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Earth Horse Energy Advisors' Monthly Market Overview January 2023

During January 2023, it was fairly evenly split between those companies that appreciated in value and those that fell month-over-month. There were 22 publicly traded TSX E&P companies had their share price increase in January while the remaining 24 companies fell. One company, **Enerplus Corp.**, will no longer be tracked in our monthly overview; recall that it closed the sale of its remaining Canadian assets in December. Of those companies that had an increase in their share price, the rise ranged from 0.52% (**Cardinal Energy Ltd.**) to the 26.49% increase of **Rubellite Energy Inc.** On a combined basis, TSX E&P group had an average fall of 1.43% and a 1.48% median drop. This is the third consecutive month where the group has fallen.

As for the companies listed on the TSX Venture exchange, eight companies had an increase in their share price and 11 companies had a drop. Two companies earned the top spot (**Altima Resources Ltd.** and **Prospera Energy Inc.**) gaining 40% during the month.

During January 2023, WTI and Edmonton Par decreased, WCS increased and natural gas plummeted. The price of WTI was down 1.57%, Edmonton Par fell 1.86% while WCS rebounded 7.82% as the differential tightened after the Keystone pipeline restarted after a leak. Oil started the year (and month) with significant drops but climbed its way back on optimism of increased demand from China, an improved global economic outlook and effects of the cap on Russian oil to reach a high of USD \$82.66/bbl on January 18th. The rally was short lived, and the price softened as U.S. crude stocks rose by about 3.4 million barrels in the week ended Jan. 20, triple the forecast of 1.0 million barrels and at the end of the month there were indications of a rise in crude oil export from Russian Baltic port.

The prices of natural gas in the United States and Canada plummeted month-over-month. NYMEX fell 36.31% (the second biggest monthly drop in history) while AECO was down 21.97%. Natural gas prices fell from a growing belief that the US has more than enough natural gas in storage to last the winter, unusually warm weather in January and expectations that Freeport LNG's export plant in Texas is still weeks to months away from being restarted as it awaits regulatory approval. Natural gas is now in contango whereas it was in backwardation for much of 2022.

Below we illustrate the changes in commodities and in the Canadian dollar during January 2023; the Canadian dollar rose 1.70% to 0.7518.

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/MMBtu)	AECO (\$USD/MMBtu)	CDN\$USD\$
January 2023 Average	\$78.16	\$53.56	\$74.69		\$3.42	\$3.04	0.7451
End of January 2023	\$79.00	\$55.18	\$74.85	\$82.25	\$2.87	\$2.77	0.7518
End of December 2022	\$80.26	\$51.18	\$76.27	\$82.47	\$4.50	\$3.55	0.7392
Month-over-Month Change	-1.57%	7.82%	-1.86%	-0.27%	-36.31%	-21.97%	1.70%

Sources: GLJ, TradingView

TSX-Listed E&P (Canadian Focused Operations) January 2023 Share Price Movements

As previously mentioned, 22 of the 46 E&P companies (with domestic assets) on the TSX had an increase in their share price in January; the remaining 24 companies saw their share price drop month-over-month. The top performer in January was **Rubellite Energy Inc.**, which increased 26.49% after the company announced its preliminary Q4 2022 average oil sales were 2,180 bbl/d, current production is 2,700 bbl/d, it expanded its land base in the Clearwater and the company continues to drill Clearwater wells and de-risk its acreage.

Athabasca Oil Corp. was the second-best performer in January, rising from \$2.41/share to \$2.93/share, a 21.58% increase. The company did not release any news but is getting noticed by various research firms plugging the stock. The company's share price has been range bound since July 2022 and its rise in January took it near the top of the range of ~\$3.00/share. On a technical basis, the chart is looking nice, and the share price could attempt a run to its June 2022 high of \$3.44/share in the short-medium term once it pulls back to ease the RSI and stochastics and volume rushes in to push it over the resistance. If oil has a nice run, the stock movement could get more exciting.

MEG Energy Corp. rounded out the top three performers, rising 16.66% to \$21.99/share.

