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Earth Horse Energy Advisors' Monthly Market Overview January 2022

The beginning of 2022 started off well with shares of publicly traded TSX E&P companies charging forward. During January 2022, there was continued strength in the share price of most of the TSX-listed Canadian oil & natural gas focused companies. Of the 46 companies listed on the TSX exchange, 43 companies had their share price increase while one, **Athabasca Oil Corporation**, was flat and two slipped slightly (**Advantage Energy Ltd.** and **Birchcliff Energy Ltd.**). Overall, the average rise in January 2022 was 24.69%, while the median increase was 21.59%.

During January, commodities were on a tear. The price of WTI crude increased 17.27%, while Edmonton Par was up 17.23% during the month, ending at USD\$88.20/bbl and USD\$84.77/bbl respectively. For the second consecutive month, WCS increased the most, increasing a further 20.22% to end at \$74.07/bbl; during December 2021 WCS increased 26.12%. C5+ increased 15.54%, rising to USD\$89.27/bbl. There were a number of factors that caused oil to increase. There was an outage on a pipeline from Iraq to Turkey, supply outages in Libya and there were geopolitical issues in Kazakhstan, Russia and United Arab Emirates causing concerns about an already tight supply outlook. There are concerns that Russia will invade the Ukraine while there was an attack on Abu Dhabi by Yemen's Houthi movement. In addition, the consumption of jet fuel is rising with an increase in international flights.

The rise in natural gas prices have been more impressive than crude oil. NYMEX natural gas increased 24.40% to USD\$4.64/Mmbtu and averaged USD\$4.26/Mmbtu in January. AECO was up 18.34% in January 2022, ending the month at USD\$4.00/Mmbtu and averaging USD\$3.63/Mmbtu.

The Canadian dollar slipped 0.35% to 0.7874 by the end of January and averaged the month at 0.7921.

Below we illustrate the changes in commodities and in the Canadian dollar during January 2022.

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/Mmbtu)	AECO (\$USD/Mmbtu)	CDN\$USD\$
January 2022 Average	\$82.98	\$70.15	\$80.49		\$4.26	\$3.63	0.7921
End of January 2022	\$88.20	\$74.07	\$84.77	\$89.27	\$4.64	\$4.00	0.7874
End of December 2021	\$75.21	\$61.61	\$72.31	\$77.26	\$3.73	\$3.38	0.7901
Month-over-Month Change	17.27%	20.22%	17.23%	15.54%	24.40%	18.34%	-0.35%

Sources: Oil Sands Magazine
OFX.com

TSX-Listed E&P (Canadian Focused Operations) January 2022 Share Price Movements

As previously mentioned, 43 of the 46 E&P companies (with domestic assets) on the TSX experienced strength in their share price while one was flat and two were down during the month. The top performer in January was **Obsidian Energy Ltd.** which was up 88.13%, increasing from \$4.97/share at the end of 2021 to \$9.35/share by the end of January.

Petrus Resources Ltd. was up 65.91% in January, increasing to \$1.46/share from \$0.88/share and **Journey Energy Inc.** jumped 59.22% to \$4.06/share; in December 2021, Journey had increased 58.39%.

The worst three performing stocks in January were **Birchcliff Energy Ltd.**, **Advantage Energy Ltd.** and **Athabasca Oil Corporation**, with Birchcliff and Advantage seeing modest declines of only 1.88% and 0.58% respectively while Athabasca was flat.

Company	TSX Ticker	January 2022 % Change	End of January 2022	End of December 2021
Top Three % Performers				
Obsidian Energy Ltd.	OBE	88.13%	\$9.35	\$4.97
Petrus Resources Ltd.	PRQ	65.91%	\$1.46	\$0.88
Journey Energy Inc.	JOY	59.22%	\$4.06	\$2.55
Three Worst Performers (%)				
Birchcliff Energy Ltd.	BIR	-1.88%	\$6.27	\$6.39
Advantage Energy Ltd.	AAV	-0.58%	\$6.88	\$6.92
Athabasca Oil Corporation	ATH	0.00%	\$1.20	\$1.20

