

# Sayer Energy Advisors

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## Recap of Recent M&A Activity, M&A Musings & A Look Forward to 2012



*February 7, 2012*

# Purpose of this Presentation

Educate

Enlighten

Entertain



Courtesy of  
MyFunnyWorld.net

# Disclaimer

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This presentation uses real-life examples to provide insight into what may or may not be encountered during the course of an actual M&A transaction. Use of these examples outside of this context could prove to be harmful to your company's treasury.

Company names have been removed to avoid accusations of using this forum as unsolicited advertising and also to protect the identities of any guilty or innocent parties. Because we do not want to offend anyone, every effort has been taken to avoid using examples from any of our competitors. If you recognize an example from a previous mandate from any other agent please notify them and let them know that they should be proud that Sayer mentioned them in a public presentation.

**The opinions presented are those of the presenter but please direct critical comments elsewhere. I am easily offended.**

# Presentation Format

## Presentation

Alan Tambosso



## Questions

Easy Questions



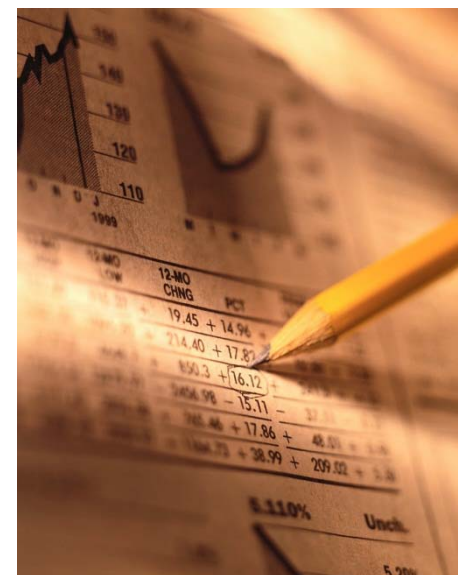
Tough Questions

- Tom Pavic
- Ryan Ferguson Young
- Crystal Holdershaw



# Sayer Energy Advisors

- A 25 year history of oil and natural gas industry M&A services.
- Completely independent of the public markets – we do not get involved in financings.
- Managed by individuals with varied backgrounds, each with significant related experience.



# Sayer Energy Advisors



CANADIAN OIL INDUSTRY MERGER AND ACQUISITION REPORT				
FOURTH QUARTER 2011				
HIGHLIGHTS				
Median Reserves Acquisition Price - \$16.29/boe		Enterprise Value of Transactions - \$5.3 billion		
Median Production Acquisition Price - \$67,369/boe/d		Assets and Companies for Sale - \$8.9 billion		
Purchaser	Acquisition	Enterprise Value	Acquisition Price	
		\$MM	\$/boe	\$/boe/d
Arsenal	Equal assets	40.25	16.10	26,833
Big Coulee	Drumlin	20.10	15.31	66,524
Celtic	ConocoPhillips assets	50.00	7.62	18,673
Freehold	Bonavista assets	50.20	16.48	88,990
Portal	Equal assets	8.30	11.67	23,714
Seaview	Silverback	75.51	12.82	82,034
Seaview	Sirius	18.11	6.70	29,533
Sinopec	Daylight	3,171.70	17.42	80,389
Storm	British Columbia assets	15.90	22.11	106,000
Storm	Storm Gas	56.06	20.24	119,790
Surge	Pradera	101.34	21.85	83,213
Twin Butte	Emerge	198.31	11.76	25,810
Undisclosed Buyer	Baytex assets	36.00	21.83	545,667
Undisclosed Buyer	Cobra assets	5.25	110.51	182,461
Undisclosed Buyer	Connacher assets	7.15	6.98	61,263
WestFire	Alberta assets	40.30	22.03	66,100
Whitecap	Compass	109.00	17.19	68,214
Wilmington et al	Ironhorse & Grizzly assets	19.80	5.16	14,995

**Property Divestiture**  
**15 Properties**  
**248 boe/d (104 bbl/d, 870 Mcf/d)**

BID DEADLINE: 12:00 pm March 8, 2012

Ravenwood Energy Corp. 2012 Disposition Properties

Recent production net to the Company from the Properties has averaged approximately 248 boe/d (104 bbl/d of oil and natural gas liquids and 870 Mcf/d of natural gas).

The Properties have been grouped into three geographical packages, as illustrated on the offsetting map. In addition to one royalty-interest oil property at Taber, Ravenwood is divesting eight oil and natural gas properties which are currently producing a total of approximately 141 boe/d (33 bbl/d and 650 Mcf/d) in East Central Alberta, and six oil and natural gas properties on the Peace River Arch which are currently producing a total of 104 boe/d (68 bbl/d and 220 Mcf/d).

Detailed information relating to this divestiture is available on the Internet at [www.sayeradvisors.com](http://www.sayeradvisors.com) or by contacting the Sayer office at 403.266.6133.

**PROCESS & TIMELINE**

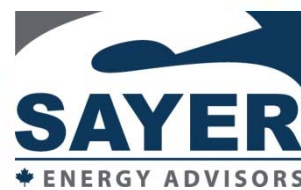
Sayer Energy Advisors is accepting cash offers to acquire the Properties until 12:00 pm on Thursday, March 8, 2012. While the Company's strong preference is to sell all of the Properties in each package in one transaction, it will consider bids to acquire individual Properties.

Timeline	
Week of February 6, 2012	Preliminary Information Distributed
February 13, 2012	Data Room Opens
March 8, 2012	Bid Deadline
March 1, 2012	Effective Date
March 2012	Closing Date

Sayer Energy Advisors does not conduct a "second-round" bidding process; the intention is to attempt to close the sale of the Properties with the parties submitting the most acceptable proposals at the conclusion of the process.

**Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, March 8, 2012.**

© Sayer Energy Advisors 2012 1620, 540, 5th Avenue SW, Calgary, Alberta, Canada T2P 0M2  
 Tel: 403.266.6133 Fax: 403.266.4407 [www.sayeradvisors.com](http://www.sayeradvisors.com)



# Sayer Energy Advisors

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## Corporate Advisory Services

- Divestitures, Mergers, Acquisitions
- Valuations and Fairness Opinions
- Expert Witness Assignments

## Industry Publications

- Well-known for Canadian M&A market analysis through our quarterly publication
- Publish complete Canadian oil industry M&A and financing information
- Complete listing of current Canadian oil & natural gas industry asset and corporate dispositions

# M&A Price “Roller Coaster”



# M&A Price “Roller Coaster”

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- M&A activity level responds quickly to market dynamics.
- Prices rise and fall with increase or decrease in commodity prices.
- Activity level rises and falls in response to government intervention and world events.
- Prices and activity level rise and fall with changes in the cost of capital.

# Recent Acquisition Prices

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- Production and reserves acquisition prices followed a downward trend from early in 2006 until early in 2008.
- Prices rose in early 2008 in response to a dramatic rise in the price of oil and natural gas and dramatically fell in late 2008 and most of 2009.
- Prices continued to be strong in 2011 for oil weighted acquisitions (especially resource plays such as the Bakken, Cardium and Viking).
- Conventional natural gas weighted transactions without liquids were/are fetching much lower metrics than oil.

