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Earth Horse Energy Advisors' Monthly Market Overview November 2021

During November 2021, there was weakness in the share price of many of the TSX-listed Canadian oil & natural gas focused companies. Of the 47 companies listed on the TSX exchange, 33 companies had their share price fall while 14 were up over the month. The increases ranged from 0.33% (**Crew Energy Inc.**) to **Athabasca Oil Corporation's** 16.67% gain. Overall, the average decline in November 2021 was 5.56%, while the median decrease was 4.96%.

During November, crude oil fell on news of a new variant of COVID-19 being detected in Africa (named Omicron) near the end of the month and concerns of swelling supplies of crude oil as US President Biden announced that it would release millions of barrels of oil from its strategic reserves in coordination with other large consuming nations in an effort to cool crude oil prices. News of the new variant spooked investors, causing the stock markets and crude oil to plummet. On November 26, 2021 WTI fell USD\$10.24/bbl or 13.1% ending the session at USD \$68.15/bbl. During the month, WTI crude fell 21.15% to USD\$66.18/bbl, while Edmonton Par and Western Canadian Select decreased more substantially, falling 23.59% and 28.50% respectively, ending the month at USD\$61.45/bbl (Cdn Light) and USD\$48.85/bbl (WCS). C5+ decreased 19.17% to USD\$69.65/bbl from USD\$86.17/bbl at the end of October 2021.

NYMEX natural gas was flat month-over-month, climbing a modest 0.37% to USD\$5.45/Mmbtu and averaging USD\$5.12/Mmbtu in November. AECO, on the other hand, fell 14.29% ending the month and averaging USD\$4.02/Mmbtu.

The Canadian dollar fell 3.35% falling back below the 0.80 mark in November. At the end of November 2021 the CDN\$/USD\$ exchange rate was 0.7802 while it averaged 0.7948 during the month.

Below we illustrate the changes in commodities and in the Canadian dollar during November 2021.

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/Mmbtu)	AECO (\$USD/Mmbtu)	CDN\$/USD\$
November 2021 Average	\$78.65	\$60.19	\$73.89		\$5.12	\$4.02	0.7948
End of November 2021	\$66.18	\$48.85	\$61.45	\$69.65	\$5.45	\$4.02	0.7802
End of October 2021	\$83.93	\$68.32	\$80.42	\$86.17	\$5.43	\$4.69	0.8072
Month-over-Month Change	-21.15%	-28.50%	-23.59%	-19.17%	0.37%	-14.29%	-3.35%

Sources: Oil Sands Magazine
OFX.com

TSX-Listed E&P (Canadian Focused Operations) November 2021 Share Price Movements

As previously mentioned, 33 of the 47 E&P companies (with domestic assets) on the TSX experienced weakness in their share price while the remaining 14 companies had their share price rise. The top performer in November was **Athabasca Oil Corporation** which was up 16.67%, increasing from \$1.02/share to \$1.19/share. Athabasca had climbed to \$1.56/share on November 8th and 9th before giving up some of its gains. Athabasca's share price started to increase following the release of its Q3 2021 financial statements whereby the company announced a lot of positive news, including that it had record operating income, funds flow and free cash flow of \$121.0 million, \$72.0 million and \$57.0 million respectively in Q3 2021. In addition, Athabasca increased its annual guidance to 34,250 boe/d in 2021 (up from 32,000-34,000 boe/d) and anticipates its net debt to adjusted EBITDA to be 0.8x by year-end.

Pipestone Energy Corp. was up 15.79% on the month increasing to \$3.52/share from \$3.04/share; Pipestone reached a high of \$4.18/share in November following its Q3 2021 financial results when it announced it had "delivered a third consecutive record quarter with respect to production, revenue, and cash flow, underpinned by the continued efficient execution of its organic development program". **Storm Resources Ltd.** was up 13.41% from \$5.52/share to \$6.26/share following the announcement that the company would be acquired by **Canadian Natural Resources Limited** for \$6.28/share in a deal valued at \$960.0 million.