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Obsidian Energy Ltd.	OBE	88.13%	\$9.35	\$4.97
Petrus Resources Ltd.	PRQ	65.91%	\$1.46	\$0.88
Journey Energy Inc.	JOY	59.22%	\$4.06	\$2.55
Gear Energy Ltd.	GXE	48.39%	\$1.38	\$0.93
InPlay Oil Corp.	IPO	46.92%	\$3.10	\$2.11
Surge Energy Inc.	SGY	45.94%	\$6.29	\$4.31
Questerre Energy Corporation	QEC	41.67%	\$0.34	\$0.24
Bonterra Energy Corp.	BNE	39.71%	\$7.74	\$5.54
Headwater Exploration Inc.	HWX	38.13%	\$7.10	\$5.14
Prairie Provident Resources Inc.	PPR	37.50%	\$0.17	\$0.12
Rubellite Energy Inc.	RBV	34.09%	\$2.95	\$2.20
Spartan Delta Corp.	SDE	32.55%	\$7.94	\$5.99
Pieridae Energy Limited	PEA	32.26%	\$0.41	\$0.31
ARC Resources Ltd.	ARX	30.96%	\$14.89	\$11.37
MEG Energy Corp.	MEG	30.07%	\$15.14	\$11.64
Crew Energy Inc.	CR	29.82%	\$3.70	\$2.85
Tamarack Valley Energy Ltd.	TVE	29.06%	\$4.93	\$3.82
NuVista Energy Ltd.	NVA	28.80%	\$8.99	\$6.98
Pipestone Energy Corp.	PIPE	27.01%	\$4.89	\$3.85
Vermilion Energy Inc.	VET	23.39%	\$19.78	\$16.03
Crescent Point Energy Corp.	CPG	23.16%	\$8.19	\$6.65
Cardinal Energy Ltd.	CJ	21.99%	\$5.27	\$4.32
Baytex Energy Corp.	BTE	21.96%	\$4.72	\$3.87
Canadian Natural Resources Limited	CNQ	21.22%	\$64.66	\$53.34
Whitecap Resources Inc.	WCP	21.05%	\$8.97	\$7.41
PrairieSky Royalty Ltd.	PSK	20.74%	\$16.36	\$13.55
Yangarra Resources Ltd.	YGR	20.38%	\$1.89	\$1.57
Cenovus Energy Inc.	CVE	19.14%	\$18.49	\$15.52
International Petroleum Corporation	IPCO	18.74%	\$8.30	\$6.99
Kelt Exploration Ltd.	KEL	16.14%	\$5.54	\$4.77
Imperial Oil Limited	IMO	16.12%	\$52.01	\$44.79
Ovintiv Inc.	OVV	15.82%	\$49.21	\$42.49
Suncor Energy Inc.	SU	15.34%	\$36.32	\$31.49
Freehold Royalties Ltd.	FRU	13.66%	\$13.15	\$11.57
Tourmaline Oil Corp.	TOU	11.60%	\$45.32	\$40.61
Enerplus Corporation	ERF	11.52%	\$14.72	\$13.20
i3 Energy plc	ITE	10.87%	\$0.26	\$0.23
Perpetual Energy Inc.	PMT	9.37%	\$0.70	\$0.64
Pine Cliff Energy Ltd.	PNE	8.82%	\$0.74	\$0.68
Peyto Exploration & Development Corp.	PEY	5.62%	\$9.96	\$9.43
Paramount Resources Ltd.	POU	2.92%	\$24.99	\$24.28
Topaz Energy Corp.	TPZ	2.14%	\$18.12	\$17.74
TransGlobe Energy Corporation	TGL	0.53%	\$3.78	\$3.76
Athabasca Oil Corporation	ATH	0.00%	\$1.20	\$1.20
Advantage Energy Ltd.	AAV	-0.58%	\$6.88	\$6.92
Birchcliff Energy Ltd.	BIR	-1.88%	\$6.27	\$6.39
Average Increase/Decrease		24.69%		
Median Increase/Decrease		21.59%		
Number of Companies with Share Price Increases		43		
Number of Companies Flat Year Over Year		1		
Number of Companies with Share Price Declines		2		
Max Share Price Increase		88.13%		
Greatest Share Price Decline		-1.88%		

Of the three largest gainers in December of 2021, in January **Questerre Energy Corporation** continued to climb, increasing 41.67% to \$0.34/share. **Journey Energy Inc.** jumped \$1.51/share or 59.22% to end the month at \$4.06/share and **i3 Energy plc** edged up 10.87% or \$0.03/share to \$0.26/share.

