Viewpoint

An Oil and Natural Gas Industry Newsletter

Summer 2024

Number of Dealers Up Significantly in 2023

A total of $8.8 billion in capital was raised by the Canadian oil and natural gas industry in 2023, up significantly from the $2.8 billion raised in 2022. The drastic rise in total financings led to a corresponding increase in the number of dealers servicing the sector. Year-over-year the number of active dealers servicing the Canadian oil and natural gas industry jumped to 32 in 2023 up from the 26 recorded in 2022.

The total number of active dealers in 2023 (defined as those completing over $5.0 million in total issues per year) was comprised of 15 foreign-based dealers, 11 Canadian independent brokerage companies and six Canadian bank-owned firms. By comparison, in 2022 the total number of active dealers was comprised of 11 Canadian independent brokerage companies, 10 foreign-based dealers and five Canadian bank-owned firms.

In 2023, total debt financings jumped to $7.2 billion, up 330% from the $1.7 billion raised in 2022. The top five spots in 2023 consisted of four Canadian bank-owned firms and one foreign-based dealer. Whereas, in 2022, the top five dealers consisted of three foreign-based dealers and two Canadian bank-owned firms. The top five dealers in debt financings in 2023 were: **JP Morgan Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc.,** and **CIBC World Markets Inc.** Together these dealers raised over $1.8 billion of debt in 2023. RBC was the only dealer which remained in the top five year-over-year.

Ovintiv Inc. and **Suncor Energy Inc.** completed total debt financings of approximately $3.1 billion and $1.5 billion, respectively in 2023. Ovintiv used the proceeds from the financings towards its acquisition of assets in the United States from **Black Swan Oil & Gas, LLC**, **PetroLegacy Energy II, LLC** and **Piedra Resources LLC**. Suncor used the proceeds from the financings towards the acquisition of **TotalEnergies EP Canada Ltd.** for approximately $1.5 billion. JP Morgan, RBC, Scotia, TD and CIBC were all part of the underwriting syndicates for all the debt financings completed by both Ovintiv and Suncor in 2023.

There was a total of approximately $1.6 billion in equity raised during 2023, up 44% from the approximately $1.1 billion raised in 2022. The top five equity underwriters in 2023 consisted of three Canadian independent brokerage companies and two Canadian bank-owned firms. In 2022, the top five equity underwriters consisted of three Canadian bank-owned firms, one foreign-based dealer and one Canadian independent brokerage company.

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Number of Dealers ...

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The top five dealers in equity financings in 2023 were: **BMO Nesbitt Burns Inc.**, RBC, **Haywood Securities Inc., Canaccord Genuity Corp.,** and **Echelon Wealth Partners Inc.** Together these dealers raised over $750.0 million of equity in 2023. Three of these top five dealers, BMO, Echelon and RBC remained in the top five year-over-year.

Veren Inc. (previously known as **Crescent Point Energy Corp.**) completed the largest equity financing in 2023 for $500.0 million. BMO and RBC were lead underwriters in the financing. The financing was announced concurrently with Veren's acquisition of privately-held **Hammerhead Energy Inc.** for approximately $2.7 billion. Hammerhead's main producing properties were located in the Gold Creek and Karr areas of Alberta. Veren had identified 800 net Montney drilling locations on the Hammerhead lands.

In terms of the number of equity financings completed, Canaccord was the most active dealer by participating in eight equity financings of which it was the lead in two of them. Haywood participated in seven deals of which it was the lead in three. In third place was Echelon which participated in five equity financings in 2023 and was the lead underwriter in three of them.

In reviewing the financings completed in the first three months of 2024 and comparing them to the first quarter of 2023, the total amount of capital raised is down 67%, to approximately $255.0 million from the $772.0 million raised over the same time period last year. This decrease in the amount of capital raised could possibly lead to a decline in the number of dealers servicing the Canadian oil and natural gas industry in 2024.

Note that the methodology we have used to derive the dollar value for dealer activity was to assign the lead dealer of a financing a value of two and all the other dealers in an underwriting syndicate a value of one. For example, in a $40.0 million financing with one lead dealer and two other dealers in an underwriting syndicate, the lead dealer would be credited a value of $20.0 million and the other two dealers would be assigned a value of $10.0 million each.

Written by Tom Pavic
Sayer Energy Advisors
Originally Appeared in the Daily Oil Bulletin on May 29, 2024

Sayer in the News...