Company	TSX Ticker	January 2023 % Change	End of January 2023	End of December 2022
Top Three % Performers				
Rubellite Energy Inc.	RBV	26.49%	\$2.34	\$1.85
Athabasca Oil Corporation	ATH	21.58%	\$2.93	\$2.41
MEG Energy Corp.	MEG	16.66%	\$21.99	\$18.85

TSX-Listed E&P (Canadian Focused Operations) January 2023 Share Price Movements

Company	TSX Ticker	January 2023 % Change	End of January 2023	End of December 2022
Rubellite Energy Inc.	RBV	26.49%	\$2.34	\$1.85
Athabasca Oil Corporation	ATH	21.58%	\$2.93	\$2.41
MEG Energy Corp.	MEG	16.66%	\$21.99	\$18.85
Prairie Provident Resources Inc.	PPR	16.00%	\$0.15	\$0.13
Imperial Oil Limited	IMO	10.27%	\$72.72	\$65.95
Questerre Energy Corporation	QEC	10.00%	\$0.22	\$0.20
Headwater Exploration Inc.	HWX	9.80%	\$6.50	\$5.92
Canadian Natural Resources Limited	CNQ	8.62%	\$81.67	\$75.19
Tamarack Valley Energy Ltd.	TVE	8.07%	\$4.82	\$4.46
Suncor Energy Inc.	SU	7.52%	\$46.18	\$42.95
Paramount Resources Ltd.	POU	7.40%	\$30.76	\$28.64
Surge Energy Inc.	SGY	7.14%	\$9.76	\$9.11
PrairieSky Royalty Ltd.	PSK	5.35%	\$22.86	\$21.70
Whitecap Resources Inc.	WCP	3.26%	\$11.09	\$10.74
Crescent Point Energy Corp.	CPG	2.90%	\$9.94	\$9.66
Tenaz Energy Corp.	TNZ	2.33%	\$2.20	\$2.15
Gear Energy Ltd.	GXE	1.77%	\$1.15	\$1.13
Freehold Royalties Ltd.	FRU	1.58%	\$16.08	\$15.83
Baytex Energy Corp.	BTE	1.32%	\$6.16	\$6.08
Cenovus Energy Inc.	CVE	1.18%	\$26.58	\$26.27
Spartan Delta Corp.	SDE	0.54%	\$15.03	\$14.95
Cardinal Energy Ltd.	CJ	0.52%	\$7.66	\$7.62
Pipestone Energy Corp.	PIPE	-1.33%	\$2.96	\$3.00
Bonterra Energy Corp.	BNE	-1.63%	\$6.65	\$6.76
Obsidian Energy Ltd.	OBE	-1.78%	\$8.82	\$8.98
Topaz Energy Corp.	TPZ	-2.08%	\$20.69	\$21.13
Perpetual Energy Inc.	PMT	-2.82%	\$0.69	\$0.71
Kiwetinohk Energy Corp.	KEC	-3.57%	\$14.05	\$14.57
Ovintiv Inc.	OVV	-4.59%	\$65.41	\$68.56
Journey Energy Inc.	JOY	-6.78%	\$5.09	\$5.46
International Petroleum Corporation	IPCO	-6.82%	\$14.35	\$15.40
InPlay Oil Corp.	IPO	-7.26%	\$2.81	\$3.03
Kelt Exploration Ltd.	KEL	-8.78%	\$4.57	\$5.01
Tourmaline Oil Corp.	TOU	-9.24%	\$62.01	\$68.32
Birchcliff Energy Ltd.	BIR	-9.54%	\$8.53	\$9.43
NuVista Energy Ltd.	NVA	-10.66%	\$11.15	\$12.48
Petrus Resources Ltd.	PRQ	-12.20%	\$2.16	\$2.46
Advantage Energy Ltd.	AAV	-12.35%	\$8.30	\$9.47
Peyto Exploration & Development Corp.	PEY	-12.55%	\$12.13	\$13.87
Yangarra Resources Ltd.	YGR	-13.52%	\$2.43	\$2.81
i3 Energy plc	ITE	-13.75%	\$0.35	\$0.40
Vermilion Energy Inc.	VET	-14.89%	\$20.40	\$23.97
ARC Resources Ltd.	ARX	-15.29%	\$15.46	\$18.25
Crew Energy Inc.	CR	-18.12%	\$4.61	\$5.63
Pine Cliff Energy Ltd.	PNE	-22.49%	\$1.31	\$1.69
Pieridae Energy Limited	PEA	-24.00%	\$0.95	\$1.25
Average Increase/Decrease		-1.43%		
Median Increase/Decrease		-1.48%		
Number of Companies with Share Price Increases		22		
Number of Companies Flat Month Over Month		0		
Number of Companies with Share Price Declines		24		
Largest Share Price Increase		26.49%		
Largest Share Price Decline		-24.00%		