TSX-Venture Listed E&P (Canadian Focused Operations) January 2022 Share Price Movements

As outlined below, during January 2022, 11 TSX-Venture listed E&P companies with operations focused mainly in Canada had an increase in their share price, six were flat, while six companies had a decline in their share price.

Of the companies that had their share prices rise, increases ranged from 7.06% to 60.0% with an average increase of 21.98%. **Wescan Energy Corp.** had the largest increase, rising to \$0.08/share from \$0.05/share. **Samoth Oilfield Inc.** increased 35.71% to \$0.10/share while **Razor Energy Corp.** increased an additional 33.33%, jumping to \$0.88/share; in December 2021 Razor had increased 22.22% from \$0.54/share to \$0.66/share.

On a combined basis, the TSX-V E&P companies had an average increase of 7.23% during January 2022 while the median movement was 0.00%.

Of the top % gainers in December 2021, in January 2022, **Tenth Avenue Petroleum Corp.** was flat, **Highwood Oil Company Ltd.** fell 4% to \$12.00/share and as previously mentioned, Razor was up 33.33%.

Company	TSX-V Ticker	January 2022 % Change	End of January 2022	End of December 2021
Wescan Energy Corp.	WCE	60.00%	\$0.08	\$0.05
Samoth Oilfield Inc.	SCD	35.71%	\$0.10	\$0.07
Razor Energy Corp.	RZE	33.33%	\$0.88	\$0.66
Cobra Venture Corporation	CBV	26.67%	\$0.19	\$0.15
Pulse Oil Corp.	PUL	22.22%	\$0.06	\$0.05
Canadian Spirit Resources Inc.	SPI	14.29%	\$0.08	\$0.07
Pan Orient Energy Corp.	POE	12.93%	\$1.31	\$1.16
Petrolympic Ltd.	PCQ	12.50%	\$0.09	\$0.08
ROK Resources Inc.	ROK	10.00%	\$0.22	\$0.20
Hemisphere Energy Corporation	HME	7.07%	\$1.06	\$0.99
Leucrotta Exploration Inc.	LXE	7.06%	\$0.91	\$0.85
Altima Resources Ltd.	ARH	0.00%	\$0.04	\$0.04
Perisson Petroleum Corporation	POG	0.00%	\$0.04	\$0.04
Petrox Resources Corp.	PTC	0.00%	\$0.02	\$0.02
Prospera Energy Inc.	PEI	0.00%	\$0.04	\$0.04
Softrock Minerals Ltd.	SFT	0.00%	\$0.03	\$0.03
Tenth Avenue Petroleum Corp.	TPC	0.00%	\$0.27	\$0.27
Highwood Oil Company Ltd.	HAM	-4.00%	\$12.00	\$12.50
Saturn Oil & Gas Inc.	SOIL	-4.67%	\$3.47	\$3.64
Vital Energy Inc.	VUX	-6.67%	\$0.14	\$0.15
Tenaz Energy Corp.	TNZ	-13.35%	\$2.79	\$3.22
Tenaz Energy Corp.	TNZ	-13.35%	\$2.79	\$3.22
PetroFrontier Corp.	PFC	-33.33%	\$0.06	\$0.09
Average Increase/Decrease		7.23%		
Median Increase/Decrease		0.00%		
Number of Companies with Share Price Increases		11		
Number of Companies Flat Month Over Month		6		
Number of Companies with Share Price Declines		6		
Max Share Price Increase		60.00%		
Greatest Share Price Decline		-33.33%		

Canadian E&P M&A Activity in January 2022

In January 2022, only one small transaction was announced in the Canadian oil & natural gas sector. It is not unusual for M&A activity to be relatively quiet at the start of the year.

