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Earth Horse Energy Advisors' Monthly Market Overview July 2022

During July 2022 the majority of the 48 publicly traded TSX E&P companies rebounded from their June declines. There were a total of 41 companies that rose quarter over quarter, while seven companies fell during the month. Overall, the average increase in July 2022 was 9.27% while the median rise was 10.38%.

During July, the prices of liquids continued to be volatile, eventually ending the month down. The price of WTI and Edmonton Par were down 7.07% and 7.57% respectively while WCS was down 15.94% and C5+ dropped 5.06%. There continued to be concerns that rising inflation and aggressive interest rate hikes could slow the global economy and reduce fuel demand all while slow recovery in the Chinese economy is weighing on market sentiment. On the supply side, Libya's National Oil Corporation (NOC) aimed to bring back production to 1.2 million barrels per day. In the back on many minds is the potential plan to cap Russian oil; if this occurs there is a chance that Russia cuts its exports which could send oil prices significantly higher.

The prices of natural gas in North America spiked with NYMEX increasing 44.50% and AECO jumped 24.93% as hot weather spread across the continent spiking demand domestically. In addition, more globally, there are worries about a slowdown in Russian natural gas flows to Europe affecting the amount of natural gas that will be stored for the winter. Natural gas prices in Europe and Asia remain at elevated levels with prices at multiples of what they are in North America; prices in Europe have been over \$50/Mcf and Asia was not far off.

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

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/Mmbtu)	AECO (\$USD/Mmbtu)	CDN\$/USD\$
July 2022 Average	\$99.38	\$78.54	\$96.60		\$7.10	\$4.13	0.7731
End of July 2022	\$98.28	\$77.62	\$94.13	\$93.03	\$8.28	\$4.21	0.7807
End of June 2022	\$105.76	\$92.34	\$101.84	\$97.99	\$5.73	\$3.37	0.7768
Month-over-Month Change	-7.07%	-15.94%	-7.57%	-5.06%	44.50%	24.93%	0.50%

Sources: Investing.com, GLJ, TradingView
QFX.com

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

As previously mentioned, 41 of the 48 E&P companies (with domestic assets) on the TSX had positive movements in their share price in July. The top performer in July was **Advantage Energy Ltd.** which was up 37.63%, increasing over \$3.00/share from \$8.00/share to \$11.01/share month-over-month. Early in the month, Advantage provided a second quarter 2022 Operational Update and Outlook for 2023 announcing continued outperformance at Glacier, Wembley and Valhalla with production averaging 60,000 boe/d (89% natural gas) during the quarter; the company also announced that its Glacier Plant will be expanded to 425 mmcf/d from 400 mmcf/d and that it will implement a share buyback program using free cash flow to achieve a \$200 million net debt target. At the end of the month, Advantage announced its Q2 2022 results, which had record production, adjusted funds flow and a surge in profitability while debt fell rapidly below their \$200.0 million target.

Vermilion Energy Inc. was close behind Advantage with a gain of 35.14% in the month, raising from \$24.50/share to \$33.11/share. Vermilion has a strong portfolio of assets in Australia and the European Union where natural gas prices across the pond continued to be strong.

The third best performer in July was **Cardinal Energy Ltd.** which increased 28.63%, hitting \$9.30/share at the end of July. The company announced a record second quarter 2022 operating and financial results as it was unhedged while commodity prices surged. The company had second quarter free cash flow of \$103.3 million which enabled the company to significantly reduce net debt by \$85.2 million to \$62.0 million.

Overall, many oil and natural gas companies released their second quarter 2022 financial results which highlighted record free cash flow, share buybacks and return of capital to investors.

Company	TSX Ticker	July 2022 % Change	End of July 2022	End of June 2022
Top Three % Performers				
Advantage Energy Ltd.	AAV	37.63%	\$11.01	\$8.00
Vermilion Energy Inc.	VET	35.14%	\$33.11	\$24.50
Cardinal Energy Ltd.	CJ	28.63%	\$9.30	\$7.23