The three worst performing stocks in January 2023 were **Pieridae Energy Limited**, **Pine Cliff Energy Ltd.** and **Crew Energy Inc.** Pieridae dropped 24.00% in January, Pine Cliff was down 22.49% and Crew fell 18.12%. The main reason for the falls were due to the decline in natural gas prices.

TSX-Venture Listed E&P (Canadian Focused Operations) January 2023 Share Price Movements

As previously mentioned, and outlined below, during January 2023, eight of the 19 TSX-Venture listed E&P companies with operations focused mainly in Canada that had an increase in their share price, while 11 companies had a decline.

Altima Resources Ltd. and **Prospera Energy Inc.** had the largest increases in January; each company's share price rose 40% during the month. Altima increased \$0.02/share to \$0.07/share while Prospera jumped to \$0.14/share.

Altima announced that it successfully closed on the acquisition and transfer of a key pipeline in the company's core oil producing area of Red Earth, Alberta. The acquisition will allow the company to place certain wells back online with combined production of 115 boe/d.

Prospera provided a recap of how the company transformed in 2022 by reducing debt and ARO, completed an acquisition and had "a transformational year of production, revenue and profitability" and how the company believes it is well positioned to grow in 2023. In addition, Prospera announced that it closed a non-brokered private placement of \$1,314,000 by the issuance of 17,520,000 units, with each unit consisting of one common share and a partial warrant (0.875:1 warrant to unit ratio). The proceeds from the financing will be used for continuing capital programs, including the optimization of production on all its properties and general working capital. Prospera further announced that it coordinated the private placement to accommodate **White Tundra Investments** as a lead investor and that White Tundra is expected to be a strategic partner for both engineering support and business development initiatives moving forward.

Criterion Energy Inc. (formerly **Softrock Minerals Ltd.**) climbed 25% to \$0.05/share.

Cobra Venture Corporation rounded out the top three best performers, increasing 21.05%, raising from \$0.19/share to \$0.23/share. As of August 31, 2022 Cobra Venture had positive working capital of \$2.54 million and minimal ARO. The company has oil projects in Gull Lake, Saskatchewan and in the San Joaquin Basin of California.

On a combined basis, the TSX-V E&P companies had an average increase of 1.58% during January 2023 while the median was 3.13% to the downside. Of the top % gainers in December 2022, in January 2023, **Highwood Oil Company Ltd.** fell 5.78%, **Pulse Oil Corp.** rose 6.67% and Altima, as previously mentioned, was one of the top gainers with a 40% increase in January 2023.

