

## Assets For Sale Value Up 375% Year-Over-Year

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The amount of Canadian oil and natural gas assets and companies publicly available for sale is up roughly 375 per cent from this time last year.

Currently, there is approximately \$2.4 billion in Canadian oil and natural gas properties and companies up for sale. This time last year there was a total of approximately \$500.0 million in oil and natural assets for sale. These amounts are Sayer's estimates of the market value of the assets and companies up for sale publicly.

The amount of available Canadian oil and natural gas assets for sale can be attributed to a combination of several companies pursuing public "strategic alternatives processes," corporate divestitures and property divestitures, as well as entities involved in insolvency proceedings.

In 2022, the bulk of the assets for sale publicly in the market were made up of asset packages; this year, corporate sales processes and strategic alternatives processes constitute the main segment of the assets for sale in current public marketing processes. The number of companies in sales processes has doubled from this time last year. With the exception of 2022, the trend for several years prior to 2022 has been strategic alternatives processes constituting the bulk of the publicly available assets for sale.

Several companies have recently announced strategic alternatives processes which have contributed to the increase in the total amount of oil and natural gas production publicly for sale. Earlier this week, **Canadian Spirit Resources Inc.** announced that it has initiated a process to review strategic alternatives with a view to maximizing the value of its Montney resource base located in the Farrell Creek and Altares areas of British Columbia. Alternatives may include, but are not limited to, the addition of capital to further develop the potential of the assets, the sale of the company or a portion of its assets, a merger, farm-in or joint venture, or other such options.

In late September 2023, **Gear Energy Ltd.** announced it had initiated a formal process to "*explore, review and evaluate strategic repositioning alternatives with a view to enhancing shareholder value*". Gear's main assets are located in central Alberta, the

greater Lloydminster area of Alberta and Saskatchewan as well as southeast Saskatchewan, with production of approximately 5,700 boe/d (86 per cent liquids).

**Rex Energy Ltd.** also announced a strategic alternatives process. Rex is a wholly-owned subsidiary of publicly-traded **Whitebark Energy Limited**, which trades on the Australian Stock Exchange with operated working interests located in the *Wizard Lake* area of Alberta. Rex is open to reviewing all alternatives including, but not limited to, a sale of the shares of Rex, a sale of the assets of Rex, or a sale of a portion of the shares outstanding. Rex's production is approximately 147 boe/d (57 per cent liquids).

Other companies which are currently pursuing public strategic alternatives processes are **Adonai Resources II Corporation**, **CLEO Energy Corp.** and **Fireweed Energy Ltd.**

Adonai's assets consist of conventional Midale and Frobisher interests located in the Arcola, Carievale, West Carnduff and Workman areas of southeastern Saskatchewan. Adonai's production is approximately 385 bbls/d of oil. CLEO's assets are located in the Atlee, Enchant, Fabyan, Kessler, Neutral Hills, Sedgewick, Silver Heights, Shorncliffe and Taber areas of Alberta. CLEO's production is approximately 1,430 boe/d (54% liquids). Fireweed holds undeveloped interests located in the northeastern British Columbia Montney fairway.

There are also a number of asset packages in the public market, with **Sinopec Canada** seeking offers for certain non-core interests in Alberta, British Columbia and Saskatchewan with total production of approximately 3,223 boe/d (85 per cent natural gas). **Corex Resources Ltd.** is marketing its interests in the Cecil area of Alberta with total production of 65 boe/d (90 per cent liquids) and **Silverleaf Resources Inc.** is soliciting offers for all of its oil and natural gas interests in Alberta with total production of approximately 488 boe/d (53 per cent natural gas).

A factor to consider when examining the amount of oil and natural gas production publicly for sale is that it may not truly reflect all assets or oil and natural gas companies for sale at any given time as a number of sales processes are conducted privately and are not included in our total value calculations.

For instance, thus far in the fourth quarter of 2023, **Crescent Point Energy Corp.** has announced its intention to acquire publicly-held **Hammerhead Energy Inc.** for approximately \$2.6 billion, **Tourmaline Oil Corp.** acquired privately-held **Bonavista Energy Corporation** for approximately \$1.5 billion and **Pine Cliff Energy Ltd.** is in

the process of purchasing privately-held **Certus Oil & Gas Inc.** for total consideration of approximately \$100.0 million. Bonavista, Certus and Hammerhead had not publicly announced their intention to sell in advance.

Factors which influence the amount of Canadian oil and natural gas assets publicly for sale include commodity prices and the amount of capital available. With softer commodity prices, coupled with the inability of many oil and natural gas companies to raise capital, we will likely continue to see a number of Canadian oil and natural gas companies and properties publicly for sale in early 2024.

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