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

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Advantage Energy Ltd.	AAV	37.63%	\$11.01	\$8.00
Vermilion Energy Inc.	VET	35.14%	\$33.11	\$24.50
Cardinal Energy Ltd.	CJ	28.63%	\$9.30	\$7.23
International Petroleum Corporation	IPCO	27.34%	\$15.65	\$12.29
Pine Cliff Energy Ltd.	PNE	26.03%	\$1.84	\$1.46
Crew Energy Inc.	CR	21.21%	\$5.60	\$4.62
Journey Energy Inc.	JOY	19.92%	\$5.66	\$4.72
Tourmaline Oil Corp.	TOU	19.87%	\$80.23	\$66.93
Peyto Exploration & Development Corp.	PEY	19.60%	\$14.40	\$12.04
PrairieSky Royalty Ltd.	PSK	15.92%	\$18.79	\$16.21
Headwater Exploration Inc.	HWX	14.79%	\$6.21	\$5.41
Ovintiv Inc.	OVV	14.68%	\$65.30	\$56.94
Freehold Royalties Ltd.	FRU	13.97%	\$14.52	\$12.74
i3 Energy plc	ITE	13.75%	\$0.46	\$0.40
Kiwetinohk Energy Corp.	KEC	13.39%	\$15.92	\$14.04
TransGlobe Energy Corporation	TGL	12.53%	\$4.94	\$4.39
Birchcliff Energy Ltd.	BIR	12.46%	\$9.84	\$8.75
Kelt Exploration Ltd.	KEL	12.42%	\$6.88	\$6.12
Surge Energy Inc.	SGY	11.53%	\$10.16	\$9.11
Prairie Provident Resources Inc.	PPR	11.36%	\$0.25	\$0.22
InPlay Oil Corp.	IPO	11.30%	\$3.35	\$3.01
Crescent Point Energy Corp.	CPG	10.71%	\$10.13	\$9.15
ARC Resources Ltd.	ARX	10.66%	\$17.96	\$16.23
Topaz Energy Corp.	TPZ	10.39%	\$22.42	\$20.31
NuVista Energy Ltd.	NVA	10.37%	\$11.39	\$10.32
Baytex Energy Corp.	BTE	10.08%	\$6.88	\$6.25
Obsidian Energy Ltd.	OBE	9.86%	\$10.92	\$9.94
Gear Energy Ltd.	GXE	9.68%	\$1.36	\$1.24
Whitecap Resources Inc.	WCP	9.51%	\$9.79	\$8.94
Bonterra Energy Corp.	BNE	7.94%	\$9.65	\$8.94
Spartan Delta Corp.	SDE	7.60%	\$13.31	\$12.37
Rubellite Energy Inc.	RBV	7.36%	\$3.50	\$3.26
Enerplus Corporation	ERF	5.06%	\$17.87	\$17.01
Pieridae Energy Limited	PEA	4.42%	\$1.18	\$1.13
Perpetual Energy Inc.	PMT	4.10%	\$1.27	\$1.22
Petrus Resources Ltd.	PRQ	3.90%	\$2.13	\$2.05
Paramount Resources Ltd.	POU	3.48%	\$31.81	\$30.74
Tamarack Valley Energy Ltd.	TVE	2.77%	\$4.45	\$4.33
Yangarra Resources Ltd.	YGR	2.41%	\$2.97	\$2.90
Canadian Natural Resources Limited	CNQ	2.23%	\$70.71	\$69.17
Imperial Oil Limited	IMO	1.14%	\$61.37	\$60.68
Cenovus Energy Inc.	CVE	-0.37%	\$24.40	\$24.49
MEG Energy Corp.	MEG	-1.07%	\$17.63	\$17.82
Athabasca Oil Corporation	ATH	-2.81%	\$2.42	\$2.49
Suncor Energy Inc.	SU	-3.76%	\$43.46	\$45.16
Tenaz Energy Corp.	TNZ	-9.96%	\$2.08	\$2.31
Questerre Energy Corporation	QEC	-10.64%	\$0.21	\$0.24
Pipestone Energy Corp.	PIPE	-53.77%	\$1.84	\$3.98
Average Increase/Decrease		9.27%		
Median Increase/Decrease		10.38%		
Number of Companies with Share Price Increases		41		
Number of Companies Flat Month Over Month		0		
Number of Companies with Share Price Declines		7		
Largest Share Price Increase		37.63%		
Largest Share Price Decline		-53.77%		

The three worst performing stocks in July 2022 were **Pipestone Energy Corp.**, **Questerre Energy Corporation** and **Tenaz Energy Corp.** Pipestone dropped 53.77%, while Questerre and Tenaz had more modest declines of 10.64% and 9.96% respectively.

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

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

Of the companies that had their share prices rise, increases ranged from 0.62% to 150% with an average increase of 25.72%. **Softrock Minerals Ltd.** had the largest increase, rising 150% from \$0.02/share to \$0.05/share. The increase was the result of news that Softrock will enter into a proposed recapitalization transaction including a new management team, corporate strategy to focus on Southeast Asia, complete a non-brokered private place of units for gross proceeds of \$3.0 million and change its name to Criterium Energy Ltd.