The lone transaction involved **Tenth Avenue Petroleum Corp.** which announced it entered into an agreement with **Avalon Energy Ltd.** to acquire crude oil assets in the Murray Lake and Hays areas of Southern Alberta for \$2.5 million, payable in \$1.75 million in cash and \$0.75 million in common shares of Tenth Avenue. Production from the assets was 88 bbls/d (100% oil) with high working interests of 97%. The assets have total proved developed producing reserves of 169.4Mboe and 2P reserves of 207.9Mboe. TPC has identified the potential to increase production through low capex opportunities. At strip pricing as of January 15, 2022 the assets have an operating netback of over \$63.00/boe. Based on the \$2.5 million purchase price, the metrics of the transaction were \$28,409/boe/d, \$14.76/boe for PDP reserves, \$12.03/boe on a 2P basis and 1.24X net operating income. The acquisition increases Tenth Avenue's existing production base by 185% to 135 boe/d (97% oil & NGLs) from 47 boe/d. The acquisition is expected to close on or before March 1, 2022, subject to customary closing adjustments, completion of a concurrent financing and the receipt of necessary regulatory and TSX Venture Exchange approvals.

Recall that in December 2021, Tenth Avenue announced that it had completed a reorganization of the company, bringing in a new management team and board of directors and acquired an interest in the Swan Hills Unit #1. Subsequent to the announcement of the transaction with Avalon, Tenth Avenue announced a non-brokered private placement offering of up to 12,000,000 units at \$0.25/unit for gross proceeds of \$3.0 million. Each unit will consist of one common share of Tenth Avenue and one-half of one common share purchase warrant. Each whole Warrant issued under the financing will entitle the holder to acquire one additional common share at a price of \$0.30 for a period of 12 months from the date of issuance. Proceeds from the financing will help close the acquisition mentioned above.

Board of Director & Executive Changes in January 2022

Freehold Royalties Ltd. announced the appointment of Ms. Maureen E. Howe to its board of directors effective February 1, 2022. Ms. Howe is a corporate director with substantial finance and capital market experience as well as relevant public company experience. Ms. Howe was formerly a Managing Director, Equity Research, Energy Infrastructure at **RBC Capital Markets**. Prior to joining RBC Capital Markets, Ms. Howe held various positions in the area of capital markets, including investment banking, underwriting, project analysis, portfolio management, investment relations, and corporate finance.

Ms. Howe is a director and Chair of the Corporate Governance Committee of Methanex Corporation, a director and Chair of the Audit Committee of **Pembina Pipeline Corporation** and is Chair of the University of British Columbia Sauder's Phillips, Hager & North Centre for Financial Research. Ms. Howe holds a Bachelor of Commerce (Honours) from the University of Manitoba and a Ph.D. in Finance from the University of British Columbia. She is a member of the Institute of Corporate Directors.

Obsidian Energy Ltd. announced the departure of Mr. Aaron Smith, Senior Vice President Development and Operations, effective January 31, 2022. Mr. Smith had been with Obsidian for approximately 3.5 years in various leadership roles. In connection with the change, Mr. Cliff Swadling, who held the title of Senior Director of Productions and Operations, transitioned into the role of VP, Operations effective immediately. Mr. Swadling joined the Obsidian in January 2017.

NuVista Energy Ltd. announced that Ms. Kate Holzhauser has joined its board of directors. Ms. Holzhauser has extensive experience in the US and internationally in Operations and Engineering, primarily in the chemicals manufacturing business. This includes a significant focus on HSE and ESG matters where she held senior leadership positions at **BP**, **INEOS**, and **ChevronPhillips**.

Bonavista Energy Corporation announced the appointment of Mr. Chris Bruggencate as Chief Operating Officer, replacing Mr. Bruce Jensen who has retired from the company. Mr. Bruggencate is a seasoned executive having spent 15 years at **Crescent Point Energy** in roles of increasing responsibility including Vice President, Engineering East and Vice President, Operations.