Company	TSX Ticker	November 2021 % Change	End of November 2021	End of October 2021
Top Three % Performers				
Athabasca Oil Corporation	ATH	16.67%	\$1.19	\$1.02
Pipestone Energy Corp.	PIPE	15.79%	\$3.52	\$3.04
Storm Resources Ltd.	SRX	13.41%	\$6.26	\$5.52

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Athabasca Oil Corporation	ATH	16.67%	\$1.19	\$1.02
Pipestone Energy Corp.	PIPE	15.79%	\$3.52	\$3.04
Storm Resources Ltd.	SRX	13.41%	\$6.26	\$5.52
Peyto Exploration & Development Corp.	PEY	6.76%	\$10.42	\$9.76
TransGlobe Energy Corporation	TGL	3.95%	\$3.42	\$3.29
Paramount Resources Ltd.	POU	3.67%	\$21.45	\$20.69
InPlay Oil Corp.	IPO	3.16%	\$1.96	\$1.90
Enerplus Corporation	ERF	2.99%	\$12.07	\$11.72
Cenovus Energy Inc.	CVE	2.43%	\$15.16	\$14.80
Petrus Resources Ltd.	PRQ	1.28%	\$0.79	\$0.78
Advantage Energy Ltd.	AAV	1.14%	\$7.09	\$7.01
NuVista Energy Ltd.	NVA	0.98%	\$6.19	\$6.13
Imperial Oil Limited	IMO	0.79%	\$42.23	\$41.90
Crew Energy Inc.	CR	0.33%	\$3.06	\$3.05
Canadian Natural Resources Limited	CNQ	-0.68%	\$52.24	\$52.60
Topaz Energy Corp.	TPZ	-2.10%	\$17.75	\$18.13
Birchcliff Energy Ltd.	BIR	-2.41%	\$6.49	\$6.65
Suncor Energy Inc.	SU	-4.39%	\$31.12	\$32.55
Ovintiv Inc.	OVV	-4.44%	\$44.37	\$46.43
Gear Energy Ltd.	GXE	-4.55%	\$0.84	\$0.88
Tamarack Valley Energy Ltd.	TVE	-4.72%	\$3.43	\$3.60
Journey Energy Inc.	JOY	-4.73%	\$1.61	\$1.69
Vermilion Energy Inc.	VET	-4.92%	\$12.76	\$13.42
Tourmaline Oil Corp.	TOU	-4.96%	\$42.51	\$44.73
ARC Resources Ltd.	ARX	-5.56%	\$11.21	\$11.87
MEG Energy Corp.	MEG	-6.22%	\$10.40	\$11.09
Obsidian Energy Ltd.	OBE	-6.67%	\$4.48	\$4.80
Headwater Exploration Inc.	HWX	-6.94%	\$4.56	\$4.90
Freehold Royalties Ltd.	FRU	-8.03%	\$10.88	\$11.83
PrairieSky Royalty Ltd.	PSK	-8.34%	\$13.96	\$15.23
Whitecap Resources Inc.	WCP	-8.48%	\$6.80	\$7.43
International Petroleum Corporation	IPCO	-9.59%	\$6.32	\$6.99
Perpetual Energy Inc.	PMT	-10.29%	\$0.61	\$0.68
Baytex Energy Corp.	BTE	-11.33%	\$3.68	\$4.15
Crescent Point Energy Corp.	CPG	-11.58%	\$5.50	\$6.22
Pieridae Energy Limited	PEA	-12.20%	\$0.36	\$0.41
Questerre Energy Corporation	QEC	-12.50%	\$0.14	\$0.16
i3 Energy plc	ITE	-12.50%	\$0.18	\$0.20
Rubellite Energy Inc.	RBY	-13.03%	\$2.27	\$2.61
Cardinal Energy Ltd.	CJ	-13.49%	\$4.04	\$4.67
Kelt Exploration Ltd.	KEL	-14.20%	\$4.29	\$5.00
Spartan Delta Corp.	SDE	-15.76%	\$5.40	\$6.41
Bonterra Energy Corp.	BNE	-17.54%	\$5.64	\$6.84
Prairie Provident Resources Inc.	PPR	-20.00%	\$0.10	\$0.13
Pine Cliff Energy Ltd.	PNE	-22.50%	\$0.62	\$0.80
Yangarra Resources Ltd.	YGR	-24.62%	\$1.47	\$1.95
Surge Energy Inc.	SGY	-25.23%	\$4.03	\$5.39
Average Increase/Decrease		-5.56%		
Median Increase/Decrease		-4.96%		
Number of Companies with Share Price Increases		14		
Number of Companies Flat Month Over Month		0		
Number of Companies with Share Price Declines		33		
Max Share Price Increase		16.67%		
Greatest Share Price Decline		-25.23%		

Of the three largest gainers in October of 2021, **Perpetual Energy Inc.** slipped \$0.07/share or 10.29% while **Prairie Provident Resources Inc.** was down 20% and **Suncor Energy Inc.** fell 4.39%.