Altima Resources Ltd. was the second-best performer in July, rising from 50% from \$0.04/share to \$0.06/share.

Rounding out the top three best performers in July was **Coelacanth Energy Inc.** which increased 30%, raising from \$0.60/share to \$0.78/share.

On a combined basis, the TSX-V E&P companies had an average increase of 11.06% during July 2022 while the median movement was 0.62% to the upside. Of the top % gainers in June 2022, in July 2022, **PetroFrontier Corp.** edged up 4.76%, **Pan Orient Energy Corp.** was up 0.88% while **PetroOlympic Ltd.** jumped an additional 14.29%.

Company	TSX-V Ticker	July 2022 % Change	End of July 2022	End of June 2022
Softrock Minerals Ltd.	SFT	150.00%	\$0.05	\$0.02
Altima Resources Ltd.	ARH	50.00%	\$0.06	\$0.04
Coelacanth Energy Inc.	CEI	30.00%	\$0.78	\$0.60
ROK Resources Inc.	ROK	16.67%	\$0.28	\$0.24
Petrolympic Ltd.	PCQ	14.29%	\$0.08	\$0.07
Pulse Oil Corp.	PUL	11.11%	\$0.05	\$0.05
PetroFrontier Corp.	PFC	4.76%	\$0.11	\$0.11
Hemisphere Energy Corporation	HME	2.56%	\$1.60	\$1.56
Saturn Oil & Gas Inc.	SOIL	2.08%	\$2.45	\$2.40
Pan Orient Energy Corp.	POE	0.88%	\$1.15	\$1.14
Source Rock Royalties Ltd.	SRR	0.62%	\$0.81	\$0.81
Canadian Spirit Resources Inc.	SPI	0.00%	\$0.12	\$0.12
Highwood Oil Company Ltd.	HAM	0.00%	\$10.00	\$10.00
Perisson Petroleum Corporation	POG	0.00%	\$0.04	\$0.04
Samoth Oilfield Inc.	SCD	0.00%	\$0.05	\$0.05
Wescan Energy Corp.	WCE	-1.89%	\$0.26	\$0.27
Prospera Energy Inc.	PEI	-6.67%	\$0.07	\$0.08
Razor Energy Corp.	RZE	-7.33%	\$2.15	\$2.32
Vital Energy Inc.	VUX	-8.33%	\$0.33	\$0.36
Cobra Venture Corporation	CBV	-12.82%	\$0.17	\$0.20
Tenth Avenue Petroleum Corp.	TPC	-13.64%	\$0.19	\$0.22
Average Increase/Decrease		11.06%		
Median Increase/Decrease		0.62%		
Number of Companies with Share Price Increases		11		
Number of Companies Flat Month Over Month		4		
Number of Companies with Share Price Declines		6		
Max Share Price Increase		150.00%		
Greatest Share Price Decline		-13.64%		

Canadian E&P M&A Activity in July 2022

In July 2022, there were six transactions announced in the Canadian oil & natural gas sector for total enterprise value of \$474.0 million.

The largest transaction in July involved **Tourmaline Oil Corp.** which announced that it entered into a binding agreement to acquire **Rising Star Resources Ltd.** for \$194.3 million, consisting of \$67.77 million in cash and 6.0 million common shares of **Topaz Energy Corp.** that are currently owned by Tourmaline. Rising Star's assets are located within Tourmaline's Peace River Charlie Lake complex with current production of approximately 5,700 boe/d and 2P reserves of 50 MMboe. During the first half of 2022, cashflow from the assets was approximately \$43.0 million. Included in the acquisition, were facilities that complement Tourmaline's existing infrastructure, and the pooling of land bases will facilitate drilling of longer horizontals in the Lower Charlie Lake. Based on the \$194.3 million purchase price, the acquisition metrics were \$34,087/boe/d, \$3.89/boe for 2P reserves and 4.5 times the trailing cash flow from the assets.

Concurrent with the acquisition of Rising Star, **Tourmaline** entered into a definitive agreement to sell a gross overriding royalty ("GORR") to **Topaz** on the core Rising Star lands, along with other land parcels acquired through land sales or swaps in which Topaz does not currently own a GORR, for \$52.0 million in cash. Topaz will receive a GORR of 3% on natural gas and 2.5% on crude oil and condensate.