TransGlobe Energy Corporation announced the appointment of Ms. Jennifer Ann Kaufield (nee Smith) of Calgary, Alberta as an Independent Non-Executive Director of the company effective January 1, 2022. Ms. Kaufield is an independent businesswoman with over 30 years of experience in private and public corporations both domestic and international. Ms. Kaufield's was Chief Financial Officer of **Titanium Corporation Inc.**, as well as public companies with global market footprints in both the mining and technology sectors. Ms. Kaufield holds a Bachelor of Administration, Accounting from St. Francis Xavier University and Chartered Accountant (CA) and Chartered Public Accountant (CPA) designations. As part of TransGlobe's Board of Directors succession plan, Mr. Steven Sinclair has chosen to retire from the Board and will not stand for election at the company's 2022 Annual General Meeting. Mr. Sinclair is a long serving director who joined TransGlobe in March 2017. Mr. Sinclair will continue with the Board of Directors of TransGlobe until May 11, 2022 to provide an orderly transition of his role of Audit Committee Chair to Ms. Kaufield.

Miscellaneous News Announced in January 2022

Earth Horse Energy Advisors announced that for branding purposes it has launched a related company named **WCSB Divestitures**. Earth Horse will continue to focus on the mid-larger M&A marketplace while WCSB will focus on the micro-small cap market. The principles of each company, along with the high level of service, will remain the same.

During 2021, Earth Horse managed the marketing of assets in the Karr, Redwater and Sawn Lake areas of Alberta (total production of ~1,400 boe/d) for **Mancal Energy Inc.**, managed and acted as advisor in the sale of certain assets through quiet, selective processes (over 10,000 boe/d) and has assisted a number of companies on the buy-side. In addition, Earth Horse acted as financial advisor and provided a fairness opinion in a corporate transaction; Earth Horse has also prepared valuations for a number of companies.

Enbridge Inc. and **Lehigh Cement**, a division of **Lehigh Hanson Materials Limited** (“Lehigh”) announced a memorandum of understanding to collaborate on a carbon solution for Lehigh’s cement manufacturing facility in Edmonton, Alberta. Lehigh is developing North America’s first full-scale carbon capture, utilization and storage (CCUS) solution for the cement industry at its Edmonton plant, with the goal of capturing approximately 780,000 tonnes of carbon dioxide (CO₂) annually. Captured emissions would be transported via pipeline and permanently sequestered by Enbridge. Subject to the award of carbon sequestration rights and regulatory approvals, the project could be in service as early as 2025. With the support of Lehigh and **Capital Power Corporation** (Capital Power) with their local facilities, Enbridge will be applying to develop an open-access carbon hub in the Wabamun area, west of Edmonton, Alberta, through the Government of Alberta’s Request for Full Project Proposals process. Once built, the Open Access Wabamun Carbon Hub will be among the largest integrated CCUS projects in the world.

Obsidian Energy Ltd. announced that the **NYSE American LLC** has approved the listing of Obsidian’s common shares on the NYSE American stock exchange. The common shares will begin trading on the NYSE American on January 31, 2022, under the trading ticker symbol “OBE”.

It was announced that a new Indigenous non-profit organization, **Nesika Service**, is seeking an ownership stake in the Trans Mountain Pipeline. Nesika says its aim is to bring 129 Indigenous communities together to explore equity and revenue sharing opportunities in the pipeline. Currently, the Trans Mountain Pipeline is owned and operated by **Trans Mountain Corp.**, a federal Crown corporation.

Ms. Sonya Savage, Alberta’s energy minister announced Alberta’s **Technology Innovation and Emissions Reduction (TIER) program** will fund up to \$750.0 million over 3 years, projects that will provide technological solutions to cut emissions in the energy industry, spanning areas such as oil and natural gas operations, partial upgrading, hydrogen production, recycling, artificial intelligence, machine learning and more. The Federal government joined Alberta’s efforts on January 19 announcing another \$3.0 million for cleantech designed for energy transition with \$2.1 million designated to create an **Energy Transition Centre** in Calgary. TIER funding includes up to \$50.0 million through Alberta Innovates for shovel-ready projects, and \$131.0 million for the **Industrial Energy Efficiency and Carbon Capture, Utilization and Storage (IEE CCUS) program** to cut emissions in the energy industry.