Company	TSX-V Ticker	January 2023 % Change	End of January 2023	End of December 2022
Altima Resources Ltd.	ARH	40.00%	\$0.07	\$0.05
Prospera Energy Inc.	PEI	40.00%	\$0.14	\$0.10
Criterion Energy Ltd.	CEQ	25.00%	\$0.05	\$0.04
Cobra Venture Corporation	CBV	21.05%	\$0.23	\$0.19
Razor Energy Corp.	RZE	9.77%	\$1.46	\$1.33
Pulse Oil Corp.	PUL	6.67%	\$0.08	\$0.08
Hemisphere Energy Corporation	HME	3.05%	\$1.35	\$1.31
Saturn Oil & Gas Inc.	SOIL	2.98%	\$2.42	\$2.35
Source Rock Royalties Ltd.	SRR	-2.63%	\$0.74	\$0.76
Vital Energy Inc.	VUX	-3.13%	\$0.31	\$0.32
Coelacanth Energy Inc.	CEI	-3.75%	\$0.77	\$0.80
Highwood Oil Company Ltd.	HAM	-5.78%	\$10.60	\$11.25
Tenth Avenue Petroleum Corp.	TPC	-6.00%	\$0.24	\$0.25
Canadian Spirit Resources Inc.	SPI	-9.09%	\$0.10	\$0.11
Lycos Energy Inc.	LCX	-9.84%	\$0.55	\$0.61
ROK Resources Inc.	ROK	-10.42%	\$0.43	\$0.48
PetroFrontier Corp.	PFC	-12.50%	\$0.07	\$0.08
Petrolympic Ltd.	PCQ	-14.29%	\$0.06	\$0.07
Wescan Energy Corp.	WCE	-41.18%	\$0.10	\$0.17
Average Increase/Decrease		1.58%		
Median Increase/Decrease		-3.13%		
Number of Companies with Share Price Increases		8		
Number of Companies Flat Month Over Month		0		
Number of Companies with Share Price Declines		11		
Max Share Price Increase		40.00%		
Greatest Share Price Decline		-41.18%		

Canadian E&P M&A Activity in January 2023

In January 2023, there were five transactions announced in the Canadian oil & natural gas sector.

The largest transaction in January was the transaction whereby **Saturn Oil & Gas Inc.** announced that it entered into an arrangement agreement to acquire privately held **Ridgeback Resources Inc.** for \$525.0 million, based on \$475.0 million in cash and \$50.0 million in shares of Saturn at a deemed price of \$2.5765/share. The cash consideration of \$475 million will be funded through a \$375 million increase to Saturn's existing senior secured term loan and a bought-deal subscription receipt financing for aggregate gross proceeds of approximately \$125.0 million.

Ridgeback has corporate production of approximately 17,000 boe/d (~71% liquids) with assets mainly in SE Saskatchewan targeting the Midale and Frobisher formations, Central Alberta focusing on the Cardium Formation, in the Kaybob area targeting the Montney Formation and the Deep Mountain Swan Hills area. The remaining reserves of Ridgeback are estimated to be 39.8 MMboe on a PDP basis, 67.0 MMboe on a Total Proved basis and 99.4 MMboe for 2P reserves. The net operating income from the assets is estimated at \$311.0 million (\$48.55/boe netback). Based on the \$525.0 million purchase price, the price paid for Ridgeback is \$30,882/boe/d, 1.69X estimated NOI, \$13.19/boe for PDP reserves, \$7.84/boe for TP reserves and \$5.28/boe on a 2P basis.

Following close of the transaction, Saturn will have production of approximately 30,000 boe/d (82% liquids) and expects to have net debt of \$345.0 million at the end of 2023.

Prior to the transaction with Saturn, Ridgeback sold certain assets in the greater Grande Prairie area of Alberta to **Archer Exploration Corp.** According to AER transfers, Archer is expected to receive 162 wells, 31 facilities and 42 pipelines from Ridgeback.

TotalEnergies EP Canada Ltd. announced that it is increasing its ownership in the Fort Hills oilsands project by acquiring part of **Teck Resources Ltd.**'s stake in the mine by exercising its pre-emption right to acquire an additional 6.65% in the project from Teck for \$312.0 million. The transaction results in TotalEnergies owning a 31.23% interest in the project and Suncor owning the remaining 68.77%. TotalEnergies announced in September 2022 its plan to exit the Canadian oilsands by spinning off TotalEnergies EP Canada in 2023. The company stated that "the acquisition of an additional interest in Fort Hills helps build TotalEnergies EP Canada for the future." Please note that this figure was already accounted for in our October 2022 overview when Suncor announced that it entered into a transaction to acquire Teck's interest in the Fort Hills project for \$1.0 billion.