Journey Energy Inc. announced that it entered into a definitive agreement with **Enerplus Corp.** for the acquisition of assets located primarily in the Medicine Hat, Kaybob, Ferrier, and Ante Creek areas of Alberta for \$140.0 million, consisting of \$81.0 million in cash, 3.0 million shares of Journey valued at \$14.0 million and a \$45 million monthly amortizing loan from Enerplus to Journey due October 31, 2024. The vendor take back loan is secured against one of the assets acquired and the amount of the monthly payment is tied to the price of oil. The transaction adds 4,400 boe/d (71% liquids) of production; Journey estimates that pro-forma, the company will have fourth quarter 2022 corporate production of 14,200-14,600 boe/d (55% liquids). During the first half of 2022, the net operating income from the assets was approximately \$71.47 million (based on a netback of \$44.50/boe). The assets have estimated remaining reserves of 12.68 MMboe on a PDP basis, 13.83 MMboe on a TP basis and 18.17 MMboe on a 2P basis. Based on the \$140.0 million purchase price, the acquisition metrics were \$31,818/boe/d, 1.96X NOI, \$11.04/boe for PDP reserves, \$10.13/boe on a TP basis and \$7.71/boe on a 2P basis.

Griffon Partners Capital Management announced that it had acquired certain non-core Viking assets with production of 2,000 boe/d (50% liquids) from **Tamarack Valley Energy Ltd.** for \$70.0 million.

PrairieSky Royalty Ltd. announced in its Q2 2022 quarterly financial results that it completed \$15.6 million of royalty acquisitions in the quarter adding approximately 360 boe/d (86% natural gas) of incremental gross overriding royalties in Central Alberta and Northeast British Columbia, while adding undeveloped land in the Clearwater oil play.

Letho Resources Corp. announced that it entered into a Purchase and Sale Agreement dated July 7, 2022 to acquire certain producing oil and gas assets in Central Alberta from Vermilion Resources Inc. for \$2.1 million. The assets have production of approximately 150 boe/d (85% liquids) representing an acquisition price of \$14,000/boe/d.

Board of Director & Executive Changes in July 2022

Journey Energy Inc. announced the appointment of Ms. Jenna Kaye to its board of directors. Ms. Kaye is the Founder and CEO of **Odyssey Trust Company**. She is also the Co-Founder and Chair of **Tetra Trust**, Canada's first regulated crypto custodian, Co-Founder of **Axis Connects**, a Calgary-based non-profit organization committed to increasing diversity on boards and in the c-suite, and a Principal of **Icebook Investments**, a family run office that's focused on early-stage businesses across a wide range of industries including renewable energy, real estate and fertility.

Tamarack Valley Energy Ltd. announced the resignation of Mr. Martin Malek as VP Engineering of the company. As a result of this change, Tamarack announced the promotion of Mr. Ben Stoodley, Director, Clearwater Development, to the role of VP Engineering. Mr. Stoodley has been with Tamarack since August 2021. He brings more than 17 years of industry experience in production engineering, business development and field development, most recently serving as Manager, Development at **West Lake Energy**.

Concurrent with the announcement of its acquisition of assets from Tamarack Valley, **Griffon Partners Capital Management** announced its management team will be led Mr. Daryl Stepanic, a Partner in its Calgary office, and formerly VP of Business Development & Frontier Canada with **ConocoPhillips**.

Baytex Energy Corp. announced that its President & CEO, Mr. Ed LaFehr, provided the company notice of his intent to retire in January 2023.

Bonterra Energy Corp. announced that Mr. George Fink will be retiring as President & CEO of the company as of September 6, 2022. Mr. Fink will remain on the Company's Board of Directors. Mr. Pat Oliver will succeed Mr. Fink as President & Chief Executive Officer and will be joining the Bonterra's board of directors as of that date. Mr. Oliver has 35+ years of experience in the Western Canada upstream oil and gas sector with a proven track record in the leadership of several companies from start-up to successful sale. Over the past 20 years, he was involved as CFO and later CEO in the development and ultimate sale of four privately owned **Birchill** companies. Mr. Oliver graduated from the University of Calgary with a B.Comm. degree (Accounting Major) in 1986 and earned his designation as a Chartered Accountant in Alberta in 1989.