# Annual Fall Surprise - 2006

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## *“Changes to RIT Tax Treatment”*



# Annual Fall Surprise - 2007

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*“Our Fair Share”*



# Annual Fall Surprise - 2007

*"Our Fair Share"*

*"For a second I almost  
thought he was my friend."*



# Annual Fall Surprise - 2008

## *“Global Financial Crisis”*



# Fall 2008



# 2009 – “Recap Season”



# 2009 Recaps: “*Musical Chairs?*”

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A private company,

***Renegade Oil & Gas Ltd.***

was acquired by publicly-held



***Resources Ltd.***

which was subsequently recapped and renamed



Shortly after this, the former management team of

***Renegade Oil & Gas Ltd.***

recapped publicly-held



and renamed it

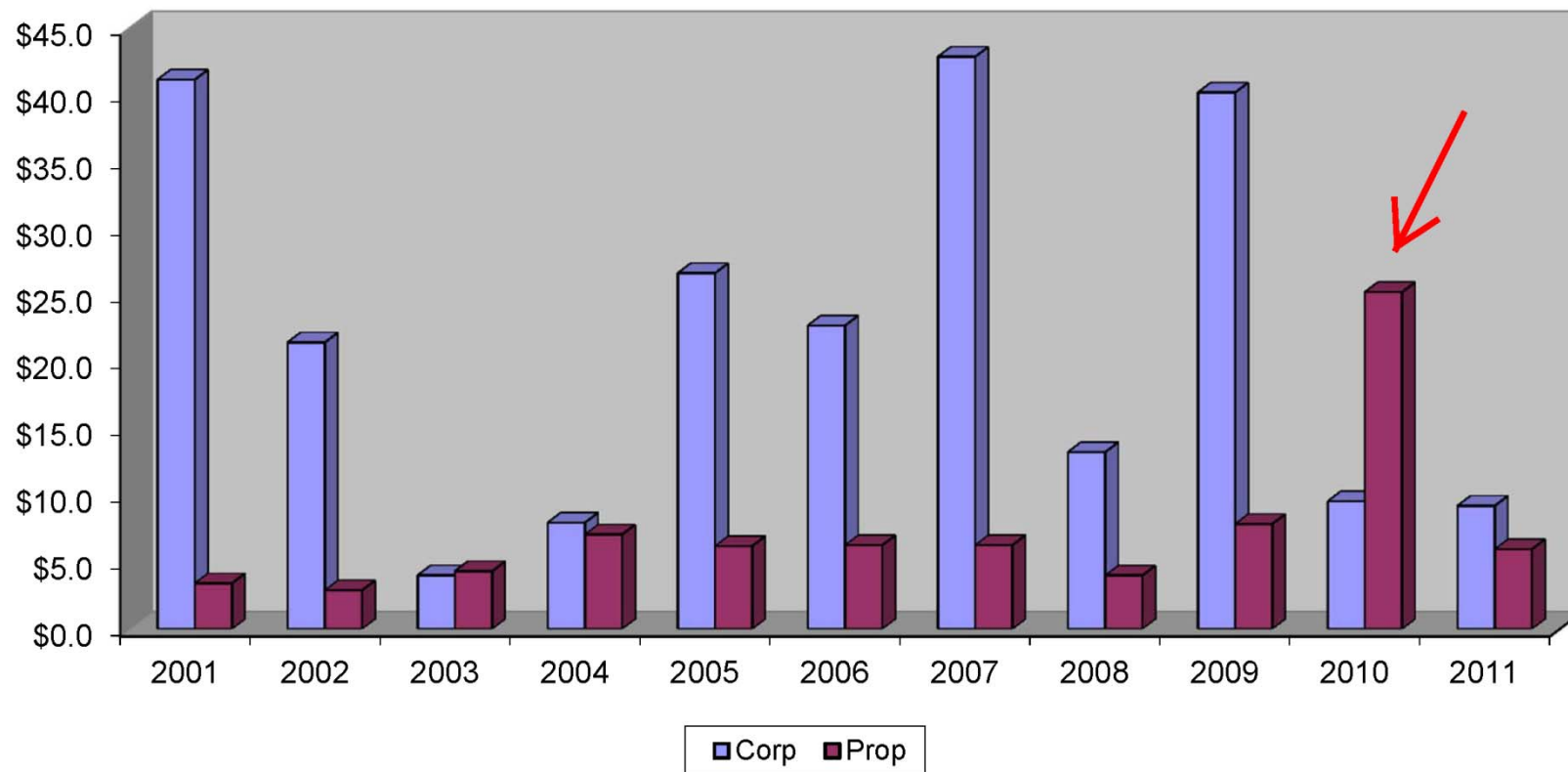
***Renegade Petroleum Ltd.***

# 2010 – Dominated by Property Sales



# 2010 – Dominated by Property Sales

Enterprise Value (\$billions) - Corporate vs. Property Deals



# 2011: Corporate Deals Dominated

**60% of the M&A value in 2011 was from corporate transactions (\$9.3 billion out of a total of \$15.6 billion)**

- Magnum Hunter/NuLoch (\$356)
- Renegade/PetroUno (\$58)
- Whitecap/Spry (\$233)
- Wild Stream/Vertex (\$36)
- Barrick/Venturion (\$175)
- Border/Canflame (\$13)
- Crew/Caltex (\$671)
- ERI/Ember (\$150)
- Eurogas/Torque (\$10)
- Killam/Culane (\$94)
- Penn West/Spartan (\$177)
- Tourmaline/Cinch (\$229)
- Westfire/Orion (\$404)
- Big Coulee/Alpetro (\$8)
- Big Coulee/Artemis (\$18)
- Bonavista/Milestone (\$126)
- CNOOC/OPTI (\$2,052)
- Foundation/White North (\$15)
- Gear/Lift (\$24)
- Undisclosed/Montane (\$9)
- Big Coulee/Drumlin (\$20)
- Seaview/Silverback (\$76)
- Seaview/Sirius (\$18)
- Sinopec/Daylight (\$3,172)
- Surge/Pradera (\$101)
- Twin Butte/Emerge (\$198)
- Whitecap/Compass (\$109)

Purchaser/acquisition (enterprise value in millions)

# Metrics of M&A Transactions

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# Now the Exciting Part!

*“You won’t believe this. Tambosso says that liquids-rich natural gas properties with facilities are going for as much as \$53,000 /boe/d!”*



Today’s presentation is intended to provide insight into M&A transactions. If you want more detail regarding current M&A stats, contact any of the Sayer personnel and they will gladly discuss this with you afterwards.