During January, it was discovered that **HWN Energy Ltd.** was in the process of acquiring assets from **Bonavista Energy Corporation** which included 470 wells, 68 facilities and 191 pipelines. There was no price disclosed.

Clearview Resources Ltd. announced that on January 31, 2023, it closed the disposition of its non-operated working interest in the Lindale Cardium Unit for gross proceeds of \$1.5 million. Clearview's interest in the unit included approximately 42 boe/d (63% liquids) and had undiscounted and uninflated decommissioning obligations of approximately \$1.6 million. Based on a \$1.5 million purchase price, the price paid for production was \$35,714/boe/d.

2163754 Alberta Ltd. announced that effective November 1, 2022 it acquired all of the issued and outstanding common shares of **Saskatoon Leaseholds Limited** ("SLL") and will continue to be operated as a wholly-owned subsidiary of 2163754 Alberta Ltd. SLL is a private, Calgary-based oil and natural gas company, specializing in royalty interests, royalty trust certificates and mineral rights located across Western Canada and the United States. No purchase price was disclosed.

Board of Director & Executive Changes in January 2023

Kiwetinohk Energy Corp. announced that Mr. Kurt Molnar, Senior Vice President of Business Development, resigned from the company effective February 10, 2023 to pursue other opportunities. Kiwetinohk decided to streamline the senior management team by allocating Mr. Molnar's responsibilities to other members of the team.

InPlay Oil Corp. announced that Mr. Regan Davis would join its board of directors. Mr. Davis is a professional engineer with over 30 years of experience in the oil and natural gas industry. He most recently served as the Chief Executive Officer of **STEP Energy Services** until his retirement on September 30, 2022; Mr. Davis was a co-founder of STEP. Mr. Davis holds an ICD.D designation and he has held board positions with various public, private, and charitable organizations.

Miscellaneous News Announced in January 2023

It was announced on January 30, 2023, that the **Russian government** banned domestic oil exporters and customs bodies from adhering to Western-imposed price caps on Russian crude. The measure was issued to help enforce President Vladimir Putin's decree of December 27, 2022 that prohibited the supply of crude oil and oil products from Feb. 1, for five months, to nations that abide by the caps. The new Russian act bans corporations and individuals from including oil price cap mechanisms in their contracts and they are required to report to customs officials and the energy ministry any attempts to impose oil price caps. The Russian customs bodies are attempting to prevent goods from leaving Russia if they find such mechanisms have been applied.

The announcement comes after the Western allies plan to set two additional caps on Russian oil products, one on products that trade at a premium to crude, such as diesel or gas oil, and one for products that trade at a discount to crude, such as fuel oil starting on February 5, 2023.

The **province of British Columbia** announced a land, water and resource management agreement with the **Blueberry River First Nations Indigenous** group which will restart the long-awaited development of the Montney in the area which consists of a 38,000-kilometre (23,612 miles) swathe of land. The deal will, however, limit new oil and natural gas activity. As most in the industry are aware, new well licenses in B.C.'s Montney have been frozen since June 2021, when a historic B.C. Supreme Court decision ruled in favour of a Blueberry River claim that decades of industrial development had damaged their traditional territory. The deal includes a new planning regime for future oil and natural gas development, an annual 750-hectare (1853-acre) cap on new land that oil and natural gas activity can disturb and protection from resource development for more than 650,000 hectares of land that is highly valued by Blueberry River First Nations while there is no limit on oil and gas production or activity on land that has already been disturbed. As part of the deal, the Blueberry River First Nation will receive a \$87.5 million financial package over three years, with an opportunity for increased benefits from oil and natural gas revenue-sharing and provincial royalty revenues in the next two fiscal years. The province also agreed to reduce timber harvesting, put C\$200 million into a land restoration fund by 2025 and work with First Nations to protect wildlife.

Days after the Blueberry River First Nations deal, the **province of British Columbia** made another announcement, outlining a deal with four Indigenous First Nations to collaborate on land planning and managing the impacts of industrialization. The deal is with the **Fort Nelson, Sauteau, Halfway River** and **Doig River First Nations**, whose territories lie in NE BC. The deal includes a "consensus document" to manage land, wildlife and restoration in the area. It also contains a new revenue-sharing approach to support First Nations communities.