Following the investor activism of **Elliott Investment Management L.P.**, **Suncor Energy Inc.** announced that it entered into an agreement with Elliott, pursuant to which Suncor's board of directors will appoint three new independent directors. The new directors consist of Mr. Ian Ashby, former president of **BHP Billiton's** Iron Ore Customer Sector Group, Mr. Chris Seasons, former president of **Devon Canada** and partner with **ARC Financial Corporation**; and Ms. Jackie Sheppard, former executive vice president, Corporate and Legal Affairs with **Talisman Energy Inc.** With these changes,

the Suncor board will temporarily expand to 13 directors. Two existing directors will retire from the board by year-end. Earlier in July, it was announced that board of directors of Suncor and chief executive officer Mr. Mark Little mutually agreed that Mr. Little would step down as president and chief executive officer and resign from the board, effective immediately after another Suncor oilsands worker had been killed and Elliot put pressure on Suncor to overhaul management and improved operations and its safety record. Mr. Kris Smith, who was executive vice president, Downstream, was named Interim CEO. Prior to becoming EVP, Downstream, Mr. Smith was senior vice-president of Supply, Trading and Corporate Development and held several executive roles in Oil Sands. The Suncor board has formed a CEO search committee, led by Board director Ms. Eira Thomas and including newly appointed directors Chris Seasons and Jackie Sheppard to oversee the global search to select the company's next chief executive officer.

MEG Energy Corp. announced the appointment of Mr. Gary Bosgoed to its board of directors and the retirement of Mr. Grant Billing. Mr. Bosgoed, P.Eng., is the President and CEO of **Bosgoed Project Consultants**, a project management, management consulting and consulting engineering company. He is a member of the Peepeekisis First Nation and has worked on over 150 First Nations projects. Mr. Bosgoed's credentials include working as Senior Vice President and General Manager of **WorleyParsons Canada** and has served as Chair of the Alberta Capital Region **United Way** Campaign and as Director of the **Alberta Electric System Operator (AESO)** and the **National Aboriginal Economic Development Board**. He currently serves as a Director of **Capital Power Corporation**, Vice Chair of the **Alberta Indigenous Opportunities Corporation**, and Vice Chair of the **University of Regina** Board of Governors.

Miscellaneous News Announced in July 2022

Tenaz Energy Corp. announced that the proposed transaction to acquire **SDX Energy Plc** was terminated due to failing to receive the required threshold of 75% of voted shares in favour of the scheme of arrangement and will not implement the transaction by way of a Takeover Offer.

Russia announced that it will not supply oil to countries that decide to impose a price cap on its oil which the United States hopes is introduced by December. The head of the International Energy Agency said the proposal should also include refined products. Prices of refined products, such as gasoline and diesel, have soared even more than crude oil in the wake of the loss of Russian supply, because of a global refinery capacity crunch following the closure of several plants around the world. The G7 idea is to tie financial services, insurance and the shipping of oil cargoes to a price ceiling. A shipper or an importer could only get these services if they committed to a set maximum price for Russian oil.

In response, Russia said that it will not export oil to the world market if the price is capped below the cost of production. While it was announced that Russia held its spot as China's top oil supplier for a second month in June as Chinese buyers cashed in on lower-priced supplies. Imports of Russian oil, totaled 7.29 million tonnes, up nearly 10% from a year ago, according to data from the Chinese General Administration of Customs.

It was also announced that on July 21 natural gas started flowing through a major pipeline from Russia to Europe after a 10-day shutdown for maintenance. The Nord Stream 1 pipeline under the Baltic Sea to Germany had been closed on July 11th for annual maintenance work. Amid growing tensions over Russia's war in Ukraine, German officials had feared that the pipeline — the country's main source of Russian natural gas, which recently has accounted for around a third of Germany's natural gas supplies — might not reopen at all. In a controversial move, earlier in July the Canadian government gave permission for the turbine that powers a compressor station at the Russian end of the pipeline to be delivered to Germany. Natural Resources Minister Jonathan Wilkinson says the decision was necessary to ensure Europe has immediate access to reliable, affordable energy. This move will allow Germany and other European countries to replenish their natural gas reserves.

Shell plc announced that it is exploring a sale of its stakes in two U.S. Gulf of Mexico oil and gas developments which have a combined output of 50,000 boe/d, which could raise as much as \$1.5 billion. Potential divestments of some aging assets would allow the company to focus on newer and larger fields around the world, including its giant Whale development in the Gulf which is expected to start production in 2024.

ConocoPhillips also announced that it is exploring a sale of its stake in the Ursa platform and Princess subsea well in the Gulf of Mexico, in what would mark its exit from deepwater energy production off the U.S. Gulf coast. Conoco's net production from the Ursa/Princess development averaged 13,700 boe/d in 2021. The company has targeted between \$4-\$ billion in total divestments by the end of 2023.