# Metrics of M&A Transactions

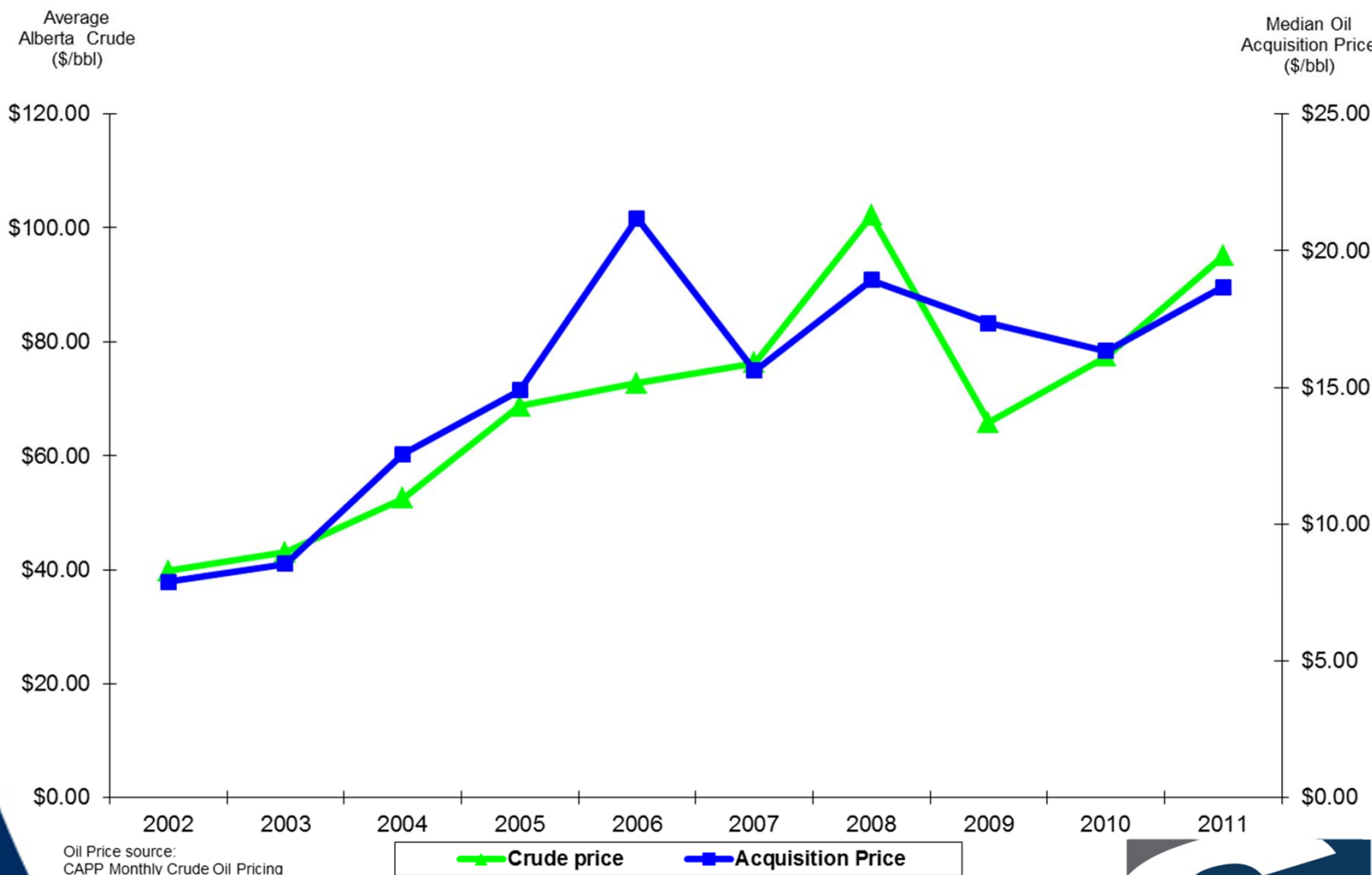
Q: *“What’s a gas property going for these days?”*

*“What’s oil worth today?”*

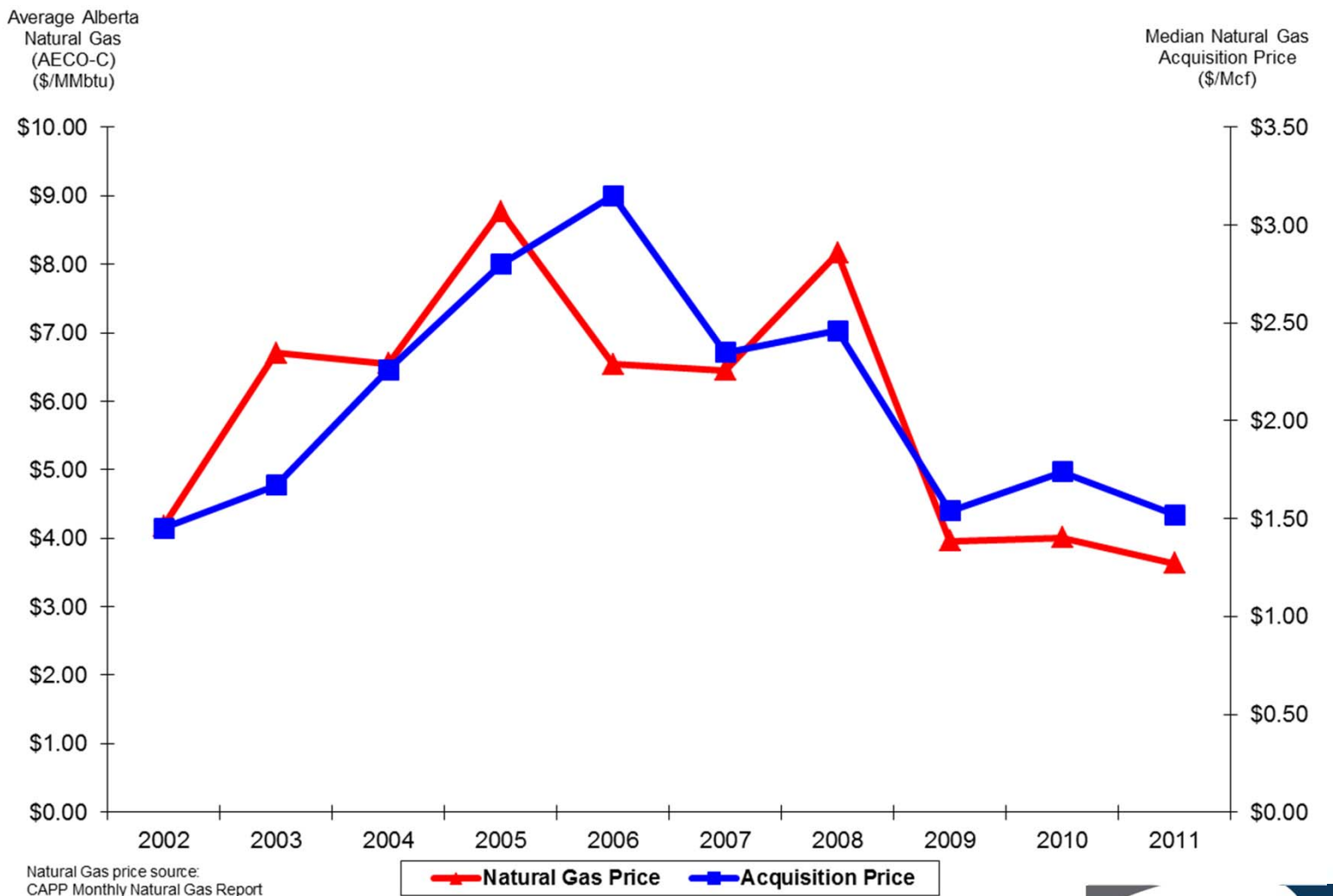


A: *“What’s the price of a house in Calgary?”*

# Correlation of Median M&A Prices and Commodity Prices: **OIL**



# Correlation of Median M&A Prices and Commodity Prices: **NATURAL GAS**



# Metrics Should NOT Drive a Deal...

## Metrics Fall Out of the Deal

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- Metrics should be used as a summary of what comparable assets have recently sold for. The key is **comparable** properties.
- The key variable which drives the metrics is the true value of the asset.
- An oil property with a decent reserve report and a current price deck will sell for P+P 10%-12%.
- A natural gas property with a decent reserve report and a current price deck will sell for PDP 12%-15%.
- Higher quality assets sell for prices which have higher metrics because they are worth more.
- Many lower quality assets do not sell.

# Factors Affecting Prices of Natural Gas M&A Transactions

\$70,000/boe/d

\$

liquids-rich  
gas

low  
operating expense

operated

high  
working interest

factors  
leading to  
higher prices

MEDIAN PRICE

low  
working interest

non-operated

high  
operating expense

dry gas

factors  
leading to  
lower prices

\$

\$10,000/boe/d

# To the Metrics ... and Beyond

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SEVERAL SLIDES FROM THIS PRESENTATION RELATING TO M&A TRANSACTION METRICS HAVE BEEN REMOVED AS THEY WERE GENERATED FROM SAYER ENERGY ADVISORS' PROPRIETARY RESEARCH.