TSX-Venture Listed E&P (Canadian Focused Operations) November 2021 Share Price Movements

As outlined below, during November 2021, only five TSX-Venture listed E&P companies with operations focused mainly in Canada had an increase in their share price, eight were flat, while 13 companies had weakness in their share price.

Of the companies that had their share prices rise, increases ranged from 4.84% to 28.57% with an average increase of 16.32%. **Petrolympic Ltd.** had the largest increase, rising 28.57% to \$0.09/share from \$0.07/share, followed by **Vital Energy Inc.** which raised 25% to \$0.15/share and Canadian Spirit Resources Inc. with a 14.29% increase, ending November at \$0.08/share. Petrolympic has mining and oil & natural gas interests and it had announced news more relating to its mining focus in November. The other companies that had increases in their share prices were **Hemisphere Energy Corporation** and **Prairie Storm Resources Corp.** which were up 8.89% and 4.84% respectively.

On a combined basis, the TSX-V E&P companies had an average decrease of 6.08% during November 2021 and a median fall of 1.61%.

Of the top % gainers in October 2021, **PetroFrontier Corp.** fell 9.09%, **Razor Energy Corp.** gave up all of its October gains and then some, falling from \$0.95/share to \$0.54/share and **Prospera Energy Inc.** dropped 20% to \$0.04/share.

Company	TSX-V Ticker	November 2021 % Change	End of November 2021	End of October 2021
Petrolympic Ltd.	PCQ	28.57%	\$0.09	\$0.07
Vital Energy Inc.	VUX	25.00%	\$0.15	\$0.12
Canadian Spirit Resources Inc.	SPI	14.29%	\$0.08	\$0.07
Hemisphere Energy Corporation	HME	8.89%	\$0.98	\$0.90
Prairie Storm Resources Corp.	PSEC	4.84%	\$0.33	\$0.31
Altima Resources Ltd.	ARH	0.00%	\$0.04	\$0.04
Bayshore Petroleum Corp.	BSH	0.00%	\$0.03	\$0.03
Huntington Exploration Inc.	HEI	0.00%	\$0.20	\$0.20
Perisson Petroleum Corporation	POG	0.00%	\$0.04	\$0.04
Petrox Resources Corp.	PTC	0.00%	\$0.02	\$0.02
Samoth Oilfield Inc.	SCD	0.00%	\$0.07	\$0.07
Softrock Minerals Ltd.	SFT	0.00%	\$0.03	\$0.03
Wescan Energy Corp.	WCE	0.00%	\$0.07	\$0.07
Pan Orient Energy Corp.	POE	-3.23%	\$1.20	\$1.24
ROK Resources Inc.	ROK	-4.35%	\$0.22	\$0.23
Leucrotta Exploration Inc.	LXE	-4.60%	\$0.83	\$0.87
Cobra Venture Corporation	CBV	-5.26%	\$0.18	\$0.19
PetroFrontier Corp.	PFC	-9.09%	\$0.10	\$0.11
Pulse Oil Corp.	PUL	-10.00%	\$0.05	\$0.05
Highwood Oil Company Ltd.	HAM	-13.04%	\$10.00	\$11.50
Prospera Energy Inc.	PEI	-20.00%	\$0.04	\$0.05
Tenaz Energy Corp.	TNZ	-22.06%	\$0.27	\$0.34
Tenth Avenue Petroleum Corp.	TPC	-22.22%	\$0.15	\$0.12
Saturn Oil & Gas Inc.	SOIL	-22.72%	\$3.13	\$4.05
Razor Energy Corp.	RZE	-43.16%	\$0.54	\$0.95
Cuda Oil & Gas Inc.	CUDA	-60.00%	\$0.02	\$0.05
Average Increase/Decrease		-6.08%		
Median Increase/Decrease		-1.61%		
Number of Companies with Share Price Increases		5		
Number of Companies Flat Month Over Month		8		
Number of Companies with Share Price Declines		13		
Max Share Price Increase		28.57%		
Greatest Share Price Decline		-60.00%		

Canadian E&P M&A Activity in November 2021

In November 2021, there were seven transactions announced in the Canadian oil & natural gas sector with total transaction value of approximately \$2.0 billion. A total of 36,046 boe/d changed hands. There were six asset transactions and one corporate deal. Of the asset transactions, one involved royalty interests which was completed at high deal metrics on a per flowing barrel basis and on a multiple of cash flow.

