



Earth Horse Energy Advisors' Monthly Market Overview March 2023

During March 2023, only 11 of the 47 publicly traded TSX E&P companies (with assets focused predominately in Canada) rose in value, while three were flat and the remaining 33 companies' share price fell. Of those companies that had an increase in their share price, the rise ranged from 0.70% (**MEG Energy Corp.**) to **Spartan Delta Corp.**'s 13.80% jump. On a combined basis, TSX E&P group had an average fall of 4.65% and a 2.81% median decline. This is the fifth consecutive month where the group has dropped. **Hammerhead Energy Inc.**, which debuted trading on the TSX on February 28, 2023, has been added to the list of companies we watch.

As for the companies listed on the TSX Venture exchange, four companies had an increase in their share price, three were flat and 12 companies experienced a drop. The average movement for the group was 3.58% to the downside and a median fall of 5.78%.

During March 2023, oil climbed early in the month on data that showed China's manufacturing activity expanded at the fastest pace in more than a decade in February, adding to hopes that China's recovery will increase oil demand and offset a global slowdown. The rally was short-lived though, taking a drastic move downward on worries about the prospect that steep interest rate hikes in the United States would slow growth and impact demand for fuel. In addition, extreme interest rate inversion caused the collapse of **Silicon Valley Bank** and other U.S. banks and news of crumbling **Credit Suisse** hit the headlines. The price of WTI oil fell to a 15-month low of USD \$64.36/bbl before rebounding on news that **UBS Group AG** would purchase Credit Suisse and heightened geopolitical tensions in Europe (this offset news that it may take the US years to replenish its strategic oil reserves). In addition, oil output fell in Angola and Iraq and there was a surprise draw in US inventories announced at month end. WCS differentials tightened in March, reaching a low of USD \$9.68/bbl by the end of the month. WTI oil closed down 1.57%, Edmonton Par was close behind at a 1.56% decrease, while WCS was lower by 0.24%.

The price of natural gas in the United States fell 25.27% to end the month at USD \$2.10/MMBtu while AECO declined 16.94% ending at USD \$2.42/MMBtu. NYMEX fell below USD \$2.00/MMBtu during March. The weakness in natural gas prices was the result of mild winter weather which allowed utilities to store more natural gas and concerns about the banking crisis which caused investors to sell liquid assets. Natural gas stockpiles were approximately 20% above the five-year average. The price drop came even though the amount of natural gas flowing to liquefied natural gas (LNG) export plants was on track to rise to a monthly record high in March.

Below we illustrate the changes in commodities and in the Canadian dollar during March 2023; the Canadian dollar increased 0.82% to 0.7399.

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/MMBtu)	AECO (\$USD/MMBtu)	CDN\$/USD\$
March 2023 Average	\$73.37	\$57.53	\$70.93		\$2.41	\$2.05	0.7309
End of March 2023	\$75.65	\$61.50	\$71.50	\$81.44	\$2.10	\$2.42	0.7399
End of February 2023	\$76.86	\$61.65	\$72.63	\$82.58	\$2.81	\$2.91	0.7339
Month-over-Month Change	-1.57%	-0.24%	-1.56%	-1.38%	-25.27%	-16.94%	0.82%

Sources: GLJ, TradingView

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

As previously mentioned, only 11 of the 47 E&P companies (with domestic assets) on the TSX had an increase in their share price in March; while three were flat and the remaining 33 companies experienced a decline month-over-month.

The top performer in March was **Spartan Delta Corp.** which increased 13.80% to \$14.10/share. Spartan Delta announced that it entered into a definitive agreement with **Crescent Point Energy Corp.** to sell its Gold Creek and Karr Montney focused assets for \$1.7 billion. In addition, Spartan Delta will transfer certain assets with 4,500 boe/d of production and 55,769 net undeveloped acres to **Logan Energy Corp.**, a newly formed subsidiary of Spartan Delta. Spartan Delta will issue to its shareholders a dividend on the sale of the assets, shares and warrants of Logan and plan to issue a special dividend.

Athabasca Oil Corporation was the second-best performer in March, rising 8.39% to \$3.23/share. The company announced its 2022 year-end results & reserves whereby it announced record cash flow and free cash flow and that it would initiate a share buyback program. Athabasca announced that at the end of 2022, the company achieved the lowest absolute debt in corporate history.