Pieridae Energy Limited announced it has concluded the strategic review process announced in July 2021. The goal of the process was to identify, examine and consider a range of strategic alternatives with a view to enhancing shareholder value. Those strategic alternatives could have included a corporate sale, merger, a sale of a material portion of Pieridae’s assets or other transactions. The strategic review is now complete, the special committee has been dissolved and the mandate of Peters & Co. has ended. Ultimately, the special committee concluded that the various alternatives presented were not compelling relative to the Company’s stand-alone prospects. Earlier in the month, Pieridae announced that it had reached an agreement with its senior lender Third Eye Capital Corporation to extend payment of the \$50.0 million term loan deferred fee and to amend certain other terms and covenants of the credit agreement first signed with Third Eye in October of 2019 when Pieridae purchased Shell’s Foothills assets.

Shell plc confirmed that it has changed its name from **Royal Dutch Shell plc** to Shell plc.

The Council of the First Nation of the Abenakis of Wolinak in Quebec and **Questerre Energy Corporation** announced that they have signed a joint economic development agreement. The joint venture will focus on developing a net-zero emissions energy hub in Quebec. The hub will demonstrate the emerging circular economy through pilot projects that produce clean energy, including zero-emissions gas, and assess new carbon recycling technology. These could include the production of methanol, fertilizer as well as cement additives and other high value products using captured carbon dioxide. The hub will also evaluate the potential for carbon dioxide sequestration as well as the production of clean hydrogen using technology developed by **ZEG Power**, a Norwegian-based company. Questerre executed a letter of intent with ZEG Power last year to evaluate their proprietary leading-edge technology.

Subject to final agreements, the Abenakis of Wolinak will be granted a net profit interest from development on their traditional territories in the Becancour area. The Abenakis of Wolinak will also have the opportunity to acquire a working interest in the exploration licenses from Questerre and directly participate in future development. The parties have committed to the use of local contractors where capacity exists, specifically Wolinak contractors on traditional territories. Based on its previous experience with First Nations in Western Canada, Questerre will use reasonable efforts to help the Abenakis of Wolinak build their contracting capacity.

Pipestone Energy Corp. announced it has achieved independent certification of all its production from its world class Pipestone Wembley asset under the Equitable Origin EO100™ Standard for Responsible Energy Development. The certified unit is in the Montney formation, located west of Grande Prairie, Alberta, covering more than 90,000 net acres. The company began the process of seeking independent certification through Equitable Origin in April 2021. The EO100™ Standard for Responsible Energy Development is a set of rigorous performance standards for energy development projects that was developed by the non-profit organization Equitable Origin. The EO100™ standard represents leading industry practices for site-level ESG performance of energy and is based on a consensus from industry, NGOs, affected communities and government agencies to incentivize excellence in social and environmental performance of energy projects. Specifically, Equitable Origin has certified Pipestone’s produced natural gas against the five principles of the EO100™ Standard, including corporate governance and ethics; social impacts, human rights and community engagement; Indigenous Peoples’ rights; occupational health & safety and fair labor standards; and environmental impacts, biodiversity and climate change. As part of certification, Pipestone has committed to a continuous improvement plan encompassing all five principles which will be evaluated annually.

Imperial Oil Limited announced that it plans further reductions in greenhouse gas emissions intensity over the next decade to help support Canada's net-zero goals and that by the end of 2030, Imperial anticipates reduced Scope 1 and 2 greenhouse gas emissions intensity of its operated oil sands facilities by 30%, compared with 2016 levels. The company plans to achieve this through the implementation of lower greenhouse gas next-generation technologies at its Cold Lake operation, efficiency improvements at its facilities, and the use of carbon capture and storage. Imperial is also reaffirming its goal to achieve net-zero Scope 1 and 2 greenhouse gas emissions in the company's oil sands operations by 2050 in support of Canada's commitment to move towards net-zero emissions.