The **Canadian federal government** announced that it is proposing to use an industry-specific cap-and-trade system or a modified carbon pricing system to set a ceiling for emissions from the oil and natural gas sector and drive them down almost 40% by the end of the decade. The two options are contained in a discussion paper published by Environment Minister Steven Guilbeault. Input on the options to manage the cap will be accepted until Sept. 21 with Guilbeault aiming to unveil the final plan early in 2023. The first proposed option involves a new cap-and-trade system on the oil and gas sector in isolation. The total emissions allowed would be divided into individual allowances which will be allocated to specific companies mainly through an auction. Companies that don't buy enough allowances to cover their emissions will have to buy allowance credits from other oil and gas companies that bought more than they need. The funds raised from the auction would be recycled to programs that help the sector cut emissions. The second option would modify the industrial carbon price already applied to the oil and gas sector, possibly by hiking the price itself if needed, but with the aim of ensuring the emissions from the oil and gas industry itself fall by limiting the trading of carbon credits to the sector.

As previously mentioned, **Softrock Minerals Ltd.** announced that it has entered into a definitive reorganization and investment agreement (the "Recapitalization Agreement") with Robin Auld, Matthew Klukas, Brian Anderson, Hendra Jaya, and Henry Groen which provides for: (i) a non-brokered private placement of units of Softrock (the "Units") at a price equal to \$0.04 per Unit for minimum gross proceeds of \$3.0 million, with best efforts being used to obtain subscriptions for maximum gross proceeds of \$5.0 million (the "Non-Brokered Private Placement"), and; (ii) the appointment of a new management team (the "New Management Team") and reconstitution of the board of directors (the "New Softrock Board") of Softrock (together, the "Change of Management"), (collectively, the "Transaction"). Concurrently with the completion of the Transaction, it is expected that the name of the Corporation will be changed to "Criterion Energy Ltd." (the "Name Change"), subject to receiving the necessary shareholder approvals and approval of the TSX Venture Exchange (the "TSXV"). The New Management Team will be led by Robin Auld as President and Chief Executive Officer, Matthew Klukas as Chief Operating Officer, Henry Groen as Chief Financial Officer, and Hendra Jaya as Director, Indonesia. Upon completion of the Transaction, Softrock has agreed that the board of directors will be reconstituted and shall initially consist of existing board member Michèle Stanners, and new

directors Robin Auld, and Brian Anderson. It is anticipated that additional independent directors will be appointed at the next annual general meeting of the Corporation. Each member of the New Management Team and the New Softrock Board along with the current directors of Softrock intend to participate in the Non-Brokered Private Placement. The New Management Team has an extensive track record of value creation in the energy sector and intends to execute a growth-and-income business model focused on upstream and transitional energies in Southeast Asia.

On July 12th, it was announced that an organization representing eight **Mi'kmaq groups** in New Brunswick is joining a court challenge to the federal government's approval of a new offshore oil project in Newfoundland citing potential harm to Atlantic salmon in the event of a spill. The group says Ottawa did not fulfil its duty to meaningfully consult with Indigenous communities about the proposed project led by Norway-based Equinor. The federal government gave Bay du Nord regulatory approval in April, and the project would be located about 500 kilometres northeast of St. John's if Equinor decides to go ahead.

Millennium Land Ltd. announced that effective June 30th, 2022, it entered into an agreement with **Buffalo Head Environmental Ltd.**, in which Buffalo Head will be incorporating "its highly valued clients, professional staff members and business portfolio" into Millennium Land Ltd.'s existing environmental division.

State of Michigan regulators ordered **Enbridge Inc.** to file additional information on safety and engineering for its proposed Line 5 oil pipeline tunnel, describing Enbridge's current application as "deficient." As most already know, Enbridge is planning to build a tunnel beneath the Straits of Mackinac in the Great Lakes to rehouse its existing 540,000 barrel per day Line 5 pipeline. Last year Michigan Governor Gretchen Whitmer ordered Enbridge to shut down Line 5, which ships crude and refined products from Superior, Wisconsin, to Sarnia, Ontario, via Michigan; Enbridge ignored that order and the two sides are involved in a legal battle over the pipeline's fate.

Freehold Royalties Ltd. announced that it entered into definitive agreements with two private sellers to acquire U.S. mineral title and royalty assets located in the Midland basin predominantly in Howard County, Texas (the "Howard County Midland Assets") for \$123.0 million and in the Eagle Ford basin in Texas (the "Eagle Ford Assets") for \$32.0 million. Freehold also announced it closed its previously announced \$19.0 million acquisition of mineral title and royalty assets in the Midland basin (the "Diversified Midland Assets") (collectively, the "U.S. Acquisitions"). The U.S. Acquisitions are expected to add approximately 1,100 boe/d in production volumes and \$31.0 million in funds from operations in 2023 while growing Freehold's U.S. land holdings by approximately 147,000 gross acres and 8,000 net royalty acres.