Pine Cliff Energy Ltd. rounded out the top three performers, rising 6.61% to \$1.29/share. Pine Cliff announced record annual results; the company generated \$40.2 million of adjusted funds flow in Q4 2022 and \$163.2 million for all of 2022, the highest fourth quarter and annual adjusted funds flow since its inception.

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

Company	TSX Ticker	March 2023 % Change	End of March 2023	End of February 2023
Spartan Delta Corp.	SDE	13.80%	\$14.10	12.39
Athabasca Oil Corporation	ATH	8.39%	\$3.23	\$2.98
Pine Cliff Energy Ltd.	PNE	6.61%	\$1.29	\$1.21
Headwater Exploration Inc.	HWX	5.34%	\$6.31	\$5.99
Petrus Resources Ltd.	PRQ	4.00%	\$1.82	\$1.75
ARC Resources Ltd.	ARX	3.16%	\$15.33	\$14.86
Crescent Point Energy Corp.	CPG	2.25%	\$9.54	\$9.33
Peyto Exploration & Development Corp.	PEY	2.11%	\$12.11	\$11.86
Imperial Oil Limited	IMO	1.84%	\$68.73	\$67.49
Crew Energy Inc.	CR	1.50%	\$4.74	\$4.67
MEG Energy Corp.	MEG	0.70%	\$21.71	\$21.56
Cardinal Energy Ltd.	CJ	0.00%	\$7.12	\$7.12
i3 Energy plc	ITE	0.00%	\$0.32	\$0.32
Perpetual Energy Inc.	PMT	0.00%	\$0.64	\$0.64
Whitecap Resources Inc.	WCP	-0.10%	\$10.45	\$10.46
PrairieSky Royalty Ltd.	PSK	-0.14%	\$21.40	\$21.43
Surge Energy Inc.	SGY	-0.23%	\$8.79	\$8.81
Bonterra Energy Corp.	BNE	-0.30%	\$6.60	\$6.62
Paramount Resources Ltd.	POU	-0.67%	\$29.60	\$29.80
Journey Energy Inc.	JOY	-0.83%	\$6.00	\$6.05
Topaz Energy Corp.	TPZ	-1.19%	\$19.11	\$19.34
Advantage Energy Ltd.	AAV	-2.13%	\$7.81	\$7.98
Kelt Exploration Ltd.	KEL	-2.34%	\$4.59	\$4.70
Pipestone Energy Corp.	PIPE	-2.81%	\$2.77	\$2.85
Canadian Natural Resources Limited	CNQ	-3.01%	\$74.79	\$77.11
Rubellite Energy Inc.	RBV	-3.29%	\$2.35	\$2.43
Baytex Energy Corp.	BTE	-3.61%	\$5.07	\$5.26
Gear Energy Ltd.	GXE	-3.74%	\$1.03	\$1.07
Vermilion Energy Inc.	VET	-4.10%	\$17.53	\$18.28
InPlay Oil Corp.	IPO	-4.61%	\$2.69	\$2.82
International Petroleum Corporation	IPCO	-5.74%	\$12.98	\$13.77
Tourmaline Oil Corp.	TOU	-5.82%	\$56.32	\$59.80
Freehold Royalties Ltd.	FRU	-6.14%	\$14.53	\$15.48
Cenovus Energy Inc.	CVE	-6.28%	\$23.58	\$25.16
Kiwetinohk Energy Corp.	KEC	-6.68%	\$11.87	\$12.72
Suncor Energy Inc.	SU	-8.50%	\$41.96	\$45.86
Birchcliff Energy Ltd.	BIR	-8.70%	\$7.66	\$8.39
NuVista Energy Ltd.	NVA	-8.92%	\$10.93	\$12.00
Tamarack Valley Energy Ltd.	TVE	-8.99%	\$3.95	\$4.34
Obsidian Energy Ltd.	OBE	-10.48%	\$8.63	\$9.64
Questerre Energy Corporation	QEC	-11.11%	\$0.24	\$0.27
Ovintiv Inc.	OW	-16.50%	\$48.72	\$58.35
Tenaz Energy Corp.	TNZ	-17.65%	\$2.10	\$2.55
Yangarra Resources Ltd.	YGR	-17.94%	\$1.83	\$2.23
Hammerhead Energy Inc.	HHRH	-26.57%	\$10.53	\$14.34
Pieridae Energy Limited	PEA	-30.67%	\$0.52	\$0.75
Prairie Provident Resources Inc.	PPR	-38.46%	\$0.08	\$0.13
Average Increase/Decrease		-4.65%		
Median Increase/Decrease		-2.81%		
Number of Companies with Share Price Increases		11		
Number of Companies Flat Month Over Month		3		
Number of Companies with Share Price Declines		33		
Largest Share Price Increase		13.80%		
Largest Share Price Decline		-38.46%		