FortisBC Holdings Inc. and **Snuneymuxw First Nation** announced an agreement to work in close collaboration on the Tilbury Projects. The agreement respects Snuneymuxw's rights in relation to the potential project impacts and represents a commitment to share benefits related to the Tilbury Projects. Snuneymuxw has committed to supporting Tilbury Projects and participating in regulatory processes associated with the Tilbury Projects including the Tilbury LNG Storage Expansion Project and the Tilbury Marine Jetty Project. The agreement also ensures FortisBC is supporting Snuneymuxw's community members through educational opportunities, relevant training and continued investments in the community. The Snuneymuxw are of the Coast Salish People, located in the centre of Coast Salish territory on the eastern coast of Vancouver Island, the Gulf Islands, the Fraser River, Burrard Inlet and the Howe Sound. FortisBC Holdings Inc. is a subsidiary of **Fortis Inc.**, a leader in the North American regulated electric and gas utility industry. FortisBC Holdings Inc. is also the direct parent company of FortisBC Energy Inc., a regulated utility operating in British Columbia.

McDaniel & Associates Consultants Ltd., Computer Modelling Group Ltd. and Hatch Ltd. announced that they have entered into a strategic agreement to deliver a comprehensive, end-to-end solution for the planning and execution of carbon capture and storage (CCS) projects globally. The trio announced that with "the global presence and expertise" and "empowered by a combination of sophisticated software solutions and technical excellence, this collaborative offering of multidisciplinary expertise from each of the three companies provides a unified one-stop solution to minimize risk, improve efficiency and maximize value through the entire carbon management lifecycle."

After the historic selling of **strategic petroleum reserves** by the Biden Administration in 2022, where it sold 180 million barrels of oil to depress oil and gasoline prices in the US, the **U.S. House of Representatives** passed a bill limiting the ability of the energy secretary to tap these strategic oil reserve without developing plans to increase oil and natural gas leasing on federal lands, including submerged ones on the Outer Continental Shelf by making public lands available for drilling. That drawdown and others Biden approved have pushed the level of the SPR to its lowest since 1983. Representatives backed the bill 221 to 205, with only one Democrat supporting it. It was announced that President Joe Biden would veto the legislation should it pass Congress. The **Strategic Production Response Act**, or H.R.21, requires the U.S. energy secretary to develop a plan, before tapping reserves but it would not stop the president from tapping the SPR in case of an emergency, such as a hurricane that halts production of crude.

ROK Resources Inc., which has been more active in the Canadian oil & natural gas M&A market, announced the successful completion of a multi-layer perforation and swab test of a wellbore strategically located on one of **Hub City Lithium Corp.** subsurface crown mineral dispositions located in the Mansur area of Saskatchewan. ROK stated that "third-party laboratory testing returned lithium concentrations in the Duperow formation of up to 148 mg/l." The company announced that the test results "should allow for the development of a three-layer lithium brine project with high lithium concentrations expected throughout the target intervals and expects to develop the three individual zones utilizing horizontal wellbores." ROK, as manager of operations to Hub City Lithium, is currently finalizing a 43-101 resource report for the Mansur area and has begun working on the development plan and preliminary economic assessment; ROK is also working with a third-party direct lithium extraction technology provider who is expected to process the company's brine through a pilot test as early as Q1 2023.

Imperial Oil Limited announced that it is investing approximately \$720.0 million to move forward with construction of the largest renewable diesel facility in the country that is expected to start in 2025; the project was first announced in August 2021. The project will be located at Imperial's Strathcona refinery near Edmonton and is expected to produce more than one billion litres of renewable diesel annually primarily from locally sourced feedstocks. The company believes "the project could help reduce greenhouse gas emissions in the Canadian transportation sector by about 3 million metric tons per year and help the country achieve net zero emissions". The project was first announced with the Province of British Columbia supporting the project through a Part 3 Agreement under the BC low carbon fuel standard. A significant portion of the renewable diesel from Strathcona will be supplied to British Columbia in support of the province's plan to lower carbon emissions. Imperial also intends to use renewable diesel in operations as part of the company's emission reduction plans.

