

Total Financings At Lowest Level Since 2000

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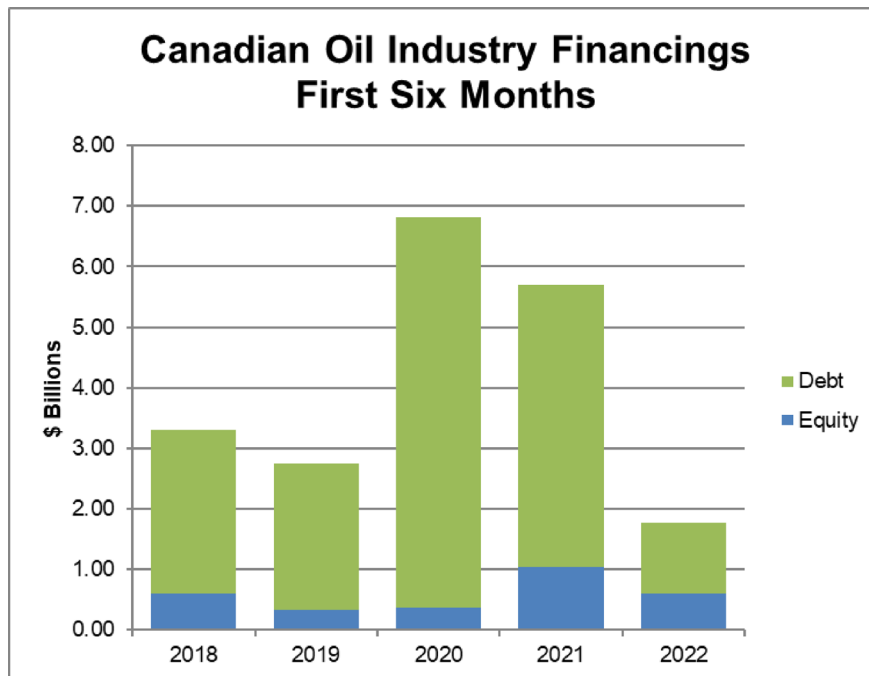
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A total of \$1.8 billion of capital was raised by the Canadian oil and natural gas industry in the first six months of 2022, down 69 per cent from the \$5.7 billion recorded over the same time period in 2021. Financings were down year-over-year in both equity and debt categories. This is the lowest amount of total capital raised in the first six months since 2000, when there was only \$1.2 billion in capital raised.

The largest drop in financings occurred in the debt category as there was only approximately \$1.2 billion in debt raised in the first six months of 2022, down 75 per cent from the \$4.7 billion raised during the same time period in 2021. This is the lowest value of debt financings since 2016 when approximately \$720.0 million was raised.

In the first half of 2022, the equity category fell 42 per cent to approximately \$600.0 million, compared to approximately \$1.0 billion of equity raised during the same time period in 2021.



Of the approximately \$1.2 billion of debt that was raised in the first six months of 2022, the majority of the debt issues consisted of straight debt. Convertible debt accounted for only approximately \$25.0 million of the total debt financings in the first half of the year. The top three debt issuances accounted for 93 per cent of the total debt raised in the first half of 2022, or approximately \$1.1 billion.

Vermilion Energy Inc. had the largest debt issue in the first six months of 2022, completing a US\$400.0 million (approximately C\$511.9 million) offering of 6.875 per cent unsecured senior notes with an 8-year term. The proceeds of the notes offering were used to reduce the amount outstanding on Vermilion's credit facility.

The second-largest debt offering in the first half of 2022 was completed by **International Petroleum Corporation**. The company raised US\$350.0 million (approximately C\$374.2 million) in notes with a five-year term which bear interest at 7.25 per cent. The net proceeds were used to repay International Petroleum's existing indebtedness under its bank credit facilities and for general corporate purposes.

The third-largest debt financing was completed by **Tamarack Valley Energy Ltd.**, which raised \$200.0 million of 7.25 per cent senior unsecured notes due in 2027. Tamarack Valley used the net proceeds from the financing to partially fund the acquisition of **Crestwynd Exploration Ltd.** and repay amounts outstanding under Tamarack Valley's sustainability-linked credit facility.

As previously mentioned, equity financings totaled approximately \$600.0 million, accounting for 34 per cent of the total capital raised in the first six months of 2022.

The largest equity financing in the first six months of 2022 was completed by **Saturn Oil & Gas Inc.** Saturn raised \$74.8 million through a bought deal subscription receipt financing in May, which included the full exercise of the over-allotment option. The financing was announced concurrently with Saturn's acquisition of assets from **Crescent Point Energy Corp.** in west central Saskatchewan for approximately \$260.0 million.

PetroShale Inc. completed the second largest equity financing in the first half of 2022, raising \$54.5 million by way of a non-brokered private placement for total proceeds of \$9.5 million and a brokered private placement for gross proceeds of \$45.0 million. Concurrent with the financing, PetroShale also announced the appointment of a new management team and changed the company name to **Lucero Energy Corp.**

Rounding out the top three equity issuances in the first half of 2022 was **Reconnaissance Energy Africa Ltd.**'s \$47.4 million bought deal offering announced in February which includes the over-allotment option of \$6.2 million which was exercised in March. Proceeds from the offering were used for drilling and seismic operations in the Kavango sedimentary basin in Botswana and Namibia, as well as for working capital and general corporate purposes.

In the third quarter of 2022 to date, a total of approximately \$640.0 million in capital has been raised, consisting of approximately \$470.0 million in debt and approximately \$170.0 million in equity. With volatile oil prices, coupled with increasing interest rates, we forecast the total amount of capital raised in 2022 to be in line with the \$3.3 billion which was raised in 1994.

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