Canadian Spirit Resources Inc. Announces Sale of East Block Montney Lands

Calgary, AB, June 25, 2024 – Canadian Spirit Resources Inc. ("CSRI" or the "Corporation") (TSXV:SPI) (OTCBB:CSPUF) is pleased to announce that it has entered into a definitive purchase and sale agreement to sell certain oil and natural gas assets in Northeastern British Columbia (the "**Asset Disposition**"), for gross cash proceeds to the Corporation of $5.0 million (the "**Purchase Price**"), subject to closing adjustments.

The Asset Disposition includes approximately 10,350 net acres of undeveloped Montney lands located in the Farrell Creek and Attachie areas of Northeastern British Columbia (the "**Assets**"). There is no production, facilities, or reserves associated with the Assets.

The effective date of the Asset Disposition is March 1, 2024 and the closing date is June 25, 2024.

The Asset Disposition is a result of the Corporation's previously announced strategic review process conducted with Sayer Energy Advisors ("Sayer").

Sayer continues to work with the Corporation to review strategic alternates, which may include, among other alternatives, the addition of capital to further develop the potential of the remaining assets, the sale of the Corporation or a portion of its assets, a merger, farm-in or joint venture, or other such options as may be determined by the board of directors of CSRI to be in the best interests of the Corporation and its shareholders.

Information regarding CSRI is available on SEDAR+ at www.sedarplus.com or the Corporation's website at www.csri.ca.

On behalf of the Board of Directors

CANADIAN SPIRIT RESOURCES INC.

"Louisa DeCarlo"

President and Chief Executive Officer

Recent Debt and Equity Financings Tied to Acquisitions

In the first quarter of 2024 the total amount of debt and equity financings completed by Canadian oil and natural gas exploration and production companies was only $255.0 million, down 67% from the $776.0 million raised in the first quarter of 2023. Recently, we have seen a number of debt and equity financings announced by both publicly-traded and privately-held oil and natural gas companies, concurrent with an acquisition.

Earlier this week, publicly-held **Advantage Energy Ltd.** announced the closing of the acquisition of certain Charlie Lake and Montney assets from a private oil and natural gas company for $445.0 million. The acquisition was partially funded by a previously closed bought deal equity financing whereby Advantage issued 5,910,000 subscriptions receipts at a price of $11.00 per subscription receipt for gross proceeds of $65.0 million and 5.0% extendible convertible unsecured subordinated debentures at a price of $1,000 per debenture for aggregate gross proceeds of approximately $143.8 million including the over-allotment. The remainder of the acquisition was funded by Advantage's previously announced upsized $650.0 million revolving credit facility. The assets acquired are located in the Glacier, Gordondale, Progress and Valhalla areas of Alberta with approximately 14,100 boe/d (53% oil and ngls) of production. The assets also include significant infrastructure and drilling inventory with 163 net sections of Charlie Lake rights and 70 net sections of Montney lands which are contiguous with Advantage's existing core areas.

In late May, privately-held **Fiddlehead Resources Corp.**, announced that it entered into a definitive agreement for the acquisition of assets from a senior Canadian producer for total proceeds of $22.5 million. As part of the transaction, Fiddlehead announced it had entered into a private placement offering of subscription receipts at a price of $0.20 per subscription receipt for minimum aggregate gross proceeds of $10.0 million. The purchase price is expected to be satisfied through a combination of the proceeds of the subscription receipt offering and a $15.0 million credit facility from a private lender. The assets consist of approximately 1,750 boe/d (68% natural gas) of production and are located in the south Ferrier and Strachan areas of Alberta.

On June 14, 2024, publicly-traded **Saturn Oil & Gas Inc.** announced the closing of the acquisition of assets in southeastern and southwestern Saskatchewan from **Veren Inc.** for approximately $525.0 million. The assets include approximately 13,000 boe/d (96% liquids) of production and are located in the Flat Lake and Battrum areas of Saskatchewan. Concurrent with the closing of the acquisition, Saturn also completed an offering of 9.625% senior secured second lien notes for total proceeds of approximately $893.3 million (USD $650.0 million). In mid-May, Saturn also closed a $100.0 million bought deal subscription receipt financing with each subscription receipt converting into one common share of Saturn upon completion of the acquisition.