IF YOU ARE INTERESTED IN DISCUSSING TRANSACTION METRICS IN MORE DETAIL, PLEASE FEEL FREE TO CONTACT THE SAYER OFFICE AT 403.266.6133.

# Natural Gas M&A Activity



# Natural Gas M&A Activity

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- There have recently been a number of natural gas acquisitions announced:



Sinopec / Daylight	\$3.2 billion
Undisclosed / Vero assets	\$209 million
Guide / Alberta assets	\$62 million
Celtic / ConocoPhillips assets	\$50 million

- Earlier in 2011 there were very few natural gas-weighted deals being completed. Many of the larger natural gas transactions were joint ventures between foreign firms and Canadian companies.



*Buyers are showing up in Calgary from all around the world.*

*Word is out that our banks are secure and as a result there is strong interest from around the world for Canadian oil and natural gas properties, large and small.*

-  *Country Sayer has done business with*
-  *Other country active in Canadian oil patch*



*Proposed Kitimat, B.C. LNG terminal*  
*Destination of LNG tankers leaving Kitimat?*  
***Korea, Japan, China***





# Natural Gas M&A Activity

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- It is not all doom and gloom for conventional natural gas producers.
- High volume users of natural gas should see this as an opportune time to secure long-term supply for a reasonable price.
  - Oilsands operators should be “*filling their boots*” with natural gas right now.
  - Electrical cogen plant demand should be increasing – a “*no brainer*” as electricity costs are rising while natural gas prices are low.
  - Industrial users of large volumes of natural gas or electricity can mitigate future increases in operating costs by becoming producers.

# Oil-Based M&A Activity

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# Oil-Based M&A Activity

- There have been a number of recent acquisitions targeting oil resource plays, notably in the Cardium, Slave Point, Spearfish and Viking, as well as conventional oil.

Whitecap / Spry	\$233 million
Twin Butte / Emerge	\$198 million
Legacy / Molopo assets	\$188 million
Whitecap / Compass	\$110 million
Surge / Pradera	\$101 million
Storm / Bellamont	\$123 million
Crescent Point / Wild Stream	\$770 million

# Oil-Based Resource Plays Dominate

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# Random Observations on M&A Activity

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- It is tough to close an M&A deal.
- We will briefly discuss how to succeed where others may fail so that your deal, as buyer or seller, does not go ...



# M&A Musings: Failure to Look at Things From the Other Party's Point of View



Courtesy of  
[www.old-picture.com](http://www.old-picture.com)

# Remember Who the Customer is ... the **Buyer**, not the Seller, not the Agent!

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# Trying to Sell a Customer Something He Doesn't Want to Buy

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## VENDOR

Why try to sell the customer something that you **want to sell** rather than something that the customer **wants to buy**.

## PURCHASER

It is his money, damn it! He is the customer. Let him spend it on something that **he wants to buy** or he will go somewhere else to buy it.

# Trying to Sell a Customer Something He Doesn't Want to Buy: M&A Analogy

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## ISSUE

Many vendors want to sell many diverse assets as part of one package.

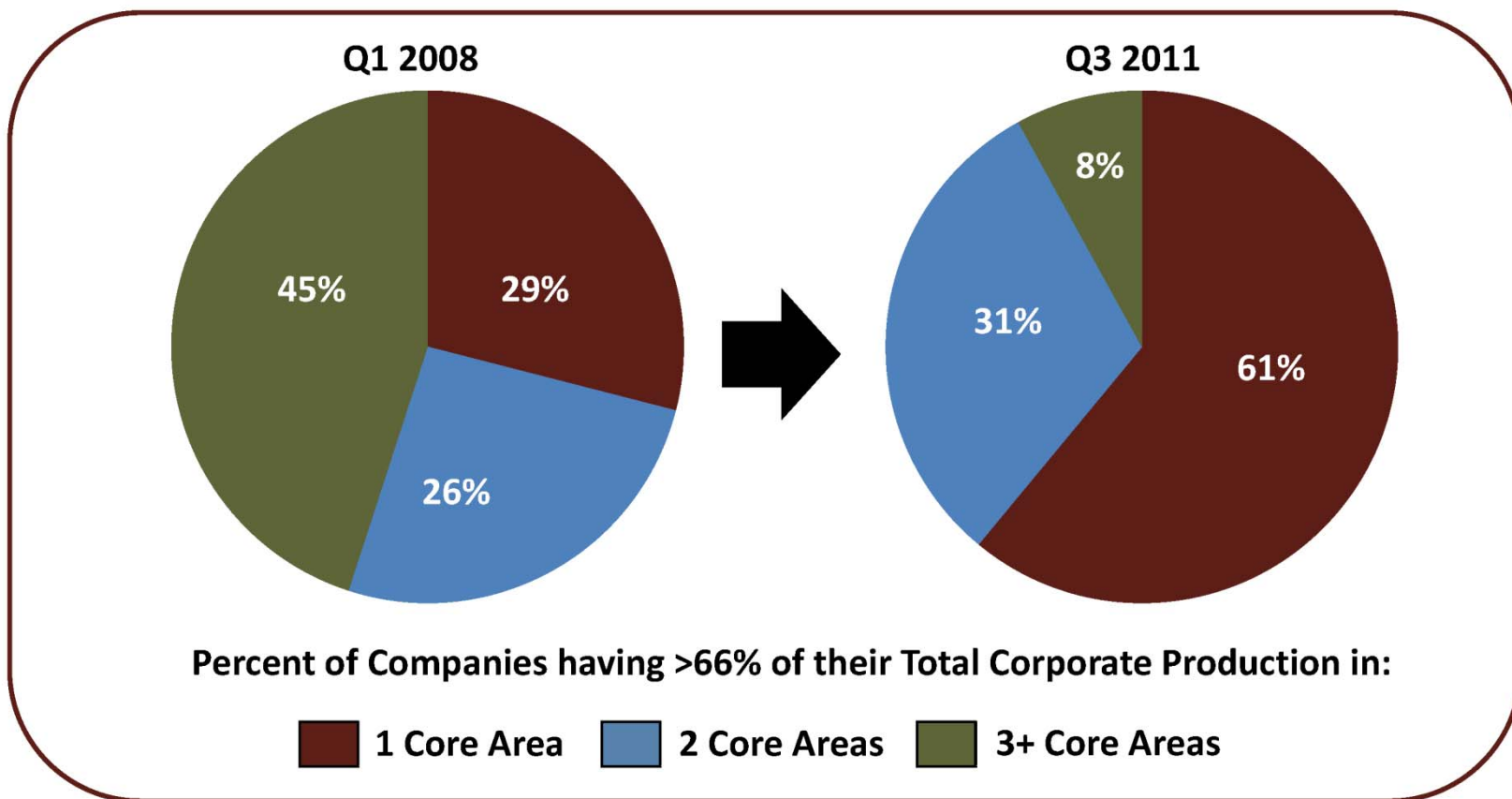
## INSIGHT

The sum of the parts is almost always greater than the whole.

A party looking for assets in one part of the basin will possibly put a premium on these assets; however, the same party, forced to also include assets outside of its core area, will place a discounted value on the unwanted assets.

Companies are becoming more focused and don't want to dilute the story by purchasing unwanted assets.

# Companies are Becoming More Focused



SOURCE: FirstEnergy  
CAPITAL

# It takes Special Parties to Handle Large Packages



Photos courtesy of  
LIFE Magazine

# M&A Musings: Private Companies



\$40,050,000

8,900,000  
Common Shares  
at \$4.50

September 2010



*Pan  
Pacific Oils Ltd.*

New Midland Petroleum Ltd.