The largest transaction announced in November and the one corporate transaction is the definitive arrangement agreement between **Storm Resources Ltd.** and **Canadian Natural Resources Limited** whereby Canadian Natural agreed to acquire all of issued and outstanding shares of Storm for cash consideration of \$6.28/share. The transaction had an enterprise value of approximately \$1.02 billion when taking into consideration an adjustment for hedging, asset retirement obligations and option proceeds. Storm has properties located in the Umbach, Nig Creek and Fireweed areas of northeastern British Columbia and focuses on liquids-rich natural gas from the Montney Formation. During the third quarter of 2021, Storm had production of 27,499 boe/d (81% natural gas) and a netback of \$14.07/boe (\$141.2 million annualized net operating income). Storm's reserves (adjusted for production for the first nine months of 2021) are estimated at 38.4MMboe on a PDP basis, 149.8MMboe on a total proved basis and 188.4 MMboe of a 2P basis. The metrics of the transaction equate to \$33,892/boe/d, 6.6X annualized NOI, \$18.97/boe on a PDP basis, \$6.22/boe for TP reserves and \$4.95/boe on a 2P basis.

On November 30, **PrairieSky Royalty Ltd.** announced that it had entered into a definitive agreement with **Heritage Royalty** to acquire over 1.9 million acres of royalty lands (including over 1.7 million net acres of fee simple mineral title lands) located throughout Alberta, Saskatchewan and Manitoba for cash consideration of \$728.0 million. The acquisition includes current estimated royalty production of 2,700 boe/d (92% liquids), from which PrairieSky expects to generate approximately \$65 million of royalty revenue in 2022. PrairieSky stated that "the Acquisition will reunify a preeminent fee simple mineral title asset across Alberta, Saskatchewan and western Manitoba with PrairieSky's existing royalty portfolio of approximately 16.3 million acres." The acquisition will be funded through a new two-year \$500 million term loan provided by TD Securities Inc., and a concurrent \$200 million bought deal equity financing at \$13.40/share. PrairieSky expects its total liquids royalty production weighting to increase to over 55% in 2022 and stated that the transaction further diversifies the geographical and geological nature of PrairieSky's royalty revenues, with high quality, well capitalized and capital efficient royalty payors, including **Canadian Natural Resources Limited**, **Crescent Point Energy Corp.** and **Enerplus Corporation** who are three of the top royalty payors. Based on the \$728.0 million purchase price, the metrics of the transaction are \$269,630/boe/d and 11.2 times the estimated 2022 royalty revenues.

Cenovus Energy Inc. announced that it entered into an agreement to sell its primarily Montney assets in the Wembley area of Alberta for cash proceeds of approximately \$238.0 million; the transaction is expected to close in December 2021. Total production from this asset averaged approximately 3,200 boe/d (38% liquids) in 2021 resulting in a sales metric of \$74,375/boe/d. Concurrent with the announcement of the sale of its Wembley assets, Cenovus announced that it had reached agreements to sell its Husky retail fuels network which includes 337 gas stations to **Parkland Corporation** and **Federated Co-operatives Limited** for total cash proceeds of \$420 million; the transaction is expected to close in mid-2022. Cenovus announced "with these latest transactions, we now expect to realize more than \$1.1 billion of total proceeds from sales announced in 2021."

Obsidian Energy Ltd. announced that it acquired the remaining 45 percent partnership interest in the Peace River Oil Partnership ("PROP") asset from its joint venture partner, **Winter Spark Resources, Inc.**, an affiliate of **China Investment Corporation**. Total consideration paid was \$43.5 million prior to closing adjustments with an effective date of July 1, 2021. Based on the purchase price of \$43.5 million, consideration at closing was approximately \$36 million. The cash consideration for the acquisition was funded by a \$16.3 million limited-recourse loan secured by the additional 45 percent interest in PROP, and proceeds from Obsidian's marketed public offering of subscription receipts whereby Obsidian raised gross proceeds of \$25.9 million at \$4.40 per subscription receipt. The remaining interests in the PROP has production of 2,400 boe/d, net operating income of \$32.4 million, PDP reserves of 3.497 MMboe, TP reserves of 4.76 MMboe and 2P reserves of 6.746MMboe. The decommissioning liability is estimated at approximately \$25.0 million. Based on the \$43.5 million purchase price, the acquisition metrics were \$18,125/boe/d, 1.3X NOI, \$12.44/boe for PDP reserves, \$9.14/boe for TP reserves and \$6.45/boe on a 2P basis.

In its Q3 2021 financial statements, **Cardinal Energy Ltd.** announced that subsequent to the end of the third quarter it had closed the disposition of approximately 200 boe/d of non-core gas weighted production and associated lands and liabilities for gross proceeds of \$10.5 million equating to \$52,500/boe/d.