On June 19, 2024, Veren also announced an offering of approximately $1.0 billion aggregate principal amount of senior unsecured notes, consisting of $550.0 million of 4.968% five-year notes priced at par and due June 2029, and $450.0 million of 5.503% 10-year notes priced at par and due June 2034. The Veren offering is not linked to any transaction, however, Veren has recently completed several transformative transactions, including the sale of certain non-core assets to Saturn (mentioned above) and also completed a name change from **Crescent Point Energy Corp.** Veren intends to use the proceeds of the offering to repay existing indebtedness, including fully retiring its bank term loan.

In the first quarter of 2024 there were no concurrent financings announced as part of an acquisition. In the fourth quarter of 2023, the two largest transactions both had concurrent financings. Veren acquired publicly-held **Hammerhead Energy Inc.** for approximately $2.7 billion. Veren financed a portion of the acquisition through a $500.0 million bought deal equity financing at a price of $10.30 per share. Hammerhead's main producing properties were located in the Gold Creek and Karr areas of Alberta. Veren identified 800 net Montney drilling locations on the Hammerhead lands. With this acquisition, Veren became the seventh largest exploration and production company in Canada with over 200,000 boe/d (65% oil and liquids) of production.

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Recent Debt and Equity...
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Also in the fourth quarter of 2023, **Suncor Energy Inc.** acquired **TotalEnergies EP Canada Ltd.** for approximately $1.5 billion. Suncor financed the acquisition of TotalEnergies EP Canada through an offering of $1.5 billion in aggregate principal amount of senior unsecured notes. The offering was comprised of two tranches, consisting of $1.0 billion principal amount of Series 9 Medium Term Notes due on November 17, 2025 with a coupon rate of 5.60% and $500.0 million principal amount of Series 10 Medium Term Notes due on November 17, 2026 with a coupon rate of 5.40%.

These recent financings illustrate that there continues to be investor interest in Canadian oil and natural gas producers. With continued strong oil prices coupled with a recent uptick in M&A activity, this could lead to more concurrent financings announced as part of an acquisition.

Written by Ben Rye
Sayer Energy Advisors
Originally Appeared in the Daily Oil Bulletin on June 26, 2024

Current Disposition Packages Available through Sayer Energy Advisors

KSV ABE

- CCAA Sale Process
- Various areas of Alberta
- 3,450 boe/d
  (12.1 MMcf/d, 1,430 bbl/d) Capability
- Bid Deadline: July 4, 2024

SEQUOIA

- Bankruptcy Sale
- Various areas of Alberta
- 5,150 boe/d
  (29.9 MMcf/d, 165 bbl/d) Capability
- Bid Deadline: July 4, 2024

Eco-Industrial Business Park Inc.
MNP LTD

- Receivership Sale
- Edmonton area of Alberta
- Disposal Facility
- Bid Deadline: August 22, 2024

Visit our website at www.sayeradvisors.com for more information

Whitebark Energy signs binding Purchase and Sale Agreement to invest in Wizard Lake assets

14 June 2024

Highlights

- **Whitebark Energy's 100% owned Rex Energy has executed a Purchase and Sale Agreement which will see Conflux Energy Corp. ("Conflux") assume a 90% interest in the Canadian operations.**
- **The transaction, which has a number of customary conditions precedent, involves Conflux assuming all outstanding contingent liabilities in Rex Energy of CAD $1.44M.**
- **In addition, Conflux will contribute funding and investment in the field to bring the field into full production which the Directors of Whitebark believe will result in positive cash returning to the Australian operations. Rex will be free carried for this expenditure.**
- **Conflux is a Canadian private company based in Alberta managed by personnel with a strong track record of operating oil and natural gas projects in the Western Canadian Sedimentary Basin.**

Whitebark Energy Limited (**ASX:WBE**) ("**Whitebark**" or the "**Company**") is pleased to announce that it has executed a Purchase and Sale Agreement ("PSA") which will see the sale of a 90% working interest in its Wizard Lake assets in Alberta, Canada to Conflux Energy Corp. ("**Conflux Energy**").

Rex Energy Limited ("**Rex Energy**"), a wholly owned Canadian subsidiary of Whitebark, will retain a 10% working interest as part of the transaction. In addition, Conflux will give the Company a "free carry" on Rex's 10% working interest for the initial capital required to bring the field back into full production. Whitebark believes that once the field returns to full production and is managed properly by Canadian based personnel, the 10% interest will see a positive cash return to Whitebark. The Wizard Lake site has been in offline since January due to extreme cold weather conditions and operational issues.