\$18,700,000

850,000  
Flow-Through  
Common Shares  
at \$22.00

August 2010



\$49,980,000

1,666,000  
Common Shares  
at \$30.00

August 2010



ONYX  
2006 INC.



CORAL HILL ENERGY LTD.

\$75,000,000

30,000,000  
Common Shares  
at \$2.50

February 2010



\$83,976,866

22,393,831  
Subscription Receipts  
at \$3.75

July 2010



\$11,888,083

2,119,410 Common  
Shares at \$3.25  
1,250,000 Flow-Through  
Common Shares  
at \$4.00

October 2008



STORM Gas Resource Corp.

\$17,940,000

2,760,000  
Common Shares  
at \$6.50

October 2009



Teague Exploration Inc.



\$13,002,000

3,940,000  
Flow-Through  
Common Shares  
at \$3.30

December 2008



\$3,510,000

1,080,000  
Common Shares  
at \$3.25

June 2010



SEVEN GENERATIONS  
ENERGY LTD.



Bucking Horse  
Energy Inc.



Financing tombstones courtesy of PI Financial



# M&A Musings: Private Company Transactions

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## ISSUE

Valuation.

## INSIGHT

Most private companies do not have a clue how to value themselves for a financing.

Many want to get full value for their shares and issue equity at a high price.

Publicly traded peers receive significantly lower valuations.

This comes back to haunt them when they enter into a sales transaction.

Public companies cannot purchase on that valuation metric.

Other privatecos will not pay full value.

# M&A Musings: Private Company Transactions

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## REAL LIFE EXAMPLE

In Q1 2004 a privateco did a financing, issuing shares at \$0.40/share.

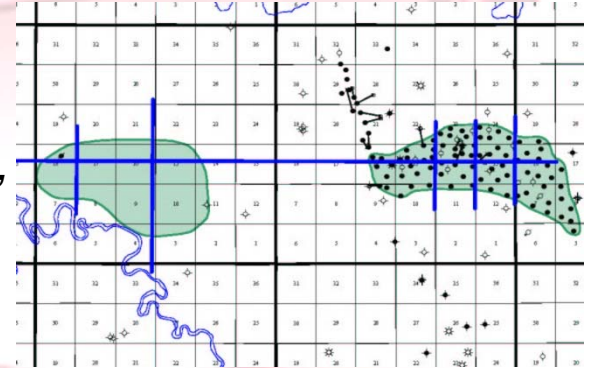
Later in Q1 the company was sold for **1.5X P+P @ 10%** but the price was only \$0.34/share, *15% below the most recent issue price!*

*Management had grossly overestimated the value of the company when issuing equity.*

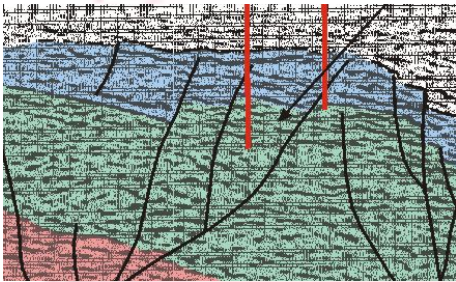
**LAND** *"Our undeveloped land is worth at least as much as the industry average, if not more."*



**RESERVES** *"Our evaluators were way too conservative, so we have internally assigned reserves to this land based upon the offsetting pool."*



**RESERVES & LAND** *"What do you mean we can't add undeveloped land value to these lands which we had internally assigned probable reserves to?"*



**SEISMIC** *"We have spent millions on seismic and we expect to get paid for it."*

**STAFF & FURNITURE** *"You will need all of our staff. We have nice desks and a fully furnished office."*



**TAX POOLS** *"You should add value to our pre-tax NAV to account for our tax pools."*

# M&A Musings: Public Companies

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## ISSUE

Valuation.

## INSIGHT

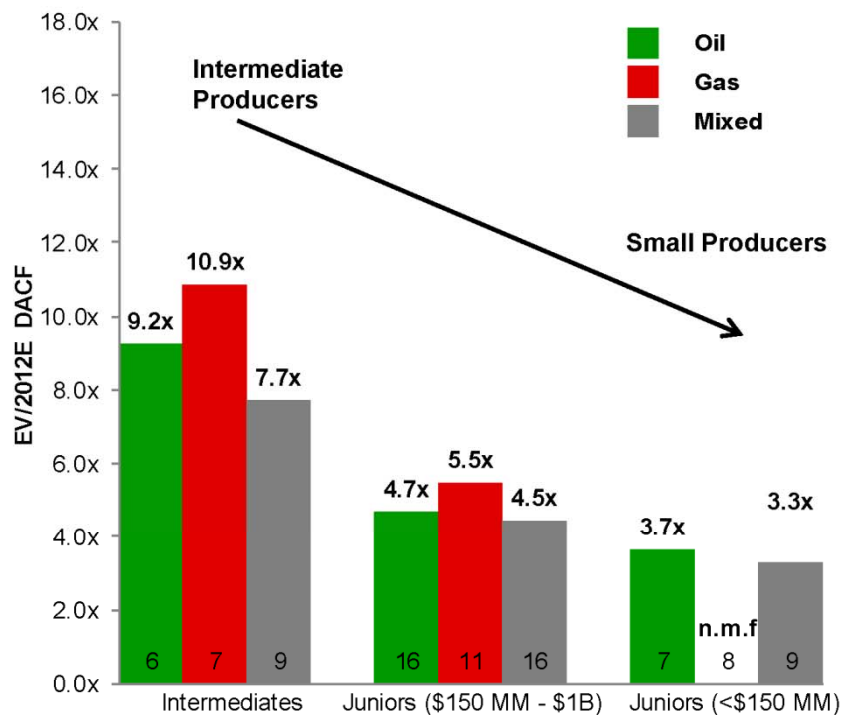
Many public companies, in selling non-core assets, have historically expected to get a valuation consistent with their market metrics.

No public company trades for a metric based upon the value of its non-core assets.

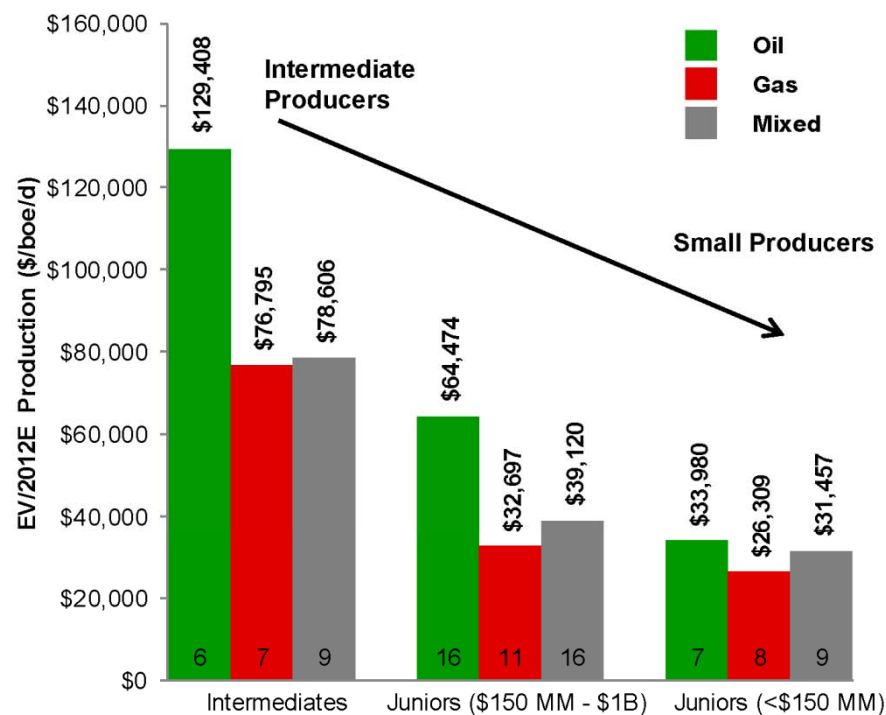
Many public companies read “the headlines” of big M&A deals and mistakenly believe that their non-core assets are worth as much as the gems that company’s have issued news releases on.

