DAILY OIL BULLETIN

February 27, 2013

Contents | Previous Article | Next Article

$20 Billion In Capital Raised In 2012; Debt Financings Increase

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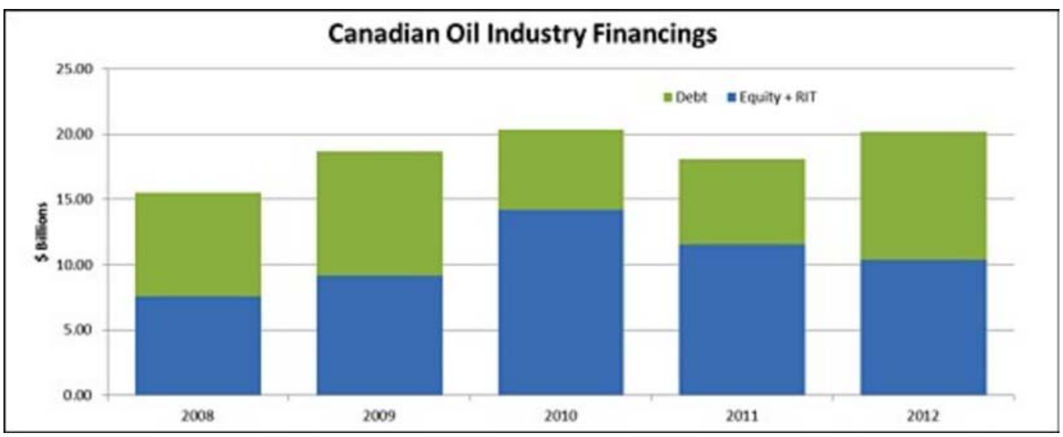
The total amount of capital raised in the Canadian oil and natural gas industry in 2012 increased 12 per cent from the previous year. In 2012, there was a total of $20.2 billion in capital raised compared to $18.1 billion in 2011. Equity and royalty income trust ("RIT") financings accounted for 52 per cent of the capital raised with debt financings taking the balance. The split in 2011 was 64 per cent from equity and RIT financings and 36 per cent from debt.

The largest contributing factor for the increase in capital raised in 2012 can be attributed to the rise in the total amount of new debt raised year-over-year. In 2012, debt financings increased 51 per cent to $9.8 billion, up from $6.5 billion in 2011.

The debt category described herein is comprised of straight and convertible debt. Along with the total value of debt financings increasing year-over-year, the number of debt issues in 2012 rose. There were 84 debt financings in 2012, up 47 per cent from the 57 in 2011.

The majority of the debt issues in 2012 were straight debt, accounting for 89 per cent of the total debt issued. The amount of straight debt issues was $8.7 billion, up 55 per cent from the $5.6 billion in 2011. Convertible debt also increased year-over-year, jumping 32 per cent to $1.1 billion from the $833 million in 2011.

Of the top ten debt issues in 2012, seven were straight debt while three consisted of convertible debentures. In 2011, the top ten debt issues were all straight debt. The largest debt issue in 2012 was **PetroBakken Energy Ltd.**'s $903 million debt financing in January 2012. PetroBakken used the proceeds from the offering to repurchase and cancel US$450 million of convertible debentures, which matured on Jan. 31, 2012, with the remainder used to repay a portion of its secured credit facility.



The second highest amount of debt raised in a single offering last year was **MEG Energy Corp.**'s $806 million debt financing in July, which was used for general corporate purposes. **Cenovus Energy Inc.** raised the third largest amount of debt at $741 million. Rounding out the top five were **Athabasca Oil Corporation** issuing $550 million in November and **Husky Energy Inc.** raising $500 million in March.

Petrominerales Ltd. issued the largest convertible debenture in 2012, raising $411 million in June. The proceeds of the financing were used to repurchase 10 million common shares of Petrominerales from certain offshore holders, representing approximately 10 per cent of the issued and outstanding common shares. In addition, Petrominerales repurchased US$250 million of its existing 2.625 per cent senior unsecured convertible debentures under its buy-back invitation from certain offshore holders.

The total amount of equity raised in 2012 was $10.4 billion, down 10 per cent from the $11.5 billion in equity raised in 2011. It is the second consecutive year that equity financings have fallen. The number of equity issues also decreased year-over-year, falling 32 per cent to 377 issues in 2012, from 553 issues in 2011. The 10 per cent decrease in the amount of equity raised, coupled with the 32 per cent decline in the number of issues resulted in the average size of issues increasing to $27.6 million in 2012 from $20.1 million in 2011.

Included in the equity category is the flow through equity value of $448 million in 2012, which was down 21 per cent from the $567 million in flow through equity issues in 2011. In 2012, there were 73 flow through equity issuances compared to 145 in 2011, a 50 per cent drop.

The largest single equity financing in 2012 was the $750 million bought deal public offering of common shares by **Crescent Point Energy Corp.** in November. Concurrent with this public offering, Crescent Point entered into a transaction to acquire **Ute Energy Upstream Holdings LLC**, a privately held oil and gas producer with current production of approximately 7,800 boe/d and approximately 590 (270 net) sections of land in the centre of the Uinta Basin light oil resource play in northeast Utah. In August, Crescent Point raised $633 million through another bought deal financing, claiming the top two spots in equity financings in 2012.

The number of initial public offerings ("IPOs") completed in the Canadian oil and natural gas industry was down in 2012, with four IPOs completed, compared to 13 in 2011. A total of $825 million was raised through IPOs in 2012 compared to $952 million in 2011, a 13 per cent drop. There were two notable IPOs which accounted for almost all the capital raised through IPOs. **Sunshine Oilsands Ltd.** raised $580 million in its IPO in March and **Argent Energy Trust** raised $244 million in August.

So far in 2013, the capital markets continue to be quiet, with investors being selective where they place their money. The largest financing in January was **Southern Pacific Resource Corp.**'s debt financing, whereby the company issued $260 million of senior secured second lien notes which mature in five years. Southern Pacific has used the net proceeds from the private placement, together with cash on hand, to retire its debt obligations under its existing US$272.2 million second lien term loan facility.

Tourmaline Oil Corp. announced a $203 million bought deal financing last week in conjunction with its 2013 capital program being increased to $740 million from the original 2013 budget of $650 million. While companies such as Tourmaline have been successful raising capital, if the equity markets continue to be as selective as they have been recently, the total amount of equity raised in 2013 may fall for a third consecutive year.

Contents | Previous Article | Next Article