Hemisphere Energy Corporation announced that the TSX Venture Exchange accepted its NCIB to purchase for cancellation up to 8,905,836 common shares, representing approximately ten percent (10%) of the current public float of the Common Shares. The NCIB will commence on July 14, 2022 and will terminate on July 13, 2023 or at such earlier time as the NCIB is completed or terminated at the option of Hemisphere.

Baytex Energy Corp. announced that it had repurchased 9.1 million common shares, representing 1.6% of its shares outstanding, at an average price of \$6.88/share.

Tourmaline Oil Corp. announced that the TSX approved Tourmaline's renewal of its normal course issuer bid (the "NCIB"). The NCIB allows Tourmaline to purchase up to 16,800,668 common shares (representing 5% of its issued and outstanding common shares as of July 19, 2022) over a period of twelve months commencing on August 2, 2022. The NCIB will expire no later than August 1, 2023. Under its most recent normal course issuer bid, Tourmaline obtained approval to purchase up to 14,943,420 of its common shares, of which Tourmaline purchased 200,000 common shares.

Vermilion Energy Inc. announced that the TSX approved the notice of Vermilion's intention to commence a NCIB through the facilities of the Toronto Stock Exchange ("TSX"), New York Stock Exchange and other alternative trading platforms in Canada and USA. The NCIB allows Vermilion to purchase up to 16,076,666 common shares, representing approximately 10% of its public float as at June 22, 2022, over a twelve month period commencing on July 6, 2022. The NCIB will expire no later than July 5, 2023.

On July 6th, **Abu Dhabi National Energy Company PJSC ("TAQA"**, "the Company"), one of the largest utilities in Europe Middle East and Africa has completed the strategic review of its oil and gas business announced in September 2021. As part of the review, the company had been exploring the potential sale of certain of its oil and natural gas assets. "It has been concluded that TAQA's oil and gas portfolio will be retained, except for the upstream assets in the Netherlands where discussions are ongoing. This decision takes into account macro-economic changes that have occurred during the last 12 months and which are expected to continue for some time, as well as other asset-specific drivers."

Entropy Inc., a subsidiary of **Advantage Energy Ltd.** announced that it begun commissioning its first post-combustion carbon capture and storage ("CCS") project at the Glacier Gas Plant in Alberta, effective June 27, 2022. Commissioning of the first phase (47,000 tonnes per annum of CO₂e ("TPA")) is expected to take several weeks with "first carbon" expected to be injected into permanent geological storage within four weeks. Entropy believes that this will be the world's first commercial project to capture and sequester carbon dioxide from the combustion of natural gas. Phase 1 of the Glacier project includes one train of Entropy's patent-pending Modular Carbon Capture and Storage ("MCCSTM") process equipment in addition to the installation of all waste heat recovery equipment required for the full 200,000 TPA project. The final total installed cost of Phase 1 is expected to be approximately \$31.0 million, which is approximately 10% higher than Entropy's original budget as a result of recent inflation, primarily in steel and copper pricing. Entropy also announced its final investment decision ("FID") for Glacier Phase 1b, which is designed to capture and store an additional 16,000 TPA at an expected cost of approximately \$8.0 million. Phase 1b will be the first deployment of Entropy's Integrated Carbon Capture and Storage ("iCCSTM") product, whereby a new 5,000 horsepower gas compressor package will come directly from the fabricator with built-in carbon capture equipment, reducing energy intensity and total installed cost significantly below the cost of a retrofit installation. Phase 1b equipment is being procured and is scheduled to come on-stream by the second quarter of 2023.

Ovintiv Inc. announced it had reached agreements to sell portions of its assets located in the Uinta and Bakken Basins for total proceeds of approximately \$250.0 million. The Uinta Basin assets are mature waterflood assets with operating expenses of approximately \$35.00/boe and approximately 3,000 gross vertical wells. Post the transaction, Ovintiv will retain approximately 130,000 largely contiguous net acres in the horizontal oil-rich shale portion of the play. As of April 2022, the combined volumes from the assets being sold totaled approximately 5,000 boe/d (98% liquids).

Inter Pipeline Ltd. announced it has successfully commissioned its polypropylene (PP) plant and has begun initial production. Branded Heartland Polymers (“Heartland”), the operation is the only one of its kind in North America, offering the market one of only two new sources of PP in over a decade. Construction of the Heartland Petrochemical Complex (“the Complex”) began in early 2018, and it is expected to convert locally sourced, low-cost propane into 525,000 tonnes per year of PP, a high value, multi-use plastic that is easily transported and can be recycled. This polymer is used in the manufacturing of a range of finished products such as food packaging, textiles, healthcare products and medical supplies.

