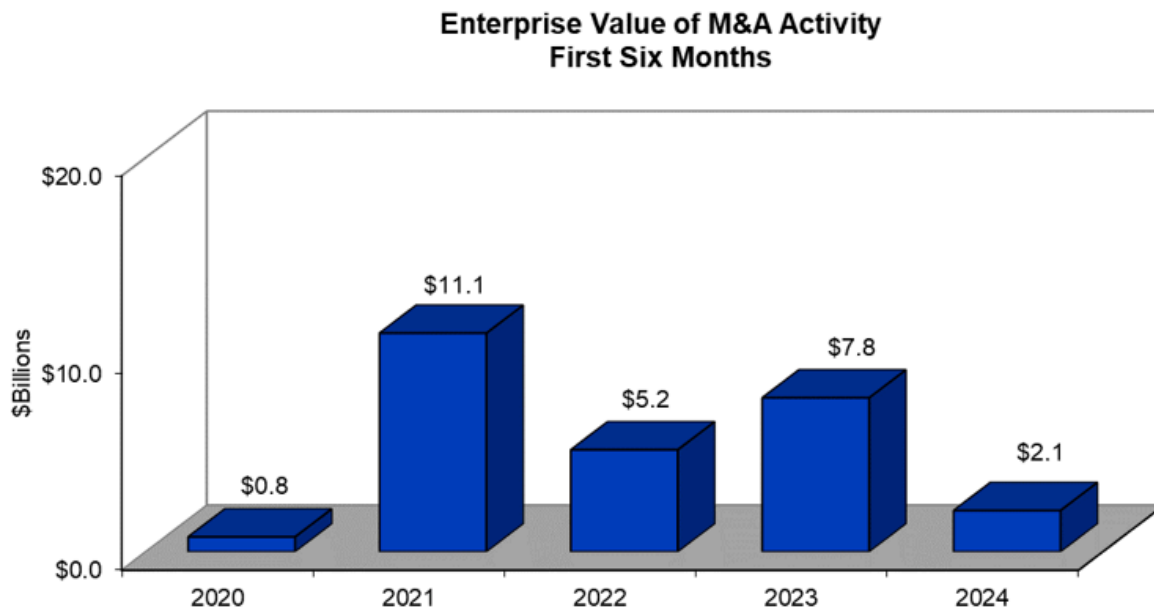


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M&A Value In First Half Of 2024 Down 73%



The total enterprise value of merger and acquisition (“M&A”) activity in the Canadian oil and natural gas industry in the first half of 2024 was approximately \$2.1 billion, down 73 per cent from the \$7.8 billion recorded in the first six months of 2023.

This was the lowest amount of M&A activity in the first six months of a year since 2020 when there was approximately \$800.0 million in total M&A value.

There were no deals in excess of \$1.0 billion in size in the first six months of 2024. The largest deal in the first half of this year was **Saturn Oil & Gas Inc.**’s acquisition of assets from **Veren Inc.** (previously known as **Crescent Point Energy Corp.**) for \$600.0 million. The properties acquired are located in the Flat Lake, Battrum, Butte, Cantuar, Hatton and Premier areas of Saskatchewan. The assets acquired are contiguous with Saturn’s existing core properties and include over 410,000 gross acres of land with approximately 950 gross drilling locations.

The second-largest deal in the first half of 2024 was **Advantage Energy Ltd.**'s acquisition of **Longshore Resources Ltd.**'s interests in the Gordondale, Glacier, Progress, Valhalla and Wembley areas of Alberta and the Attachie and Inga areas of British Columbia for \$450.0 million. The acquisition includes 163 net sections of Charlie Lake rights, 37 net sections of Montney rights in the Alberta Montney and 33 net sections of Montney rights in northeastern British Columbia which are contiguous with Advantage's existing core areas.

Other significant transactions in the first half of 2024 were **Obsidian Energy Ltd.**'s acquisition of assets from **Woodcote Oil & Gas Inc.** for \$76.0 million and **Astara Energy Corp.**'s purchase of **Blackspur Oil Corp.** for \$75.0 million. The assets acquired by Obsidian are located in the Gift Lake and Peavine areas of Alberta targeting the Clearwater formation. Obsidian has identified 199 drilling locations on the properties and the assets are synergistic to Obsidian's current operations in the area. Blackspur's main producing properties were located in the Brooks and Thorsby areas of Alberta.

Of the \$1.9 billion in large transactions (valued at more than \$5.0 million) in the first six months of 2024, \$1.5 billion were property deals while \$374.4 million were corporate transactions. In total there were 26 large transactions in the first half of 2024, compared to 20 large transactions during the same time period in 2023. There were 19 property deals and seven corporate deals in the first six months of 2024. This compares to the first half of 2023, when the split between large corporate and property transactions was 17 property deals totalling \$7.1 billion in enterprise value and three corporate deals with an aggregate value of approximately \$614.0 million.

During the first half of 2024, 15 large oil-weighted transactions accounted for \$1.7 billion in aggregate value and 11 large natural gas-weighted transactions made up the remaining \$250.0 million. This compares to the first half of 2023 when 12 large transactions were oil-weighted, with total enterprise value of \$7.4 billion and the remaining eight deals were weighted towards natural gas, with total enterprise value of \$259.3 million.

M&A activity to date in the second half of 2024 has reached approximately \$11.5 billion.

Some of the notable transactions announced in the third and fourth quarters of 2024 to date were **Canadian Natural Resources Limited**'s planned acquisition of **Chevron Corporation**'s oilsands and Duvernay interests for approximately \$8.8 billion, **Tourmaline Oil Corp.**'s acquisition of publicly-held **Crew Energy Inc.** for approximately \$1.3 billion and **Schlumberger Limited** announcing the sale of its interests in the Palliser Block for approximately \$590.0 million.

Canadian Natural's proposed acquisition of Chevron's assets is the highest valued deal since the first quarter of 2017 when Canadian Natural announced the acquisition of oilsands interests from both **Shell plc** and **Marathon Oil Corporation** for approximately \$12.6 billion.

With volatile oil prices forecasted to remain for the foreseeable future, we will likely continue to see lower M&A activity for the remainder of 2024 and into early 2025.