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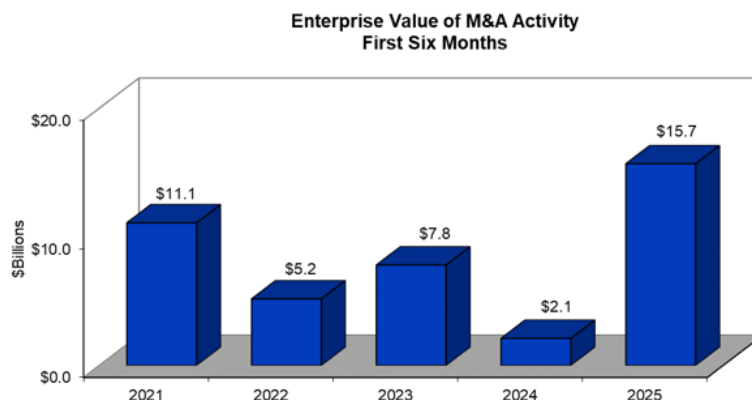
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M&A M&A Value In First Half Of 2025 Jumps 644% Year-Over-Year



The largest transaction in the first half was Whitecap's business combination with Veren. The assets shown belonged to Veren.

The total enterprise value of merger and acquisition ("M&A") activity in the Canadian oil and natural gas industry for the first half of 2025 was approximately \$15.7 billion, up 644 per cent from the \$2.1 billion recorded in the first six months of 2024. This was the highest amount of M&A activity in the first six months of a year since 2017, when there was approximately \$36.1 billion in total M&A value.



There were only two deals over \$1.0 billion in the first six months of 2025. One in the first quarter and one in the second. The largest transaction in the first half was **Whitecap Resources Inc.**'s business combination with **Veren Inc.** for approximately \$9.9 billion in the first quarter. This transaction accounted for 63 per cent of the total M&A transaction value in

the first six months of 2025. Veren's main producing properties were located in the Gold Creek, Karr and Kaybob areas of Alberta and the Shaunavon and Viewfield areas of Saskatchewan. With this transaction, Whitecap has approximately 370,000 boe/d (63 per cent liquids) of corporate production with significant overlap across both conventional and unconventional assets and is the seventh largest producer in the Western Canadian Sedimentary Basin. The combined company is the largest producer in the Alberta Montney and Kaybob Duvernay with approximately 220,000 boe/d of production and the second largest producer in Saskatchewan with 150,000 boe/d of production.

The second largest transaction in the first half of 2025 was **Strathcona Resources Ltd.** announcing and subsequently completing the sale of its Montney assets in three separate transactions in the second quarter to **ARC Resources Ltd.**, **Canadian Natural Resources Limited** and **Tourmaline Oil Corp.** for aggregate proceeds of approximately \$2.8 billion.

ARC's acquisition of assets in the Kakwa area of Alberta from Strathcona for approximately \$1.7 billion was the largest of the three dispositions. The assets acquired by ARC are adjacent to ARC's existing Montney interests. The acquisition included approximately 40,000 boe/d of production (50 per cent liquids), and ownership in key natural gas processing facilities and infrastructure.

The second largest of the three dispositions announced by Strathcona was Canadian Natural's acquisition of assets located in the Grande Prairie area of Alberta for \$850.0 million, which included approximately 24,000 boe/d of production.

The third largest of these deals was Tourmaline's acquisition of Strathcona's assets in the Groundbirch area of northeastern British Columbia targeting the Montney formation for \$291.5 million in Tourmaline shares. The assets acquired directly offset Tourmaline's operations and include approximately 8,000 boe/d of production and 166 future net drilling locations.

Another significant transaction completed by Tourmaline in the first half was its acquisition of **Saguaro Resources Ltd.** for \$508.9 million. Saguaro's Montney assets consisted of the remaining 50 per cent working interest in the Laprise-Conroy area of B.C. operated by Tourmaline. Tourmaline acquired the initial 50 per cent working interest from Saguaro in April 2021.

Subsequent to announcing the sale of its Montney assets, Strathcona commenced with an unsolicited offer to acquire all of the issued and outstanding shares of publicly-held **MEG Energy Corp.** MEG's board of directors rejected the offer from Strathcona and initiated a strategic alternatives process to maximize shareholder value. **Cenovus Energy Inc.** has since submitted a superior offer to acquire the shares of MEG.

Of the approximately \$15.5 billion in large transactions (valued at over \$5.0 million) in the first six months of 2025, approximately \$10.6 billion consisted of corporate transactions while \$4.9 billion were property deals. In the first half of 2025 there were 24 large transactions, of which

19 were property deals with the remaining five recorded as corporate deals, whereas in the first half of 2024 there were 20 property deals totalling \$1.6 billion in enterprise value and seven corporate deals totalling \$374.5 million in enterprise value.

During the first half of 2025, there was a total of 24 large transactions (valued at over \$5.0 million), consisting of 18 oil-weighted transactions which accounted for \$12.1 billion in aggregate value and six large natural gas-weighted transactions with a total enterprise value of approximately \$3.4 billion. This compares to 2024, when 16 of the 27 large transactions in the first six months were oil-weighted, with a total enterprise value of \$1.7 billion, and 11 deals were weighted towards natural gas, with a total enterprise value of approximately \$250.0 million.

M&A activity to date in the second half of 2025 has already reached approximately \$11.0 billion, including the planned acquisition of MEG by Cenovus, which accounts for the majority of the overall value, as well as the recently announced planned acquisition of **Kiwetinohek Energy Corp.** by **Cygnets Energy Ltd.** for \$1.4 billion. Throughout 2025, the M&A landscape has been dominated by a relatively small number of companies involved in major transactions, as well as certain companies involved in multiple transactions, as evidenced by the deals done by Strathcona and Tourmaline. With depressed oil prices forecasted to remain for the foreseeable future, we will likely see the trend of consolidation continue for the remainder of 2025 and into 2026.