Pan Orient Energy Corp. announced that it received shareholder approval for its previously announced capital reorganization. Over 99% of the votes cast were in favor of the required special resolution. Shareholder approval allowed Pan Orient's directors to set the effective date for the reorganization and the record and payment dates for the resulting \$0.40 per common share return of capital to shareholders. The return of capital is expected to be generally more tax advantageous to shareholders than a dividend. The aggregate amount of the return of capital will be approximately \$19.9 million and will be funded from Pan Orient's cash reserves. Pan Orient's remaining cash reserves, plus ongoing cash flow from Concession L53 in Thailand, are expected to be sufficient to fund its continuing business operations for the remainder of 2022.

Given continued strong financial performance and its strong outlook, **Tourmaline Oil Corp.** announced both a quarterly base dividend increase of 11% and the declaration of a special cash dividend of \$1.25/share. The quarterly dividend will be increased from \$0.18/share to \$0.20/share beginning in the first quarter of 2022. The special dividend, the second by the company, is part of Tourmaline's comprehensive shareholder return plan.

International Petroleum Corporation ("IPC") announced that throughout January 2022, IPC had purchased a total of 588,454 of its shares.

On January 14, Canada's largest oilsands companies announced that they have formed a new advocacy group called the Oil Sands Alliance. The new group was established on January 1 and is made up of **Suncor Energy Inc.**, **Cenovus Energy Inc.**, **Imperial Energy Ltd.**, **Canadian Natural Resources Ltd.** and **ConocoPhillips**. These companies are also part of the **Oil Sands Pathways to Net Zero** alliance, a group of oilsands companies that have publicly pledged to work together to reach the goal of net-zero greenhouse gas emissions by 2050.

PetroShale Inc. announced the appointment of a new management team led by Mr. Brett Herman as President & Chief Executive Officer, Mr. Jason Skehar as Chief Operating Officer, Mr. Marvin Tang as Vice President, Finance & Chief Financial Officer, Mr. Sandy Brown as Vice President, Geosciences, Ms. Kristine Lavergne as Vice President, Engineering, and Mr. Shane Manchester as Vice President, Operations. The new management team was most recently at **TORC Oil & Gas Ltd.**, prior to its sale to **Whitecap Resources Inc.** In addition to the new management team, one new independent director, Mr. Dale O. Shwed has been appointed to the board of directors of PetroShale, which continues to include Mr. M. Bruce Chernoff, Mr. David Rain, Mr. Gary Reaves, Mr. Jacob Roorda and Mr. Brett Herman. It is anticipated that additional directors will be appointed at the next shareholder meeting of the company. Mr. Syd Abougoush, a partner with **Burnet, Duckworth and Palmer LLP**, will continue to act as Corporate Secretary. It was also announced that PetroShale intends to complete (i) a non-brokered private placement of units of PetroShale (the "Units") with the new management team for gross proceeds of \$9.5 million (the "Non-Brokered Private Placement"), and (ii) a brokered commercially reasonable efforts private placement of common shares of PetroShale ("Common Shares") for gross proceeds of up to \$45.0 million (the "Brokered Private Placement"), and combined with the Non-Brokered Private Placement (the "Private Placements"), gross proceeds of up to \$54.5 million will be raised. Due to strong demand, PetroShale agreed to increase the size of the Brokered Private Placement from its initial target of \$30 million. It is anticipated that the shareholders of PetroShale will be asked to approve a change of the Company's name to "**Lucero Energy Corp.**" at the next annual general meeting of shareholders. PetroShale's two largest shareholders, **FR XIII PetroShale Holdings L.P.** and Mr. M Bruce Chernoff, have waived their respective rights to participate in each of the Non-Brokered Private Placement and the Brokered Private Placement in order to maintain their current pro-rata ownership positions and are not expected to acquire any additional shares as part of the private placements.