# M&A Musings: Public Companies

EV/2012E DACF<sup>(1)</sup>



EV/2012E Production<sup>(1)</sup>



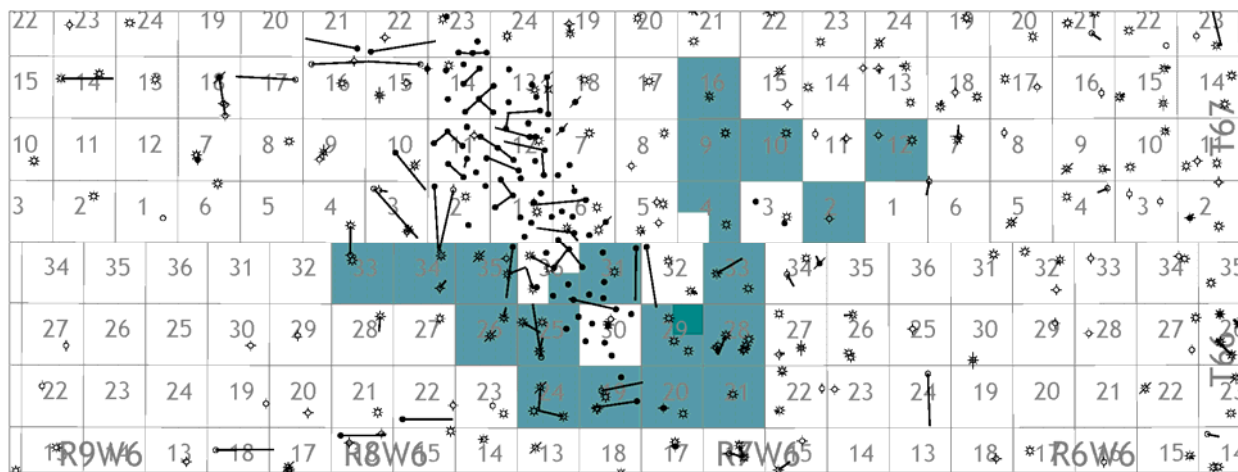
(1) Categorized by: oil (<30% gas), gas (>70% gas), mixed (30-70% gas).

SOURCE: Scotia Capital



Moose pasture

# M&A Musings: Undeveloped Land



## Sales Info

Type:	License	Bonus Price:	\$23122337.00
Area:	4864.00 ha	Price/Area:	\$4753.77
Selected Area:	4864.00 ha	Total Fee:	\$625.00
		Annual Rent:	\$17024.00

## Acquired land is a 19 section Crown P&NG license

- one 3,375 metre well will hold all 19 sections for a total of nine years

## Many parties see the results and think that their land is worth a similar price

- undrilled, individual sections under lease and near the end of the primary term could be close to worthless

# M&A Musings: Ongoing Operations

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## ISSUE

Operations that are ongoing during a sales process or at the time of sale.

## INSIGHT

Well drilling at time of sale.

If the well hits big, the vendor will want to be paid more for it. The purchaser will say he assumed it would hit and that he already factored that into his price.

If the well misses, the purchaser will possibly try to get a price reduction, claiming that he factored success into his price.



# M&A Musings: LLR, ARO

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## ISSUE

Many vendors want to include substantial liabilities along with the producing assets.

## INSIGHT

Purchasers are getting more selective as government regulations are getting tougher and as clean-up costs are increasing.

Many asset packages include more liabilities than assets, creating LLR issues for many small purchasers.

The cold hard reality is that companies may be stuck with cleaning up their own back yard – the days of offloading these to unsuspecting buyers are long gone.



# M&A Musings: Handling Tight Holes, Seismic

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## ISSUE

Use and misuse of confidential information.

## INSIGHT

Vendor must protect contractual obligations to suppliers and partners.

- cannot show tight hole information without approval of partner
- purchaser may be active in the area and therefore loathe to execute an Area of Exclusion Agreement

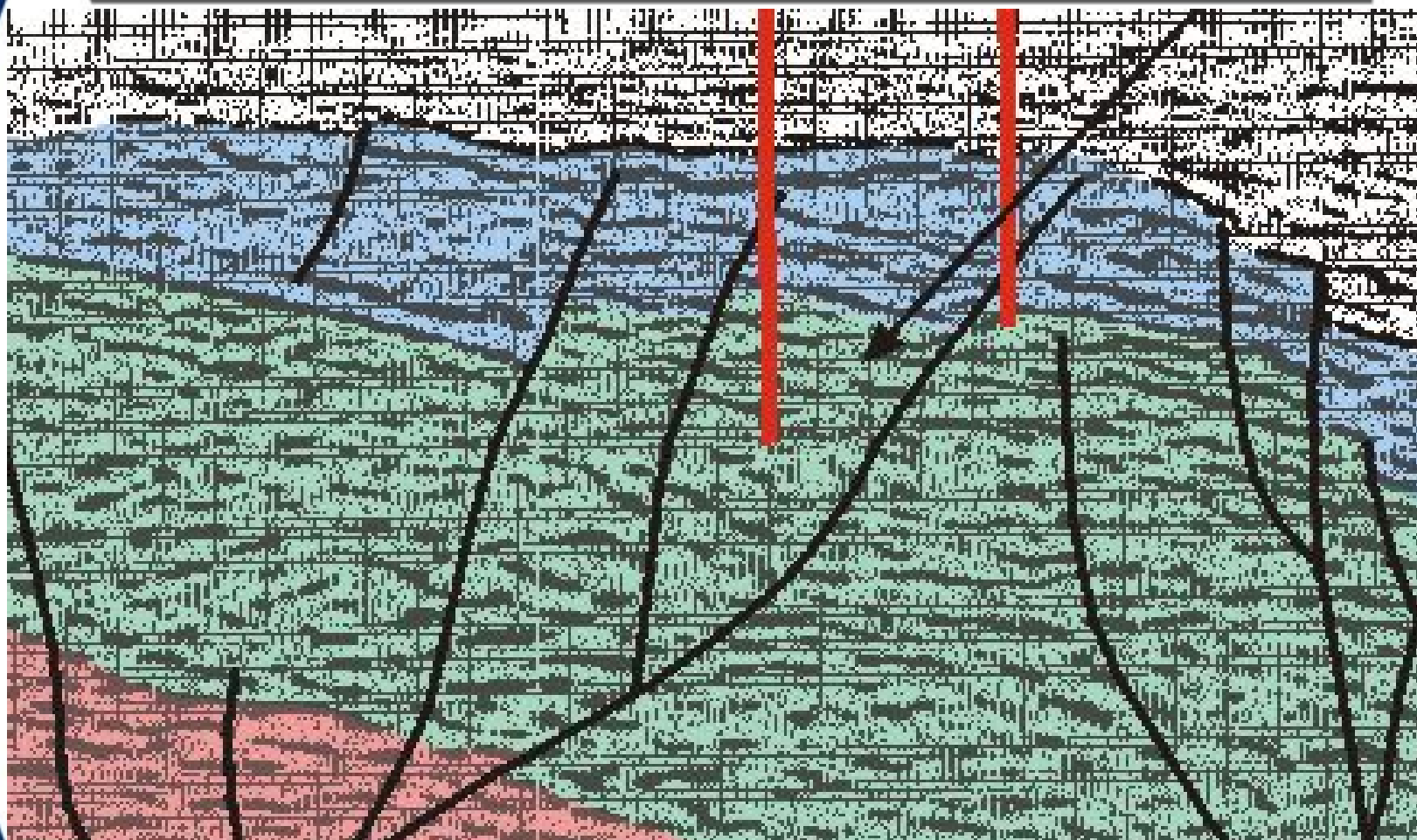
New APEGGA Guidelines regarding handling of trade seismic data **and** interpretations created from same.