The three worst-performing stocks in March 2023 were **Prairie Provident Resources Inc.**, **Pieridae Energy Limited**, and **Hammerhead Energy Inc.**; **Prairie Provident** dropped 38.46% in March, **Pieridae** was down 30.67% and **Hammerhead** fell 26.57%. **Hammerhead** fell to \$10.53/share; it commenced trading on the TSX, opening at \$19.90/share on February 28, 2023 (it closed at \$14.34/share, down 27.93% on its first day of trading).

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

As previously mentioned, and outlined below, during March 2023, 12 of the 19 TSX-Venture listed E&P companies with operations focused mainly in Canada that had an decrease in their share price, while three were flat and only four companies had a rise in their share price month-over-month.

Petrolympic Ltd. had the largest increase in March, rising 20% from \$0.05/share to \$0.06/share in the month. Petrolympic is mainly focused on lithium and gold projects but has natural gas exploration lands in Quebec.

Vital Energy Inc. was the second-best performer in March, rising 9.09% from \$0.33/share to \$0.36/share. This is the second consecutive month that Vital was the second-best monthly performer. The share price was volatile during March, reaching a low of \$0.24/share before powering back to \$0.355/share.

Tenth Avenue Petroleum Corp. rounded out the top three gainers in March with its 5% gain, rising to \$0.21/share. Tenth Avenue announced its February 2023 field production was 193 boe/d (67% liquids), a 61% increase from the Q3 2022 average of 120 boe/d (93% liquids). The company announced the successful re-entry of a Bow Island natural gas well located in the Parkland area of Alberta.

The remaining company that had an increase in its share price in March was **Source Rock Royalties Ltd.** Source Rock edged up 4.11% to close the month at \$0.76/share. Source Rock announced that it closed the acquisition of a 5% gross overriding royalty in three light oil properties located in Central Alberta for \$1.6 million. The properties in which Source Rock purchased a GORR had production of 420 bbl/d in January 2023 or 21 bbl/d of royalty production to Source Rock. As part of the agreement, \$3.2 million in capital commitments will be focused on the properties prior to December 31, 2024.

On a combined basis, the TSX-V E&P companies had an average decrease of 3.58% during March 2023 while the median was 5.78% to the downside. The biggest decliners were **Altima Resources Ltd.**, **Wescan Energy Corp.** and **Pulse Oil Corp./PetroFrontier Corp.**, falling 38.46%, 20% and 14.29% respectively.

Company	TSX-V Ticker	March 2023 % Change	End of March 2023	End of February 2023
Petrolympic Ltd.	PCQ	20.00%	\$0.06	\$0.05
Vital Energy Inc.	VUX	9.09%	\$0.36	\$0.33
Tenth Avenue Petroleum Corp.	TPC	5.00%	\$0.21	\$0.20
Source Rock Royalties Ltd.	SRR	4.11%	\$0.76	\$0.73
Canadian Spirit Resources Inc.	SPI	0.00%	\$0.09	\$0.09
Cobra Venture Corporation	CBV	0.00%	\$0.18	\$0.18
ROK Resources Inc.	ROK	0.00%	\$0.41	\$0.41
Saturn Oil & Gas Inc.	SOIL	-1.57%	\$2.51	\$2.55
Highwood Oil Company Ltd.	HAM	-5.56%	\$8.50	\$9.00
Lycos Energy Inc.	LCX	-6.00%	\$0.47	\$0.50
Hemisphere Energy Corporation	HME	-6.57%	\$1.28	\$1.37
Razor Energy Corp.	RZE	-6.98%	\$1.20	\$1.29
Prospera Energy Inc.	PEI	-7.14%	\$0.13	\$0.14
Coelacanth Energy Inc.	CEI	-7.69%	\$0.72	\$0.78
Criterion Energy Ltd.	CEQ	-12.50%	\$0.07	\$0.08
PetroFrontier Corp.	PFC	-14.29%	\$0.06	\$0.07
Pulse Oil Corp.	PUL	-14.29%	\$0.06	\$0.07
Wescan Energy Corp.	WCE	-20.00%	\$0.08	\$0.10
Altima Resources Ltd.	ARH	-38.46%	\$0.08	\$0.13
Average Increase/Decrease		-3.58%		
Median Increase/Decrease		-5.78%		
Number of Companies with Share Price Increases		4		
Number of Companies Flat Month Over Month		3		
Number of Companies with Share Price Declines		12		
Max Share Price Increase		20.00%		
Greatest Share Price Decline		-38.46%		