Hillcrest Energy Technologies announced the termination of its license agreement with **Oropass Ltd.** ("Oropass") dated August 10, 2020 (the "License Agreement") with respect to the licensing of certain technology related to step change efficiency gains for electric vehicles, wind turbines and other electricity generation (the "Technology"). The intention was for Oropass and Hillcrest to contribute to the License Agreement and potentially monetize the Technology through an incorporated joint venture, in **ALSET Innovations Inc.** ("ALSET"). However, as disclosed in Hillcrest's prior news release on January 25, 2021, the company required independent testing of the Technology by a qualified, independent third party to recognized engineering standards to validate performance claims. To the knowledge of Hillcrest no such validation has been obtained, and as a result the Company and Oropass mutually terminated the License Agreement. ALSET remains a wholly owned subsidiary of Hillcrest.

Tamarack Valley Energy Ltd. announced that it will proceed with the implementation of its previously announced dividend program. Tamarack's board of directors has declared an inaugural monthly cash dividend on its common shares of C\$0.0083 per share. This monthly cash dividend is designated as an "eligible dividend" for Canadian income tax purposes.

Imperial announced its intention to market its interests in **XTO Energy Canada** jointly with **ExxonMobil Canada**. Imperial and ExxonMobil Canada each own 50 percent of XTO Energy Canada, which includes assets in the Montney and Duvernay areas of central Alberta. The assets include 568,000 net acres in the Montney shale, 85,000 net acres in the Duvernay shale and additional acreage in other areas of Alberta. Net production from these assets is about 140MMcf/d of natural gas and about 9,000 bbl/d of crude, condensate and natural gas liquids.

Cenovus Energy Inc. announced that on February 9, 2022 it will redeem the entire outstanding principal amount of its 3.80% notes due September 15, 2023 and 4.00% notes due April 15, 2024.

Financings Announced in January 2022

Below we outline equity and debt financings that were announced or closed in January 2022, apart from the financings that may have been announced previously and/or with a concurrent M&A transaction.

International Petroleum Corporation ("IPC") announced that it successfully completed a private placement of USD \$300.0 million of senior unsecured bonds. The bonds will have a tenor of five years and will have a fixed coupon rate of 7.25 percent per annum, with interest payable in semi-annual instalments. The bond issue is expected to be rated B+ by S&P Global Ratings and B1 by Moody's.

IPC intends to make an application to list the bonds on the Oslo Stock Exchange. Net proceeds of the bonds will be used to repay IPC's existing indebtedness under bank credit facilities and for general corporate purposes.

Canada Energy Partners Inc. announced a non-brokered private placement to raise gross proceeds of up to \$400,000 through the issuance of up to 5,000,000 units at a purchase price of \$0.08 per unit. Each unit shall consist of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to acquire one share at an exercise price of \$0.12 for a period of 12 months following the closing date of the private placement. Canada Energy intends to use the net proceeds of the private placement means for working capital, including due diligence expenses on potential acquisition opportunities.

Canadian Energy is engaged in negotiations with the Government of Gabon for the purpose of concluding a Profit-Sharing Agreement related to the development of the Konzi Oil Project. Canada Energy has signed a Letter of Intent with the Gabonese government and has submitted an economic proposal for review by the Ministry of Hydrocarbons and is awaiting their comments. Personnel from the Company are planning to be in Gabon early in February to continue negotiations and to conduct further due diligence regarding the Konzi Project.

Contact Us!

If you have any questions, please don't hesitate to ask.

Earth Horse provides the following services:

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Earth Horse and WCSB is currently available to assist with public or quiet marketing processes of oil & natural gas assets or corporate entities.

M&A activity in the Canadian oil & natural gas industry is expected to increase in 2022, Earth Horse can also assist in the analysis of opportunities on the buy-side, value non-core properties and professionally manage the sale at highly competitive rates. We have a strong understanding of the value of assets and have the connections to help close deals.

Contact us Today! We can be reached at (587) 432-0584, Ryan.FY@ehenergyadvisors.com or www.ehenergyadvisors.com.

Thank you,

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