**CONFIDENTIAL**



# Buyer's & Seller's Point of View: Handling Seismic



# M&A Musings: Handling Tight Holes, Seismic



## Guideline for Ethical Use of Geophysical Data

v1.0  
May 2010

The Association of Professional Engineers,  
Geologists and Geophysicists of Alberta

# M&A Musings: Handling Seismic

## 5.2 Physical Data Room

Data rooms are commonly used to farm out, divest selected properties or divest all of a company's assets. Data may reside within the premises and control of a third party, and the third party must be apprised of the license or partner proprietary data restrictions in order to maintain direct control of licensed data. Typically larger divestitures are located on third party premises and these companies are assigned the responsibility of protecting the integrity of the data. This does not absolve the licensee from the responsibility to maintain direct control. Prospective purchasers, after signing a Confidentiality Agreement, are usually assigned a certain time period to review the data and resultant interpretation without representatives of the selling company being present.

Typically, a data room contains geophysical data as well as other exploration and production data. Often there is a mixture of proprietary, partner proprietary and licensed data, although some companies may choose not to include licensed data or partner proprietary data. **Geophysical data or geophysical data derived products based on licensed data cannot usually be copied.** The prospective purchaser is allowed to make notes and sketches and may be allowed to sketch the interpretation of the data on a map. Sketches would not include precise copies of contour maps or detailed survey information.

Discussions between the licensee/divesting company, the third party and the prospective purchaser are required to clarify the amount and type of information that can be requested to be copied from a data room. The licensee has the responsibility to approve the copying and release of data and information and to ask for its return unless the prospective purchaser completes a transaction.

**Uninterpreted partner proprietary or uninterpreted licensed data should not be provided in a data room unless expressly permitted by all working interest owners** as this would essentially constitute an unauthorized quality inspection (QI). Practices for conducting data QIs are described in APEGGA's *Practice Standard for Quality Inspection of Geophysical Data*.

# M&A Musings: Handling Seismic

## 5.3 Virtual Data Room

Virtual data rooms are designed to present data in electronic form. They are often set up by divesting companies, investment bankers or companies specializing in divestitures or corporate sales that attract interest from companies from other locations. Rules that apply to physical data rooms apply to virtual data rooms as well.

Prospective purchasers are given passwords and permission to review the data for a specified time. Direct control is no longer possible. Prospective purchasers do not have the ability to measure and manipulate the data, as is possible on a work station in a data room. They can, however, make screen captures that could compromise licensed or partnered data.

### Recommended Practice

There is a greater need for data protection in a virtual data room because direct control is no longer possible. Partner or licensed data should not be included in a virtual data room unless specific permission for its use has been granted by the partner or licensor.

## 5.6 Property Disposition

Licensed data is typically used to support an asset sale unless the license agreements forbid it. If the asset sale is completed; the purchaser is not entitled to the data and is not allowed "viewing rights". Partnered data can generally be included unless

# M&A Musings: Screening Parties out of a Process

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## ISSUE

Limiting access to an offering to a select group of “pre-screened” parties.

## INSIGHT

You don't know who is out there that might really want to buy what you have to sell. The “store” should be open for all to come in and browse.

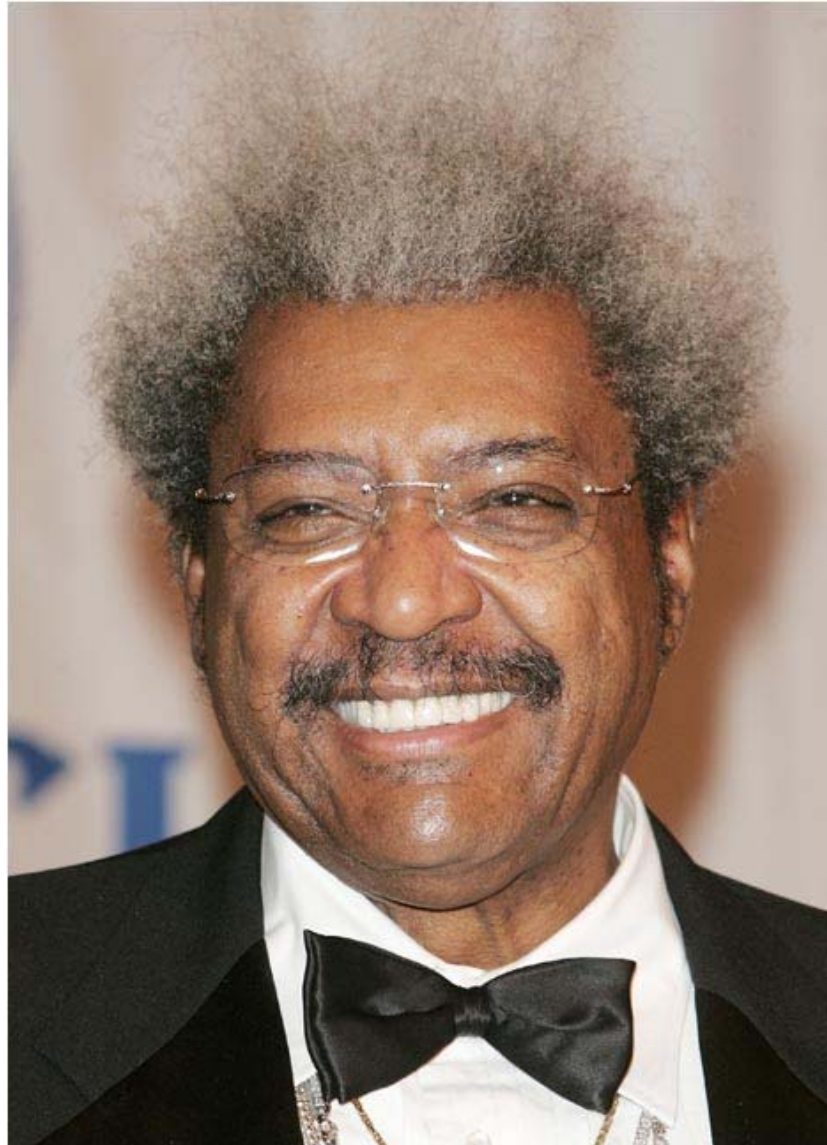
Why do you think retail stores put their goods in the window for all to see? Why do you think they welcome all parties to enter the store?

# Never Judge a Book ...

## INSIGHT

Agents often get calls from parties appearing to be promoters, looking for small properties to buy for the latest promote.

In spite of the appearance, once in a while these “promoters” actually represent parties which have the cash and the motivation to conclude a deal.



# From the Buyer's Point of View

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## ISSUE

Limiting access to an offering to a select group of “pre-screened” parties, excluding potential purchasers from the process.

## INSIGHT

Anybody that wants to shop in your store is a potential customer and should be treated as one.

Never make assumptions about a party's ability to conclude or finance a transaction. The credit card can be checked once they get to the till to check out.

# M&A Musings: Value of an Agent

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## ISSUE

Tempers can get hot during negotiations.

## INSIGHT

A good agent can take the emotion out of the sales process.