Canadian E&P M&A Activity in March 2023

In March 2023, there were a number of transactions announced in the Canadian oil & natural gas sector.

The largest transaction announced in March was by **Spartan Delta Corp.** which announced that it entered into a definitive purchase and sale agreement with **Crescent Point Energy Corp.** for the sale of its Gold Creek and Karr Montney assets for cash consideration of \$1.7 billion. The assets had production of approximately 33,198 boe/d (56% liquids) and include high working interest (average of 96%) in 231,680 net acres of contiguous land with Montney rights and 600 net drilling locations. The assets have total proved reserves of 151 MMboe and 2P reserves of 294 MMboe with estimated net present values of \$1.6 billion and \$2.9 billion respectively at a 10% discount. The assets are adjacent to Crescent Point's Kaybob Duvernay assets and include facilities and gathering systems. Based on the \$1.7 billion purchase price, the transaction is being completed at metrics of \$51,208/boe/d, \$11.26/boe for total proved reserves and \$5.78/boe on a 2P basis.

Concurrent with the announcement, Spartan Delta announced that it will transfer 4,000 boe/d of production in the Pouce Coupe and Simonette areas of north-west Alberta, 500 boe/d of legacy north-east British Columbia production and 55,769 net undeveloped acres in the Flatrock area of north-east British Columbia to a newly-formed subsidiary of Spartan Delta to be named **Logan Energy Corp.** Logan will be led by Mr. Richard (Rick) McHardy, as President and CEO, Mr. Brendan Paton, as COO, and certain other members of Spartan's existing executive team. The board of directors of Logan will include certain members of Spartan's existing board of directors. It is anticipated that one or more additional independent board members will be announced in conjunction with the closing. Shareholders of Spartan Delta will receive one common share and one share purchase warrant of Logan; Logan intends to list its shares on the TSX-V.

Spartan Delta will retain and continue to develop its liquids-rich, Deep Basin assets and will continue to be led by Mr. Fotis Kalantzis, as President and CEO, and certain members of the executive team of Spartan Delta. The composition of the Spartan board will remain unchanged. Overall, the Spartan Delta shareholders will receive a dividend of \$9.50/share on proceeds of the asset sale, a special dividend of \$0.10/share to the shareholders of record on June 30, 2023 and one share and one share purchase warrant of Logan.

Vermilion Energy Ltd. announced that it closed the sale of approximately 5,500 boe/d of non-core light oil production spread across the greater Arcola and Queensdale areas of southeast Saskatchewan for total cash consideration of \$225.0 million with the net proceeds being used to pay down debt. The transaction has an effective date of September 1, 2022. Based on the gross purchase price of \$225.0 million, the transaction was completed at \$40,909/boe/d.

ROK Resources Inc. announced that it entered into separate asset purchase and sale agreements to divest of certain non-core assets in Saskatchewan for total combined proceeds of approximately \$47.25 million. The transactions include the sale of ROK's non-operated 2.11685% interest in the Weyburn Unit to **Rife Resources Ltd.** for total proceeds of approximately \$44.5 million, and two smaller dispositions for additional proceeds of \$2.75 million. ROK's interest in the Weyburn unit has forecasted 2023 production of 450 boe/d and NOI of \$9.6 million per year resulting in transaction metrics of \$98,889/boe/d and 4.6 times forecasted NOI.

The additional assets sold consist of ~5,000 net acres of fee title land in Southwest Saskatchewan, and 40 boe/d of production. The transaction metrics on an aggregate basis for the smaller transactions based on the \$2.75 million price was \$68,750/boe/d.