Tenth Avenue Petroleum Corp. announced it received TSX Venture Exchange approval to complete the acquisition of a non-operated 1.3089477% Unit Participation and 1.7224988% revenue and billing interest in the Swan Hills Unit #1 pool from **Salida Energy Inc.**, for \$825,000 (inclusive of GST). The consideration consisted of 9,716,442 TPC common shares issued at a deemed price of \$0.085 per TPC shares. The SHU Asset consists of approximately 47 boe/d of production (~91% oil) focused in the Swan Hills, Alberta area. Upon closing Salida will become a new control person owing 48% of the 20,229,010 issued and outstanding common shares. The metrics of the transaction were \$17,553/boe/d.

Reef Resources Ltd. announced that it has entered into a new agreement with **Levant Exploration and Production Corp.** acting in trust for a corporation to be incorporated pursuant to which Levant would purchase all of Reef's non-producing oil and gas assets located in Huron County, Ontario for \$1.00 and assume all environmental liabilities, abandonment and reclamation obligations, taxes with respect to the Assets post-transaction and all transfer taxes. Levant and Reef had previously entered into an agreement for the sale of the Assets, but that agreement had expired. As the assets comprise all or substantially all of the assets of Reef, the sale of the assets requires approval by not less than 66% of the votes cast by shareholders at a meeting of shareholders of Reef.

Board of Director & Executive Changes in November

Kiwetinohk Energy Corp. announced that Mr. Mike Backus has been appointed Chief Operating Officer of the Upstream Division. Mr. Backus has over 25 years of industry experience in a variety of engineering, operational, finance and executive roles, both domestically and internationally. Prior to joining us, Mike was Vice President, Operations and Development at Painted Pony Energy. Most of his career was spent with Nexen/CNOOC where he was most recently the VP Operations for Canada and the UK North Sea businesses. Mike holds both a Bachelor of Commerce degree in Accounting and a Bachelor of Science degree in Mechanical Engineering, both from the University of Saskatchewan. He is registered as a Professional Engineer in Alberta. Also in November, Kiwetinohk announced that Mr. John Maniawski has been appointed President of the Green Energy Division. Mr. Maniawski will lead the strategic planning, development and execution of the company's renewable and gas-fired power generation, and clean energy opportunities including carbon capture and sequestration, large-scale energy storage and hydrogen production. John has 32 years of diverse experience with proven performance in the power, utility, pipelines, and customer energy solutions sectors. He has held senior leadership roles at Evolugen (Brookfield Renewable – Canada), Enbridge and ENMAX in strategic planning, business development, energy marketing, project execution, asset management, operations, and engineering. It was also announced that Mr. William (Bill) Slavin would step down from the board of directors of the company.

On November 11, 2021, **Cuda Oil and Gas Inc.** announced that Mr. Bruce Lawrence, Mr. Jean-Yves Lavoie, and Ms. Guylaine Saucier resigned as members of the Board of Directors effective immediately. Mr. Lawrence was appointed as a Director in 2018 and serves as a member of the Cuda's audit committee. Mr. Lawrence currently serves as a partner at **Borden Ladner Gervais**. Mr. Lavoie was appointed as a Director in 1999 and serves as a member of the company's compensation and reserve committee. Mr. Lavoie was President and Chief Executive Officer of the Company (**Junex Inc.**) from 2017 to 2018. Ms. Saucier was appointed as a Director in 2012 and serves as a member of the company's audit committee. Ms. Saucier is an independent director.

On November 5th it was announced that Cuda's secured lender, **Tallinn Capital Energy Limited Partnership**, and its subordinate secured lender, being certain funds managed or co-managed by **Bridging Finance Inc.**, have each made demand for payment in full of the Cuda's outstanding indebtedness and provided Cuda with a Notice of Intention to Enforce Security pursuant to section 244 of the Bankruptcy and Insolvency Act (Canada). The company's secured lenders demanded payment of aggregate indebtedness in the amount of \$70,251,757 plus interest and costs which continue to accrue. If the company is unable to repay the indebtedness by November 15, 2021, the secured lenders will take steps to enforce their security.

Prairie Provident Resources Inc. announced executive leadership changes. As of October 2021, Ms. Allison Massey has been appointed Vice President, Land & Commercial; and Mr. Ryan Rawlyk has been appointed Vice President, Production & Operations. The company also announced the departures of Ms. Gjoa Taylor and Mr. Brad Likuski.

InPlay Oil Corp. and **Crew Energy Inc.** announced that Mr. Dennis Nerland, a member of each of the companies' board of directors passed away on October 30th, 2021.

