

# Daily Oil Bulletin

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## Maple Leaf 2011 Enters Agreement To Sell Royalties

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**Maple Leaf 2011 Energy Income Limited Partnership** has entered into a definitive purchase agreement with **Maple Leaf Royalties Corp.** pursuant to which it has agreed to sell its royalty interests in 14 oil and gas wells located in west-central Alberta and royalty payments in respect of such royalties received and accrued since Sept. 1, 2014, in consideration of the issuance and delivery of 15.15 million common shares of ML Royalties Corp. at the deemed price of 66 cents per share, representing a total deemed consideration of \$10 million.

This transaction will constitute the liquidity event of Maple Leaf 2011 LP. The purchase price shares will be distributed to investors once all closing adjustments have been satisfied but in any event prior to 60 days following the divestiture and the Maple Leaf 2011 LP will be wound-up.

The transaction is expected to close on or about Dec. 5, 2014. The closing of the transaction is subject to the satisfaction of conditions customary for transactions of this nature and the receipt of all required regulatory approvals, including the acceptance of the **TSX Venture Exchange**.

Maple Leaf 2011 LP will issue a subsequent news release once all regulatory approvals have been received.

### Asset details

**Sproule Associates Limited** evaluated the petroleum and natural gas reserves of the royalties.

As of Aug. 31, 2014, the vendor's royalty interest total reserves (total net reserves) were 257,100 boe of proved and probable reserves.

The net present value of future revenue before income taxes as of Aug. 31, 2014, discounted at 10 per cent per year, was \$7.8 million. The pricing assumptions that formed the basis for the revenue projections were based on Sproule's Aug. 31, 2014, commodity price forecast. The reserve estimates were made in accordance with NI 51-101 and COGE Handbook reserve definitions.

Estimated net production from the assets for August 2014 was approximately 99 boe per day, consisting of about 22 bbl per day of oil, 12 bbls per day of NGLs and 390 mcf per day of gas. Estimated field cash flow for the same month is \$120,000.

### The transaction

The general partner of Maple Leaf LP engaged **Sayer Energy Advisors** to market the oil and gas royalties to several qualified potential purchasers.

Due to the declared conflicts of interest of certain board members of the board of the general partner of the Maple Leaf 2011 LP and the board of ML Royalties Corp., the bids received from Sayer's marketing process were provided to two financial advisory firms for independent review and recommendation to the board of the general partner of Maple Leaf LP about which bid should be accepted.

Both independent financial advisory firms recommended the acceptance of the ML Royalties Corp. bid.

As well, the board of directors of ML Royalties Corp., due to certain declared conflicts of interest, formed an independent special committee to review and approve the transaction on its behalf.

The purchase price shares will be subject to a statutory four month restricted period under National Instrument 45-102. The purchase price shares will also be subject to a contractual restricted resale period, with one-third being released from such restriction on each of the four-, eight- and 12-month anniversaries of the closing date of the transaction. Holders of the purchase price shares will receive any cash distributions paid during the restricted resale period.

"We are very pleased with the value received," said **Shane Doyle**, CEO of Maple Leaf 2011 LP. "We see a solid and experienced management team, significant growth opportunities and strong income distribution potential from ML Royalties Corp."

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