Importantly, the sale consideration also includes Conflux assuming all of Rex Energy's current contingent liabilities of CAD $1.44m and a right for Conflux to acquire, by cash consideration, Rex's remaining 10% interest at a price based on an Independent Third-Party reserve report of the Total Proved NPV 10% value.

The partial sale demonstrates the Company's ongoing commitment to it's ambitions in the Australian Renewable Energy market and will allow the company to concentrate it's resources on the development of it's geothermal and hydrogen assets and Warro Asset. The Company remains firmly committed to supporting the decarbonisation of Australia in alignment with net zero policy and forecasted green energy demand.

Whitebark's Chairman, Mark Lindh, said:

"The Wizard Lake transaction is consistent with our refreshed Renewable Energy strategy and will allow a focus towards Whitebark's geothermal and green hydrogen developments. The reallocation of capital and effort towards

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domestic renewable energy development will be crucial in capitalising on the forecasted demand and position the Company for it's stated goal of becoming the first commercial geothermal producer in Australia. On behalf of Whitebark, I would like to thank Conflux Energy for their co-operation and support throughout the transaction process."

Whitebark has established a disciplined and focused strategy to be applied to asset development and acquisition, which includes:

- Strategically situated, close-to-market sites with proximity to customers and/or access to distribution National Energy Markets (NEM);
- Emerging renewable energy sources with strong projected demand;
- Commercially viable with near-term opportunity to realise cash flow and potential for alternativeactivities (i.e. green hydrogen production), and;
- Historical well data giving technical confidence in the geothermal potential of the asset.

Whitebark's Wizard Lake assets, held within the Company's Rex Energy subsidiary, is a 26km² tenement package located in the highly prospective Western Canada Sedimentary Basin. Previously, Whitebark operated the Rex-1, Rex-3, Rex-3 and Rex-4 production wells with 100% working interest and had identified four proven undeveloped (PUD) locations (Rex-5 to -8) for future exploration.

In FY23, the Wizard Lake Oil Field produced 53,336 barrels of oil equivalent, comprising 20,505 bbls oil and ~189,940 mcf gas.

Sayer Energy Advisors, based in Calgary, Alberta, Canada acted as financial advisor to the Company for this transaction.

ASX Compliance Statement

As the Transaction constitutes the disposal of the Company's main undertaking, the Transaction is subject to the Company obtaining shareholder approval under ASX Listing Rule 11.2. The Company will prepare a notice of general meeting for this purpose.

A disposal by a listed entity of its main undertaking can raise issues under ASX Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities.

ASX have advised that the Company will be afforded a period of 6 months from the date of the announcement of the disposal of its interest in Rex to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if the Company does not demonstrate compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in its securities.

The consequences of a disposal of the main undertaking are that any transaction the Company proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

This ASX announcement has been approved and authorised for released by the Board of Whitebark Energy Limited.

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Recent Transactions Completed by Sayer Energy Advisors

This announcement appears as a matter of record only.

TETONKA RESOURCES INC.

has sold its interests in the Alameda and Innes areas of Saskatchewan to

ATHENA RESOURCES LTD.

The undersigned acted as financial advisor to Tetonka for this transaction.

SAYER ENERGY ADVISORS

May 2024

This announcement appears as a matter of record only.

CSRi
CANADIAN SPIRIT RESOURCES INC.

has sold its interests in the Farrell Creek and Attachie areas of British Columbia

for

$5.0 million

The undersigned acted as financial advisor to Canadian Spirit for this transaction.

SAYER ENERGY ADVISORS

June 2024

This announcement appears as a matter of record only.

REX ENERGY

has sold a portion of its interests in the Wizard Lake area of Alberta to

CONFLUX ENERGY CORP

for approximately

$1.4 million

The undersigned acted as financial advisor to Rex for this transaction.

SAYER ENERGY ADVISORS

June 2024

This announcement appears as a matter of record only.

TEINE ENERGY

has sold its interests in the Pembina area of Alberta to

CLEARVIEW RESOURCES LTD

for

$3.3 million

The undersigned acted as financial advisor to Teine for this transaction.

SAYER ENERGY ADVISORS

June 2024