As previously mentioned, **Source Rock Royalties Ltd.** announced that it closed the acquisition of a 5% GORR in three light oil properties in Central Alberta for \$1.6 million. The royalty interests acquired have production of 21 bbl/d (based on January 2023) of which approximately 90% of the current oil production from the GORR lands are under waterflood. As part of the purchase of the GORR, Source Rock has received a capital commitment for \$3.2 million in operations to be completed on the GORR lands prior to December 31, 2024; the operations associated with the capital commitment will be focused on optimizing and recompleting existing wellbores and additional waterflood initiatives. Based on the \$1.6 million purchase price, the metrics of the transaction were \$76,190/boe/d.

Subsequent to year end, **Rubellite Energy Inc.** announced that it acquired 20 net sections of prospective land through direct purchase with the **Buffalo Lake Métis Settlement.** Rubellite plans to drill a minimum of four multi-lateral wells on this acreage to fulfill its operational commitments prior to December 31, 2023.

In its year-end financial results, **Cardinal Energy Ltd.** announced that it completed property acquisitions for \$2.3 million in the fourth quarter of 2022 and sold assets for \$425,000.

In its year-end financial results, **Pine Cliff Energy Ltd.** announced that on December 1, 2022, it closed an asset exchange agreement for non-core assets in Central Alberta.

Pieridae Energy Limited announced that it terminated the previously announced NE BC disposition transaction as the purchaser failed to meet the required closing conditions. Pieridae retained a non-refundable deposit and will continue to market the NE BC property.

There were a number of applications filed with the AER for the transfer of wells, facilities and pipelines. Some of the ones with a large number of wells included a transfer, from **ARC Resources Ltd.** to **Storm Development Corp.**, **Vermilion Energy Inc.** from **Notine Holdings Inc.**, **Cenovus Energy Inc.** to **Outlier Resources Ltd.**, **Tower Ridge Enterprises Corp.** to **Barrel Oil Corp.** and **Baytex Energy Ltd.** to **Luxur Resources Inc.**

Qatar's state-owned energy firm, **QatarEnergy**, announced that entered into a farm-in transaction with **ExxonMobil Canada** to obtain an interest in two Canadian offshore blocks. QatarEnergy will obtain a 28% interest in licence EL 1167 and a 40% interest in licence EL 1162.

WGC Talco Ventures Ltd. closed the sale of its remaining GORR interests. **WCSB Divestitures**, a division of **Earth Horse Energy Advisors**, acted as advisor and agent in the sale.

Board of Director & Executive Changes in March 2023

Hammerhead Energy Inc. announced the appointment of Mr. Dick Unsworth and Mr. Kurt Molnar to its senior leadership team. Mr. Unsworth assumed the role of Senior Vice President, Business & Organizational Effectiveness; he brings over 40 years of broad-based industry experience, including executive roles in multinational corporations working both domestically and internationally. Mr. Molnar assumed the role of Vice President, Capital Markets & Corporate Planning; he brings over 35 years of highly diversified experience in energy finance and senior executive level exploration and production business development.

Suncor Energy Inc. announced the appointment of Mr. Daniel Romasko to the company's board of directors. Mr. Romasko's appointment is pursuant to the cooperation agreement with **Elliott Investment Management** dated July 16, 2022 as amended, and is effective March 23, 2023. Mr. Romasko was most recently President and CEO of **Enlighten Innovations**, a manufacturing technology company specializing in heavy oil desulfurization and sodium recovery ceramic membranes. Prior to that, he was President and CEO of **Motiva Enterprises LLC**, a refiner, distributor and marketer of transportation fuels and lubricant base oils in the Eastern, Southern, and Gulf Coast regions of the United States. In addition, he previously served as the Executive Vice President of Operations for **Tesoro**, a large United States refiner.

Kiwetinohk Energy Corp. announced the departure of Mr. John Maniawski, President of the Green Energy division.

Freehold Royalties Ltd. announced two internal promotions within the company's executive team. Effective April 1, 2023, Mr. Rob King was appointed to Chief Operating Officer. Mr. King joined Freehold in 2020 as Vice President, Business Development. Ms. Susan Nagy will be assuming the role of Vice President, Business Development, previously held by Mr. King. Ms. Nagy has been with Freehold since 2008, holding various positions of increasing seniority including most recently as Director, Business Development. Ms. Nagy holds a Bachelor of Commerce degree (with Distinction) from the **University of Calgary** and is an active member of the Canadian Association of Land and Energy Professionals and the American Association of Professional Landmen.