InPlay Oil Corp. and **Petrus Resources Ltd.** each announced that they had been named to the 2023 OTCQX® Best 50, a ranking of top performing companies traded on the OTCQX Best Market last year. The OTCQX Best 50 is an annual ranking of the top 50 U.S. and international companies traded on the OTCQX market. The ranking is calculated based on an equal weighting of one-year total return and average daily dollar volume growth in the previous calendar year. Companies in the 2023 OTCQX Best 50 were ranked based on their performance in 2022.

NuVista Energy Ltd. announced that the company repurchased and cancelled approximately 13.5 million shares under its Normal Course Issuer Bid ("NCIB") over the second half of 2022, representing 74% of the maximum number of shares available for repurchase pursuant to the NCIB.

International Petroleum Corporation announced that since December 5, 2022 up to and including January 27, 2023, that the company had repurchased 1,486,743 IPC common shares under its NCIB through the facilities of the TSX and Nasdaq Stockholm. As at January 27, 2023, the total number of issued and outstanding IPC common shares is 136,827,999 with voting rights, of which IPC holds 756,443 common shares in treasury.

Obsidian Energy Ltd. announced that its board of directors have authorized a NCIB of up to 10% of its public float, which the company has applied to the TSX for approval. Obsidian stated that any NCIB purchases will be subject to the company maintaining at least \$65.0 million of liquidity and complying with the terms and positions of its current credit facilities. In addition, the company's July 2027 Senior Unsecured Notes (the "Notes"), with a \$127.6 million principal amount, have a provision whereby Obsidian is required to make an offer to noteholders to repurchase their Notes, subject to a cap of \$63.8 million, based on the amount of excess free cash flow (calculated on a semi-annual basis) and the amount of liquidity available to the company. Based on current strip pricing and Obsidian's projected first half 2023 results, the company expects to be able to make an offer to the noteholders and execute on its NCIB.

Birchcliff Energy Ltd. announced that its board of directors declared a quarterly cash dividend of \$0.20 per common share for the quarter ending March 31, 2023, a 10-fold increase over the previous quarterly dividend of \$0.02 per common share. Recall that in Q4 2022, Birchcliff paid a special dividend of \$0.20 per common share.

Vermilion Energy Inc. announced that it is increasing its quarterly dividend to \$0.10/share, a 25% increase. Along with announcement, the company stated that its decision to pause share buybacks in Q4 2022 was due to the uncertainty related to the European windfall tax and how each country was going to implement the tax. Vermilion stated that "now that we have better clarity, we are pleased to announce the resumption of our share buyback program." Vermilion expects to allocate up to 25% of FCF to shareholder returns primarily through our base dividend and share buybacks, with the balance going to debt reduction.

Tourmaline Oil Corp. announced the declaration of a special dividend of \$2.00/share. Tourmaline announced that it anticipates paying further special dividends each quarter in 2023 and "tactical utilization of its normal course issuer bid during the course of the year."

Paramount Resources Ltd. announced that its board of directors declared a special cash dividend of \$1.00/share.

Financings Announced in January 2023

During the month, there were two financings announced.

Saturn Oil & Gas Inc. announced that it closed a bought deal equity offering for gross proceeds of \$125.0 million, where it issued a total of 59,242,000 subscription receipts at a price of \$2.11 per Subscription Receipt. The bought deal financing was announced concurrently with the announcement that the company was acquiring **Ridgeback Resources Inc.** for \$525.0 million. Saturn stated that it will use the net proceeds of the financing to pay for a portion of the cash consideration of the Ridgeback acquisition and for general working capital purposes. Certain insiders of Saturn participated in the Bought Deal Offering and acquired an aggregate of 272,500 Subscription Receipts.

As previously mentioned, **Prospera Energy Inc.** announced that it closed a non-brokered private placement for gross proceeds of \$1.314 million.

Contact Us!

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

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

Thank you,

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