QatarEnergy signed a deal with Shell for the Gulf state’s North Field East expansion, the first phase of the world’s largest liquefied natural gas (LNG) project, following agreements with **TotalEnergies**, **Exxon**, **ConocoPhillips** and **Eni**. Shell will take a 6.25% stake in the North Field East expansion project; TotalEnergies and Exxon will also hold 6.25% stakes. Shell is the final oil major to partner with QatarEnergy in the first and largest phase of the nearly \$30 billion expansion which will boost Qatar’s position as the world’s top LNG exporter. The partnership comes as Russia went ahead and seized control of one of the world’s largest LNG projects – Sakhalin-2 – in which Shell has a 27.5% minus one share stake. In all, the expansion plan includes six LNG trains that will ramp up Qatar’s liquefaction capacity to 126 million tonnes per annum (mtpa) from 77 by 2027.

Pine Cliff Energy Ltd. announced that it repaid in full, all term debt and insider debt as of June 30, 2022. Pine Cliff is one of the first Canadian public oil and gas producers to be debt free.

President Joe **Biden’s administration** unveiled a five-year proposal for offshore oil and natural gas development focused almost entirely on the Gulf of Mexico. The proposed plan includes no more than 10 possible sales in the Gulf of Mexico and one in the Cook Inlet off the coast of Alaska. Secretary of the Interior, Deb Haaland, said the proposal does not mean the administration will move forward with any of the auctions.

Financings Announced in July 2022

Below we outline equity and debt financings that were announced or closed in July 2022.

Obsidian Energy Ltd. entered into an underwriting agreement to sell, on a private placement basis, \$127.6 million aggregate principal amount of 11.95%, 5-year senior unsecured notes due July 27, 2027 (the “Notes”). The Notes will be issued at a price of \$980.00 per \$1,000.00 principal amount to receive aggregate gross proceeds of approximately \$125 million. The Notes will be direct senior unsecured obligations of Obsidian ranking equal with all other present and future senior unsecured indebtedness of the company. Certain directors, officers and employees of Obsidian have elected to purchase approximately \$6.4 million of the Notes.

Blacksteel Energy Inc. announced that it has acquired all of the issued and outstanding securities of **KAZ Acquisition Corp.** and the purchased marketable securities from **iChurchill Inc.** The transactions were part of Blacksteel’s business plan to raise additional capital to fund its proposed work program relating to its assets in the Girouxville area of Alberta. In conjunction with the acquisition, Blacksteel also announce an offering of up to 5,000,000 flow-through shares (the “FT Shares”) at a price of \$0.09 per FT Share for gross proceeds of \$450,000 and 5,000,000 common shares at a price of \$0.08/share for gross proceeds of \$400,000 (collectively, the “Offering”). Blacksteel has completed an initial closing of the Offering through the issuance of 111,111 FT Shares and 13,750,000 Common Shares for total gross proceeds of \$120,000.

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 8,000,000 units at a purchase price of \$0.05 per unit. Each unit shall consist of a common share and a non-transferable share purchase warrant entitling the holder thereof to acquire an additional common share at an exercise price of \$0.15 for a period of 12 months. The company intends to use the net proceeds of the private placement for working capital, including due diligence expenses associated with potential natural gas acquisition opportunities in South Texas after both letters of intent in Gabon, West Africa were terminated.

Concurrent to the announcement of its acquisition of assets from Vermilion, **Letho Resources Corp.** announced that it arranged an unsecured convertible debenture financing for gross proceeds up to \$2,100,00 bearing an interest rate of 10% per annum and maturing on December 31, 2024. The principal amount of the debenture will be convertible into common shares of the company at \$0.07/share until one year after the date of issue of the debenture and at \$0.10/share thereafter. The holder of the debenture will also receive a royalty on production per barrel from the assets once certain production criteria have been met.

Saturn Oil & Gas Inc. announced that it completed a non-brokered private placement for gross proceeds of \$400,326.

Contact Us!

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

Get ready for a busy Fall 2022, engage Earth Horse and/or WCSB to assist with an upcoming disposition, or as an advisor on the buy-side to compliment your team.

In addition, through our partnership with Gryphon Geo, we can offer full geological services.

Contact us Today! We can be reached at Ryan.FY@ehenergyadvisors.com or www.ehenergyadvisors.com.

Thank you,

Ryan Ferguson Young
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