Blacksteel Energy Inc. announced the appointment of Ms. Bettina Pierre-Gilles to its board of directors. Ms. Pierre-Gilles is a Calgary based entrepreneur and businesswoman with more than 22 years of experience across the conventional oil and natural gas and renewable energy sectors, and significant knowledge of capital markets and M&A activity. Ms. Pierre-Gilles is the President and CEO of **Luxeum Renewables Group** and **Pierre-Gilles & Associates Professional Corporation** (CPA); past Chair and Managing Director of the **Piikani Investment Corporation**, a Treaty 7 First Nation based in Southern Alberta; Board Member of **Bow Valley College**, Board of Trustees Member of **Queen's University's** Board of Governors; Associate Mentor at the **Creative Destruction Lab Rockies**; and Junior Achievement of Southern Alberta **Business Program Mentor**. She holds the Chartered Professional Accountant (CPA-CMA) designation, an ICD.D designation from the **Institute of Corporate Directors of Canada** and received her MBA from Queen's University.

Imperial Oil Limited announced that Mr. J.R. (Jon) Wetmore, currently Vice President, Downstream and Chemicals for Imperial will become the Americas Fuels Value Chain Planning & Business Development Manager for **Exxon Mobil Corporation**, effective May 1, 2023. Mr. Wetmore holds a Bachelor of Engineering in Chemical Engineering from Queen's University. He began his career with Imperial in 1994 in Toronto, Ontario and held various technical and management positions within Canada, as well as expatriate assignments in the United States and Europe. Mr. Wetmore began his tenure as an Imperial Vice President, on January 1, 2018.

Vermilion Energy Ltd. announced that Mr. Dion Hatcher has been promoted to the role of President and CEO, and appointed as a member of the board of directors of the company, effective March 7, 2023. Mr. Hatcher was promoted to President on January 1, 2022 and previously held the positions of Vice President, North America, Vice President of Canadian Business Unit, and various other roles of increasing responsibility during his 17 year tenure with the company.

Pine Cliff Energy Ltd. announced that Mr. George Fink will not be standing for re-election at the next Annual Meeting of Shareholders, scheduled to be held on May 17, 2023, and will be retiring as Chairman of the Board.

Tamarack Valley Energy Ltd. announced the appointment of Ms. Caralyn Bennett to its board of directors, effective March 1, 2023. Ms. Bennett is Executive Vice President and Chief Strategy Officer of **GLJ Ltd.**, President of the **Canadian Heavy Oil Association** and a director of **Acceleware Ltd.** She has a Professional Engineer designation with an Honours B.A.Sc. in Geological Engineering from the University of Waterloo.

Miscellaneous News Announced in March 2023

The **Government of Alberta** announced that it is forecasting a \$2.4 billion budget surplus in the 2023/24 fiscal year as resource revenues remains strong and is based on WTI oil price of USD \$79/bbl. Alberta's surplus in the 2022/23 fiscal year is expected to reach \$10.4 billion after soaring global energy prices in 2022 and increased oil output. Alberta will use some of its surplus to boost investment in healthcare, policing, skills training and education. The province also announced a new fiscal framework that would require all future Alberta governments to use any surpluses to pay down debt before investing in one-time initiatives.

The **Government of Alberta** also announced that it will offer more support for carbon capture utilization and storage (CCUS) projects now that the federal government has its incentives in place. CCUS is one of the key technologies Canada is relying on to help reach net-zero emissions by 2050. The Federal government's budget that was announced in March expanded eligibility for CCUS investment tax credits over the next five years, by adding \$520 million to the \$2.6 billion program laid out in last year's budget. Ms. Gabrielle Symbalisky, press secretary for Alberta's Energy Minister Pete Guthrie, said the province is exploring covering eligible capital costs of CCUS by expanding its petrochemical incentive program, and that it would work with the federal government to coordinate federal and provincial incentives.