The board of directors of **Peyto Exploration & Development Corp.** announced the appointment of Mr. Jean-Paul Lachance to the position of President, in addition to his current role as the Chief Operating Officer of Peyto. Jean-Paul, "JP", has been an integral part of Peyto's leadership team for over 10 years. Peyto stated "Mr. Lachance, who was appointed Chief Operating Officer in 2018, brings to the role a deep technical understanding of the industry, a good perspective on the risks and pitfalls inherent in the business, and a single-minded focus on profitability. Mr. Lachance will continue to report to Mr. Darren Gee, Chief Executive Officer."

Bonterra Energy Corp. announced that during the third quarter of 2021, the company appointed Ms. Stacey McDonald to its board of directors, effective August 16, 2021. It was announced that Ms. McDonald will assume the role of Chair of the Reserves Committee, while serving on the Audit, Compensation, and Governance and Nominating Committees. Ms. McDonald's 16 years of energy and finance experience will bring valuable insights and contributions to the board.

Vermilion Energy Inc. announced the appointment of Dion Hatcher as President effective January 1, 2022, succeeding Mr. Curtis Hicks who will remain with the Company as an advisor until April 1, 2022. In addition to this leadership change, Vermilion made several other organizational changes including the promotion of Ms. Yvonne Jeffery to Vice President, Sustainability, Ms. Averyl Schraven to Vice President, People & Culture, Mr. Bryce Kremnica to Vice President, North America, and Mr. Geoff MacDonald to Vice President, Geosciences.

ARC Resources Ltd. announced that Ms. Carol Banducci has been appointed to the Board, effective immediately. Ms. Banducci is a global finance executive with over 30 years of experience in operational, corporate, and senior leadership roles. Most recently, Ms. Banducci served as Executive Vice President and Chief Financial Officer of IAMGOLD Corporation until her retirement from the company in 2021. Ms. Banducci serves on the board of directors of Hudbay Minerals Inc., is a member of the National Association of Corporate Directors (USA), the Institute of Corporate Directors and the Financial Executives Institute of Canada, and is a past member of the Canadian Board Diversity Council.

Enerplus Corporation announced the planned retirement of Mr. Elliott Pew from its board of directors prior to year-end 2021. Mr. Pew was appointed to Enerplus' board of directors in 2010 and served as the Board Chair between May 2014 and May 2020.

Bonavista Energy Corporation announced the appointment of Mr. Derek Mendham as Chief Financial Officer effective November 1, 2021, replacing Mr. Dean Kobelka who resigned from the corporation. Mr. Mendham has 27 years of progressively senior finance and accounting experience in the Canadian E&P, oilfield services and capital market sectors. Mr. Mendham was recently a Founder and the Chief Financial Officer of **Modern Resources Inc.**

The **Canadian Association of Petroleum Producers (CAPP)** announced that Tim McMillan who has been the President & CEO of CAPP for seven years, informed the CAPP Board of Governors that he intends to step down from that role and that a transition will take place in April 2022 at the association's next Annual General Meeting.

Miscellaneous News Announced in November

MEG Energy Corp. announced that it has issued a notice to redeem US\$225 million aggregate principal amount of its 6.50% senior secured second lien notes due 2025 (the “Second Lien Notes”) at a redemption price of 101.625%, plus accrued and unpaid interest to, but not including, the redemption date. The redemption is expected to be completed on or about January 18, 2022. Inclusive of the redemption, MEG will have redeemed US\$579 million of the original US\$750 million principal balance of the Second Lien Notes, leaving US\$171 million principal balance outstanding.

Vermilion Energy Inc. has entered into an agreement to acquire Equinor Energy Ireland Limited which owns a 36.5% interest in the Corrib Natural Gas Project for total consideration of US\$434 million (\$556 million). The transaction has an effective date of January 1, 2022 and is expected to close during the second half of 2022 after all requisite approvals have been received.

The **Trans Mountain pipeline** was shut down on Nov. 14 as a precaution during a record-breaking rainstorm in British Columbia that washed out road and railway corridors. Trans Mountain ships 300,000 barrels per day of crude and refined products to Burnaby, B.C., from Alberta. By the end of November, it was announced that the pipeline might restart in early December at a reduced capacity.

