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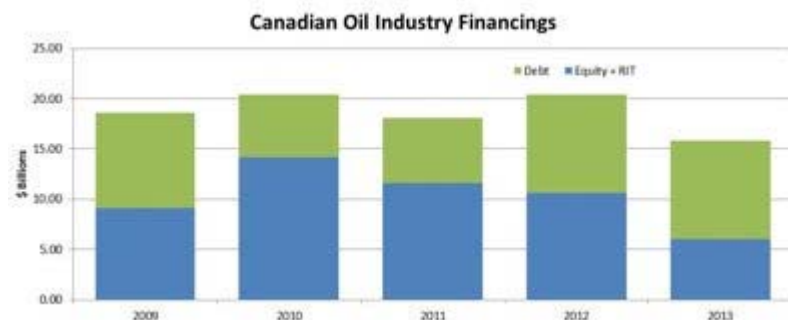
Total Financings Down 22 Per Cent In 2013

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The total amount of capital raised in the Canadian oil and natural gas industry in 2013 decreased 22% from the previous year. In 2013, there was a total of \$15.8 billion in capital raised, compared to \$20.4 billion in 2012. Debt financings accounted for 62% of the capital raised, with equity and royalty income trust (“RIT”) financings taking the balance. The split in 2012 was more evenly weighted with 52% from equity and RIT financings and 48% from debt.

The largest contributing factor for the decrease in capital raised in 2013 can be attributed to the fall in the total amount of new equity raised year-over-year. In 2013, equity financings decreased 43% to \$6.1 billion, down from \$10.6 billion in 2012.



The debt category described herein is comprised of straight and convertible debt. While the total value of debt financings remained relatively unchanged at approximately \$9.8 billion year-over-year, the number of debt issues in 2013 decreased. There were 74 debt financings in 2013, down 9% from the 81 in 2012.

The majority of the debt issues in 2013 were straight debt, accounting for 95% of the total debt issued. The amount of straight debt issues was \$9.3 billion, up 7% from the \$8.7 billion in 2012. Convertible debt decreased year-over-year, down 58% to \$466 million from the \$1.1 billion in 2012.

The top ten debt issues in 2013 were straight debt, while in 2012 seven of the top ten debt financings consisted of straight debt. The largest debt issue in 2013 was **Pacific Rubiales Energy Corp.**'s USD \$1.3 billion (CDN \$1.37 billion) debt financing in November 2013. Pacific Rubiales used the proceeds to finance the acquisition of **Petrominerales Ltd.** and for general corporate purposes.

Pacific Rubiales also accounted for the second highest amount of debt raised in 2013, with its USD \$1.0 billion (CDN \$1.02 billion) debt financing in March, which was used to repay outstanding short-term indebtedness and for general corporate purposes. **MEG Energy Corp.** raised the third largest amount of debt at USD \$800 million (CDN \$827 million) and was the second largest issuer of debt at \$1.34 billion for the year. Rounding out the top five largest single debt issues were **Harvest Operations Corp.** issuing USD \$630 million (CDN \$639.32 million) in May and **Canadian Natural Resources Limited** raising \$500 million in May.

Argent Energy Trust had the highest convertible financing, raising a total of \$86.25 million. In total, Argent raised \$149 million in two separate convertible debenture financings in 2013. **Twin Butte Energy Ltd.** had the second largest single convertible debenture financing in 2013, raising \$85 million in November.

The total amount of equity raised in 2013 was \$6.1 billion, falling 43% from the \$10.6 billion in equity raised in 2012. It is the third consecutive year that equity financings have fallen. The number of equity issues also decreased year-over-year, dropping 23% to 290 issues in 2013, from 376 issues in 2012. The 43% decrease in the amount of equity raised, coupled with the 23% decline in the number of issues resulted in the average size of issues decreasing to \$21.0 million in 2013 from \$28.2 million in 2012.

Included in the equity category is the flow through equity value of \$404 million in 2013, which was down 10% from the \$450 million in flow through equity issues in 2012. In 2013, there were 66 flow-through equity issuances compared to 75 in 2012, a 12% drop.

The largest single equity financing in 2013 was the USD \$450 million (CDN \$466.17 million) offering of common shares by **Africa Oil Corp.** in October. Proceeds from the private placement were stated to be used to fund the company's future exploration, appraisal and development in East Africa, as well as for corporate development and general working capital purposes.

Corex Resources Ltd. raised the second largest equity offering in 2013, raising \$307 million, followed by **Seven Generations Energy Ltd.** at \$251 million to round out the top three.

The number of initial public offerings (“IPOs”) completed in the Canadian oil and natural gas industry was up slightly in 2013, with five IPOs completed, compared to four in 2012. Even though there was an additional IPO in 2013, there was 38% less capital raised with, \$512 million raised through IPOs in 2013 compared to \$825 million in 2012. There were two notable IPOs which accounted for almost all the capital raised. **Oryx Petroleum Corporation** raised \$251 million in its IPO in May and **Cardinal Energy Ltd.** raised \$248 million in December.

So far in 2014, the equity markets are off to a decent start, although investors continue to be selective on where they place their money. The largest equity financing in January was **Tourmaline Oil Corp.**'s bought-deal equity financing of \$219 million. Tourmaline will use the proceeds to temporarily reduce indebtedness. **Peyto Exploration & Development Corp.** raised \$160 million through a bought-deal equity financing. Much like Tourmaline, the net proceeds from the offering will initially be used to partially repay outstanding Peyto bank indebtedness and subsequently to fund the corporation's ongoing capital expenditures and for general corporate purposes.

Earlier this month, **Baytex Energy Corp.** announced a significant bought deal financing of \$1.3 billion in conjunction with its \$2.6 billion acquisition of **Aurora Oil & Gas Limited.** We expect that the capital markets will continue to support yield-based companies during the year, especially if these companies announce accretive acquisitions.

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