Canada Infrastructure Bank announced that it would invest \$277.0 million in a carbon recycling facility in Quebec run by a joint-venture backed by **Shell plc** and **Suncor Energy Inc.** The facility will generate hydrogen and oxygen by using electrolysis to convert non-recyclable waste and residual biomass into biofuels with a capacity of up to 130 million litres annually. **Proman** and the **Government of Quebec** are also partners in the joint venture running the facility in Varennes. The project is expected to begin commercial output in 2025 and cost \$1.2 billion to complete.

Trans Mountain Corporation provided an update for the Trans Mountain Expansion Project stating that it is nearly 80% complete, with mechanical completion expected to occur at the end of 2023, and for the pipeline to be in-service during the first quarter of 2024. The company also announced that the total project cost is now estimated to be approximately \$30.9 billion. The project will nearly triple its current capacity to 890,000 barrels per day. Even with the ballooning cost of the pipeline, **Project Reconciliation**, an Indigenous-led initiative to purchase a stake in the pipeline announced that it remains interested.

The **Haisla Nation** and **Pembina Pipeline Corporation**, partners in the development of the proposed **Cedar LNG** project announced that Cedar LNG has received its Environmental Assessment Certificate from the B.C. Environmental Assessment Office and has signed a Memorandum of Understanding with **ARC Resources Ltd.** for a 20-year liquefaction services agreement for 1.5 million tonnes of LNG per year, equivalent to approximately 200 million standard cubic feet per day of natural gas, or approximately half of Cedar LNG's production.

Cedar LNG made several innovative design decisions to minimize its environmental footprint and be one of the lowest-emitting LNG facilities in the world by powering the facility with renewable electricity from BC Hydro, leverage existing LNG infrastructure, including connecting a pipeline to the Coastal GasLink pipeline, with which Cedar LNG has a long-term transportation agreement, a deep-water port, roads, and other infrastructure.

Cedar LNG is a proposed \$3.28 billion floating LNG facility located on Haisla Nation-owned land in Kitimat, B.C. with the capacity to export three million tonnes per year of LNG.

The **Biden administration** held an auction of oil leases in the U.S. Gulf of Mexico fulfilling a provision in the Inflation Reduction Act that required the auction take place prior to March 31, 2023. The **Bureau of Ocean Energy Management** offered 73.4 million acres in the U.S. Outer Continental Shelf in the Gulf. The leases are for terms of five or 10 years, depending on water depth, and carry royalty rates of 18.75%. The auction generated \$263.8 million in high bids with Chevron, Exxon, Shell plc, BP plc, Hess Corp and Equinor ASA among the largest spenders.

A group of bipartisan U.S. senators said they have reintroduced legislation to pressure the OPEC oil production group to stop making output cuts. The so-called No Oil Producing and Exporting Cartels, or **NOPEC**, bill was reintroduced by Senators Chuck Grassley, a Republican, and Amy Klobuchar, a Democrat, as well as others on the Judiciary Committee. If passed by the committee, both chambers of Congress and signed by President Joe Biden, NOPEC would change U.S. antitrust law to revoke the sovereign immunity that has protected OPEC+ members and their national oil companies from lawsuits over price collusion. The bill passed the committee 17-4 last year after OPEC+ agreed to cut output by 2 million barrels per day.

Early In March, it was announced that the ruptured undersea **Nord Stream** natural gas pipelines are set to be sealed up and suspended by Russia. As many are aware, Nord Stream 1 and Nord Stream 2, each consisting of two pipes, were built by Russia's state-controlled **Gazprom** to pump 110 billion cubic metres (bcm) of natural gas a year to Germany under the Baltic Sea. Three of the pipes were ruptured by unexplained blasts in September 2022, and one of the Nord Stream 2 pipes remains intact. It has been rumoured that the **US Government** was responsible for the explosions that damaged the pipelines.

Crew Energy Inc. announced the issuance of a notice of redemption for \$172.0 million principal amount of 6.5% senior unsecured notes due March 2024, which represent all the Crew's remaining notes outstanding.