The **administration of U.S. President Joe Biden** proposed a number of reforms to boost public benefit from the nation’s federal oil and natural gas leasing program following a months-long review. The Interior Department report called for new rules to boost royalty rates, bonding rates, and other fees for producers. Current law requires a minimum royalty rate of 12.5% for oil and natural gas produced on federal lands. The report also seeks to avoid leasing “that conflicts with recreation, wildlife habitat, conservation, and historical and cultural resources

Kiwetinohk announced that subsequent to October 30, 2021, the company applied to have its common shares listed on the TSX. The TSX has conditionally approved the listing of the common shares with certain requirements to be met on or before February 22, 2022.

On November 25 it was announced that the **United States** will sell 32 million barrels of crude from four Strategic Petroleum Reserve (SPR) sites to be delivered between late-December and April 2022 to try to lower global prices.

It was announced that a coalition of at least eight environmental groups is threatening to sue **Alberta Premier Jason Kenney** for defamation if he doesn’t retract and apologize for statements saying a public inquiry found they spread misinformation about the province’s oil and natural gas industry. The letter gives Kenney until Nov. 30 to retract and remove the statements as well as apologize or a statement of claim against him may be filed.

TC Energy announced that it is formally seeking compensation from the **U.S. government** for the cancellation of the cross-border Keystone XL expansion project. TC officially filed a request for arbitration in its bid for “economic damages” resulting from President Joe Biden’s decision to cancel the project. Recall that cancelling the presidential permit issued by predecessor Donald Trump was one of Biden’s first decisions when he took office in January. TC officially canceled the \$9 billion project in June, and the next month it filed a notice of intent to begin a legacy NAFTA claim, seeking more than \$15 billion in damages from the U.S. government.

It has announced that **Woodfibre LNG** has signed an Engineering, Procurement, Fabrication, and Construction (EPFC) contract with **McDermott International**. The EPFC contract is an important step in advancing detailed engineering and construction scheduling work in advance of Woodfibre LNG issuing a notice to proceed.

Pipestone Energy Corp. announced the TSX accepted the notice filed by the Company to implement a normal course issuer bid (the “NCIB”). The NCIB allows Pipestone to purchase up to 9,598,347 common shares, representing 5% of its 191,966,942 outstanding common shares as at November 12, 2021. The NCIB is scheduled to commence on November 25, 2021 and is due to expire no later than November 24, 2022.

Pieridae Energy Limited announced it reached an agreement with its senior secured lender **Third Eye Capital Corporation** to delay payment of the \$50.0 million facility to the first business day of January 2022.

Peyto announced that its board of directors approved a monthly dividend of \$0.05/share starting in November 2021 for shareholders of record as of November 30, 2021 (ex-dividend date November 29, 2021), and paid on December 15, 2021.

Early In November the **Alberta government** has released its road map to reach a goal of becoming a world leader in hydrogen exports by the end of the decade. Premier Jason Kenney says “Alberta is well-positioned with its existing energy infrastructure to become a global supplier of choice for hydrogen and he calls it a “game-changer” in the climate change fight, given that hydrogen emits no greenhouse gases when burned. He says the global hydrogen market is expected to become worth up to \$2.5 trillion within the next 30 years. The plan calls for catching up on clean hydrogen technologies in the short term before moving to growth and commercialization in the long term.”

The board of directors of **ARC Resources Ltd.** approved a 52% increase to ARC’s quarterly dividend, increasing it from \$0.066/share to \$0.10/share, beginning with its dividend that is expected to be paid on January 17, 2022 to shareholders of record on December 31, 2021. ARC declared a quarterly dividend of \$47 million or \$0.066 per share during the third quarter of 2021, representing a 10 per cent increase from the company’s previous quarterly dividend of \$0.06 per share.

In addition, ARC announced that in order to optimize its capital structure and investment-grade credit rating, ARC repaid the entire principal amount outstanding of senior notes totaling \$479.2 million. ARC also announced that on August 30, 2021, it received approval from the TSX to commence an NCIB, allowing the company to purchase up to 72.2 million of its common shares outstanding or up to 10 per cent of its public float. ARC repurchased 12.4 million common shares in October 2021 at a weighted average price of \$10.11 per share for total consideration of \$125 million and subsequent to quarter end, ARC repurchased an additional 7.2 million common shares at a weighted average price of \$11.80 per share for total consideration of \$85 million.

In its third quarter financial statements, **Tourmaline Oil Corp.** announced that it paid a special dividend of \$0.75/share on October 7, 2021, and also increased the annual base dividend to \$0.72/share. The Company plans further special dividends over the next several quarters, contingent upon commodity prices and free cash flow allocation decisions. Given current strong pricing and the rate of FCF accumulation, Tourmaline expects to pay the next special dividend during Q1 2022.

