 2024 and "H1 2023" refers to the six months ending June 30, 2023. In addition, "2024e" refers to estimated amounts or results for the year ending December 31, 2024 and "2025e" refers to estimated amounts or results for the year ending December 31, 2025.

- (1) See "Forward-Looking Statements".
- (2) See "Supplemental Information Regarding Product Types".
- (3) 95.7 Mboe/d (comprised of 383.7 MMcf/d natural gas, 1,988 bbl/d crude oil, 11,293 bbl/d condensate, and 18,453 bbl/d other natural gas liquids) average gross working interest production is based on actual operational results for H1 2024, and equates to 77.2 Mboe/d excluding other natural gas liquids which are not subject to the Strategic Acquisition.
- (4) H1 2024 average royalty production estimate of 2,251 boe/d (comprised of 11,511 Mcf/d natural gas, 50 bbl/d crude oil and 282 bbl/d condensate) is based on Topaz's royalty structure (3% on natural gas and 2.5% on crude oil and condensate) had the Strategic Acquisition been in place during H1 2024 which represents 12% growth relative to Topaz's H1 2024 average royalty production of 18,955 boe/d (comprised of 77.9 MMcf/d natural gas, 1,826 bbl/d crude oil, 2,985 bbl/d heavy oil and 1,159 bbl/d natural gas liquids). H1 2024 royalty revenue estimate of \$9.7 million is based on Topaz's realized commodity pricing during H1 2024 which represents 8% growth relative to Topaz's H1 2024 royalty revenue of \$120.5 million. See "Financial Outlook".
- (5) Calculated based on estimated 2025 royalty production of 2,450 boe/d to 2,650 boe/d (15% crude oil and condensate) and commodity prices as follows: C\$2.50/Mcf AECO, US\$70/bbl WTI, US\$77/bbl condensate and 0.73 USD/CAD FX. See "Financial Outlook".
- (6) Topaz's 50% total royalty acreage growth is calculated based on 3.0 million gross acres of Strategic Acquisition Lands relative to Topaz's 5.9 million gross acres of existing royalty acreage. Topaz's Montney rights royalty acreage growth of 38% is calculated based on 0.3 million gross acres of Strategic Acquisition Lands (Montney rights) relative to 0.8 million gross acres of existing Montney rights royalty acreage.
- (7) Externally and independently evaluated proved and probable ("2P") reserves attributed to the Strategic Acquisition Lands were extrapolated from the Tourmaline GLJ Report dated December 31, 2023, the Bonavista Energy Corp. GLJ Report dated December 31, 2023 and the Crew Energy Inc. Sproule Report dated December 31, 2023. See "Reserves Data".
- (8) Based on Tourmaline Oil Corp.'s internally estimated total identified gross future drilling locations. See "Estimates of Drilling Locations".
- (9) H1 2023: 129 gross wells drilled (67 NEBC Montney, 30 Deep Basin, 32 Peace River High,) compared to total 270 gross wells drilled across Topaz's royalty acreage; H1 2024: 122 gross wells drilled (38 Deep Basin, 16 Peace River High, 68 NEBC Montney) compared to total 239 gross wells drilled across Topaz's royalty acreage.
- (10) For H1 2023, 129 Topaz gross wells drilled across NEBC Montney, Alberta Deep Basin and Peace River High compared to 1,955 total gross wells drilled across the WCSB; For H1 2024, 122 Topaz gross wells drilled across NEBC Montney, Alberta Deep Basin and Peace River High compared to 1,816 total gross wells drilled across the WCSB. Since the beginning of 2023, the total number of gross wells (across all royalty areas) drilled across Topaz's royalty acreage represents 14% of the wells drilled across the WCSB (1,811 gross wells drilled across Topaz's royalty acreage relative to 14,221 gross wells drilled across the WCSB). (Source: Rig Locator, geoSCOUT and Peters & Co. Limited).
- (11) For the period from Q1 2023 to Q2 2024, Tourmaline drilled 210 of the 859 total gross NEBC Montney wells drilled by all operators. (Source: Rig Locator, geoSCOUT and Peters & Co. Limited).
- (12) As of December 31, 2023.
- (13) Topaz's outstanding financial derivatives include contracts that provide for: a weighted average fixed price of C\$3.08/GJ for 12,500 GJ/d of natural gas for H2 2024, 22,500 GJ/d of natural gas for FY 2025 at a weighted average fixed price of C\$3.15/GJ, 5,000 MMbtu/d for H2 2024 at a weighted average fixed AECO basis of US\$0.42/MMbtu, 3,083 bbl/d of crude oil for H2 2024 at a weighted average floor price of C\$100.75 per bbl, and 1,500 bbl/d of crude oil for FY 2025, at a weighted average floor price of C\$95.68 per bbl. Additional information about Topaz, including the Consolidated Financial Statements and MD&A as at and for the three and six months ended June 30, 2024 are available on SEDAR, at www.sedar.com and on the Company's profile and on Topaz's website at www.topazenergy.ca.