- no attachment to the assets
- no false expectations
- look at things from both sides of the deal
- take punches from both sides
- stick to business and get the deal done

# Forecast for 2012 M&A Activity



# Sayer's Outlook for 2012

[Home](#) [Past Issues](#) [Search](#) [About Us](#) [Contact Us](#)

## DAILY OIL BULLETIN

January 25, 2012

[Contents](#) | [Previous Page](#) | [Next Page](#)

### Sayer's Outlook For 2012 M&A Activity

By: Tom Pavic, CFA

Vice-President of Sayer Energy Advisors

After a \$20 billion drop in mergers and acquisition ("M&A") activity in the Canadian oil and natural gas industry in 2011 from 2010, the questions at the beginning of 2012 are: *"What will we see happen on the M&A front this year? Will it be the same as last year? Will it return to the levels we saw in 2007 and 2009?"* As we look to answer these questions we will first touch on the year that was in 2011.

In 2011, the total M&A value was \$15.6 billion, down 56 per cent from the \$35.5 billion recorded in 2010. Last year approximately 59 per cent of the total M&A value was in corporate transactions, which was in stark contrast to 2010 when 71 per cent of the total M&A value came from property transactions. The \$15.6 billion of M&A activity recorded in 2011 is the lowest since the \$9.3 billion tabulated in 2003 and the same value as in 2004.

The two largest corporate transactions which were announced in 2011 were **Sinopec International Petroleum Exploration and Production Corporation's** acquisition of **Daylight Energy Ltd.** for \$3.2 billion and **CNOOC Limited's** purchase of **OPTI Canada Inc.** for \$2.1 billion. These two transactions alone accounted for 57 per cent of the total \$9.2 billion of corporate M&A value in 2011. It is interesting to note that the buyers in both of these transactions were companies based in China.



# 2012: Natural Gas Producers Remain “*On the Edge*”



- Vendors will need to have realistic price and value expectations for natural gas weighted properties or processes will go “*no sale*”.
  - *Price expectation should be based on current property income level, not “metrics”.*
- Low natural gas prices will stimulate corporate M&A activity.
  - *As seen recently with Charger/Silverback/Seaview/Sirius transaction.*

# 2012: Corporate Deals Will Dominate

**SOLD in 2012**

**BellAmont**  
Exploration Ltd.

**EDALIS**  
ENERGY INC.

**WSX**  
Wild Stream  
Exploration Inc.

**SilverBirch**  
ENERGY

**“On the Block” or  
“Reviewing Strategic Alternatives”**

**petro-reef**  
resources ltd.

**Birchcliff**  
Energy Ltd.

**WestFire**  
ENERGY LTD

**Connacher**  
OIL AND GAS LIMITED

**andora**

**EIGER**  
ENERGY LTD.

**Teague Exploration Inc.**

**SAYER**  
ENERGY ADVISORS

# 2012: Technology Will Remain A Catalyst for M&A Activity



# 2012: Foreign Interest in Canadian Oil and Natural Gas Will Continue



# 2012: Joint Ventures Will Remain a Source of Funding

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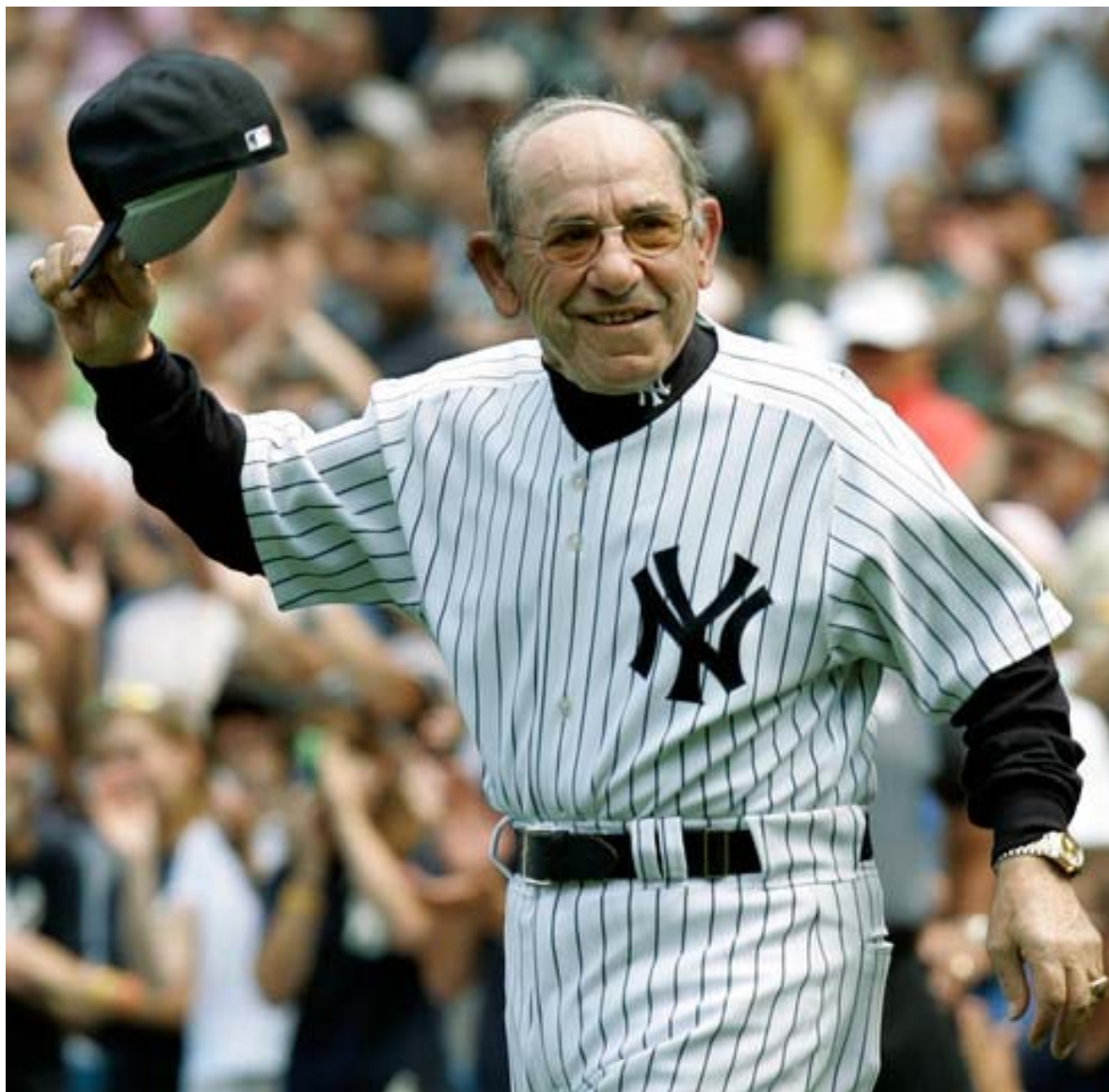


# Sayer's Outlook for 2012

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- The “*Buyers’ Market*” will continue into 2012.
- If natural gas prices continue at these levels, vendors will need to have realistic price and value expectations, especially for natural gas weighted properties or processes will go “*no sale*”.
- There will be a continued higher percentage of corporate transactions in 2012.
- Low natural gas prices will stimulate mergers.
- Technology will remain a catalyst for M&A activity.
- Foreign interest in Canadian oil and natural gas will continue, especially from Asian-based entities.
- Joint Ventures will continue to be a source of funding for capital intensive projects.

*"The future ain't what it used to be."*  
Yogi Berra



# Sayer Energy Advisors

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## Recap of Recent M&A Activity, M&A Musings & A Look Forward to 2012



*February 7, 2012*