Enerplus announced a quarterly cash dividend of \$0.041/share, an 8% increase from the previous dividend of \$0.038/share.

Topaz Energy Corp. announced its second dividend increase (to \$0.24 per share declared for the fourth quarter of 2021) which represents a 20% year over year growth during Topaz's first year as a public company.

Baytex Energy Corp. announced that it has repurchased and cancelled US\$200 million of the 5.625% long term notes due June 2024 in 2021. This represents 50% of the original US\$400 million outstanding and includes US\$84.5 million repurchased and cancelled subsequent to quarter end. Subsequent to quarter-end, repurchased and cancelled US\$85 million principal amount of 5.625% long-term notes, bringing the total repurchased and cancelled to US\$200 million (50% of the original principal amount outstanding).

Cenovus Energy Inc. announced that the TSX accepted the company's notice of intention to implement a NCIB to purchase up to 146,451,823 common shares during the 12-month period commencing November 9, 2021 and ending November 8, 2022.

Tamarack Valley Energy Ltd. announced that the TSX approved the company's application for a NCIB. The NCIB allows Tamarack Valley to purchase up to 20,354,360 common shares of the company (representing approximately 5% of the 407,087,206 outstanding Common Shares as of October 25, 2021) over a period of twelve months commencing on November 3, 2021. The NCIB will expire no later than November 2, 2022.

ConocoPhillips announced that it received a contingent payment from Cenovus associated with the 2017 Canadian disposition.

Announced Financings

Below we outline equity and debt financings that were announced or closed in November 2021, apart from the financings that may have been announced previously and/or with a concurrent M&A transaction.

Peyto announced that it issued USD\$40 million of senior secured notes through a private placement to repay its CND\$50 million, 4.88% notes due October 6, 2022. The notes will have a coupon rate of 3.98% and mature in October 2028 and will rank equally with Peyto's obligations under its bank facility and existing note purchase and private shelf agreement. Interest will be paid semi-annually in arrears.

Athabasca Oil Corporation closed the issuance of US\$350 million of senior secured notes with a coupon rate of 9.75% and a 5-year term until 2026. The notes offering included the issuance of 79.4 million warrants with a strike price of \$0.9441 per warrant and a cashless exercise feature that reduces future equity dilution by issuing new common shares for only the in-the-money value of the warrant. Net proceeds from the offering along with cash on hand will be used to redeem Athabasca's existing US\$450 million senior secured second lien notes. Concurrent with the announcement of the notes offering, Athabasca announced the syndication of a \$110 million reserve based credit facility which unlocks the remaining \$46 million of restricted cash that was securing letters of credit for transportation agreements.

Bonterra Energy Corp. announced that it closed a brokered private placement debt financing consisting of an aggregate of 32,000 units (the "Units") priced at \$1,000 for gross proceeds of \$32.0 million. Each unit is comprised of one senior unsecured debenture with a face value of \$1,000 which bears interest at 9.0% per annum and has a four-year term, and 56 common share purchase warrants of Bonterra, with each Warrant exercisable to acquire one common share of Bonterra at price of \$7.75 per share. Bonterra also announced an additional \$7.5 million in debt financing units (upsized from \$5.0 million) at the same terms as the Units.

In conjunction with the closing of the offering, Bonterra and its syndicate of lenders agreed to amend its credit facility to a fully conforming borrowing base facility of \$220 million, consisting of a \$195 million syndicated revolving credit facility and a \$25 million non-syndicated revolving facility. The credit facility has \$10.0 million step-downs at December 31, 2021 and March 31, 2022 and revolves to May 31, 2022 with a maturity date of November 30, 2022.

Bonterra also entered into agreements with the holders of its \$19.5 million in subordinated debt to convert into units of Bonterra under the same terms and conditions as subscribers under the unit offering mentioned above.

Silk Road Energy Inc. announced a non-brokered private placement of units of the company at a \$0.06 per unit for gross proceeds of up to \$700,000. Each unit will consist of one common share of the company and one warrant. Each warrant will entitle the holder to acquire a common share at \$0.12/share for twelve months following the issuance of warrants.

Questions?

If you have any questions or would like to use Earth Horse Energy Advisors to assist with the marketing of oil & gas assets and/or companies, with buy-side mandates, investor relations support, valuations, fairness opinions or other customized solutions, please don't hesitate to contact us at (587) 432-0584, Ryan.FY@ehenergyadvisors.com or www.ehenergyadvisors.com.

Thank you,

Ryan Ferguson Young
President & Founder
Earth Horse Energy Advisors