ABOUT THE COMPANY

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow growth and paying reliable and sustainable dividends to its shareholders, through its strategic relationship with Canada's largest and most active natural gas producer, Tourmaline, an investment-grade senior Canadian E&P company, and leveraging industry relationships to execute complementary acquisitions from other high-quality energy companies. Topaz focuses on top-quartile energy resources and assets best positioned to attract capital in order to generate sustainable long-term growth and profitability.

Topaz's common shares are listed and posted for trading on the TSX under the trading symbol "TPZ" and it is included in the S&P/TSX Composite Index. This is the headline index for Canada and is the principal benchmark measure for the Canadian equity markets, represented by the largest companies on the TSX.

For further information, please visit the Company's website at www.topazenergy.ca. Topaz's SEDAR+ filings are available at www.sedarplus.ca.

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 funding of the Strategic Acquisition; the benefits to be derived from the Strategic Acquisition including anticipated production and revenue growth and growth optionality; that no additional G&A resources or costs will be incurred in connection with the Strategic Acquisition; the timing for the completion of the Strategic Acquisition; the expected average royalty production and revenue in 2025 to be generated from the Strategic Acquisition; the anticipated tax pool increases; the statement that the Strategic Acquisition provides immediate and increasing future accretion on cash flow per share, free cash flow per share and transaction consideration metrics; the statements relating to the Equity Financing including the size of the Equity Financing, the use of proceeds from the Equity Financing, the expected participation of insiders in the concurrent private placement, the anticipated closing of the Equity Financing and concurrent private placement, the receipt of all regulatory approvals for the Equity Financing including the approval of the Toronto Stock Exchange; other expected benefits from the Strategic Acquisition including enhancing Topaz's future growth outlook and providing value enhancing assets; the timing for the release of 2024e and 2025e guidance; 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 (including the Strategic Acquisition) 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 the Strategic Acquisition) 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.sedarplus.ca) or Topaz's website (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, 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.

FINANCIAL OUTLOOK

Also included in this news release is an estimate of the increase to Topaz's anticipated revenue growth after giving effect to the Strategic Acquisition, which is based on, among other things, the various assumptions as to production levels and other assumptions disclosed in the section entitled "Note References" in this news release. In addition, such estimate is provided for illustration purposes only and is based on budgets and forecasts that have not been finalized or approved by the Board of Directors and is subject to a variety of contingencies including past results. To the extent such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Topaz on October 1, 2024 and is included to provide readers with an understanding of the estimated increase to Tourmaline's anticipated 2025 revenue based on the production, pricing, exchange rate and other assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

RESERVES DATA

The reserves data set forth in this new release is based upon external and internal estimates by Tourmaline. 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 reserve 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 and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Tourmaline'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

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 news release 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 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.

INFORMATION REGARDING PUBLIC ISSUER COUNTERPARTIES

Certain information contained in this news release relating to the Company's public issuer counterparties which include Tourmaline and others, 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.

CREDIT RATINGS

This news release makes reference to Tourmaline's credit rating. Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to actual and estimated average royalty production. The following tables are intended to provide supplemental information about the product type composition for the respective production figures provided in this news release:

For the six months ended June 30, 2024

Average daily production

Light and Medium crude oil (bbl/d) 1,826

Heavy crude oil (bbl/d) 2,985

Conventional Natural Gas (Mcf/d) 42,233

Shale Gas (Mcf/d) 35,668

Natural Gas Liquids (bbl/d) 1,159

Total (boe/d)

18,955

For the year ended	2024 (Revised Estimate) ⁽¹⁾⁽²⁾	2024 (Original Estimate) ⁽¹⁾⁽²⁾
Average daily production		
Light and Medium crude oil (bbl/d)	1,588	1,580
Heavy crude oil (bbl/d)	3,030	3,030
Conventional Natural Gas (Mcf/d)	43,293	42,096
Shale Gas (Mcf/d)	38,093	37,500
Natural Gas Liquids (bbl/d)	1,368	1,324
Total (boe/d)	19,550	19,200

(1) Represents the midpoint of the respective estimated range of 2024 average annual royalty production.

(2) Topaz's estimated royalty production is based on the estimated commodity mix; drilling location and corresponding royalty rate; and capital development activity on Topaz's royalty acreage by the working interest owners, all of which are outside of Topaz's control.

ABBREVIATIONS

bbl	barrel
bbl/d	barrels per day
boe/d	barrel of oil equivalent per day
CAD	Canadian dollar
GJ	gigajoule
GJ/d	gigajoules per day
Mboe	thousand barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMbtu	million British thermal units
MMbtu/d	millions British thermal units per day
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day

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USD United States dollar

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