Prairie Provident Resources Inc. announced that it entered into a debt restructuring agreement with **PCEP Canadian Holdco, LLC**, which holds all of the company's outstanding subordinated notes and share purchase warrants, and that it has entered into various recapitalization transactions which includes raising additional equity and debt capital. As part of the recapitalization transaction, Prairie Provident will convert all outstanding Subordinated Notes in the amount of USD \$52.8 million with equity, raise \$4.0 million in new equity, waive certain defaults under existing credit agreements, and extend the maturity date of its senior secured credit facility. The recapitalization includes an immediate new investment of US\$3.64 million (approximately C\$5 million) by certain affiliates of PCEP through an issue of second lien notes due December 31, 2024; amendments and waivers to the First Lien Loan to extend the maturity date from December 31, 2023 to July 1, 2024, defer any borrowing base redetermination until 2024, provide additional covenant flexibility, and waive certain financial covenant and other defaults.

Athabasca Oil Corporation announced the TSX approved its normal course issuer bid ("NCIB") to purchase up to 10% of its public float, or 57,967,089 common shares during the 12-month period commencing March 16, 2023, and ending March 15, 2024.

Canadian Natural Resources Limited announced the TSX has accepted its NCIB whereby it can purchase for cancellation up to 92,296,006 shares, being 10% of the public float as at February 28, 2023 during the 12 month period commencing March 13, 2023 and ending March 12, 2024. As of March 8, 2023, Canadian Natural purchased 72,238,200 of its common shares at a weighted average price of \$73.58/share under its previous NCIB, which commenced on March 11, 2022 and expired on March 10, 2023.

Canadian Natural announced that in 2022, it repurchased \$5.6 billion in shares and paid \$4.9 billion in dividends.

Crescent Point Energy Corp. announced that during the fourth quarter of 2022, it repurchased 8.6 million shares for \$86.6 million, bringing total repurchases to 31.3 million shares for \$294.2 million in 2022, representing over 5% of its public float. The company further announced that it has repurchased 3.2 million shares for \$30.0 million to-date in 2023. Crescent Point has filed notice with the TSX of the intention to renew its NCIB, which was due to expire on March 8, 2023.

Crescent Point further announced that its board of directors declared a special cash dividend of \$0.032/share.

MEG Energy Corp. announced the TSX approved the renewal of its NCIB whereby MEG will purchase for cancellation up to a maximum of 28,596,214 common shares of the corporation. The NCIB is effective on March 10, 2023 and will be open until March 9, 2024. As of March 6, 2023, MEG had purchased an aggregate of 24,860,200 common shares at a weighted average price of \$18.83/share under its NCIB that ran from March 10, 2022 to March 9, 2023.

NuVista Energy Ltd. announced that it repurchased and subsequently cancelled 13.5 million common shares for an aggregate cost of \$157.4 million or \$11.67/share under the terms of its NCIB. Subsequent to year-end, the company also repurchased and subsequently cancelled an additional 1.0 million common shares, completing 80% of the NCIB.

Tenaz Energy Corp. announced that during 2022 it purchased 454,700 shares (1.6% of basic common shares) at an average cost of \$1.66/share. As of the end of February 2023, Tenaz stated that it has retired a total of 688,700 shares at an average cost of \$1.88/share, accounting for approximately 26% of its NCIB.

Financings Announced in March 2023

During the month, there were a number of flow-through, Canadian development expenses (“CDE”) equity financings announced. In addition, one company announced that it entered into non-brokered private placement debt financing.

Rubellite Energy Inc. closed an insider led non-brokered private placement offering of 7.0 million common shares to be issued on a “flow through” basis in respect of CDE at a price of \$2.85/share for gross proceeds of \$20.0 million. Certain directors and officers of the corporation participated in the offering and subscribed for \$13.3 million of the flow-through shares, increasing the insider ownership of the company from 34.1% to 37.8%.

Yangarra Resources Ltd. announced it closed a bought-deal financing for the issuance of 5,905,600 flow-through, CDE common shares at a price of \$2.54/share for gross proceeds \$17.25 million including the full exercise of the over-allotment option. It was announced that certain insiders of Yangarra would participate for up to \$1.5 million of the offering.

Journey Energy Inc. announced that it closed an upsized bought-deal financing to issue 3,040,031 flow-through, CDE common shares at \$6.62/share for gross proceeds of \$20.125 million, which includes the full 15% over-allotment to the underwriters.

Prospera Energy Inc. announced that it is undertaking a non-brokered private placement debt financing for proceeds of up to \$5,000,000. The debt facility will have an interest rate of 8% per annum, with interest payments to be made quarterly for a term of 2 years. In addition to interest, holders will receive one common share for each dollar of principal advanced. Prospera announced that it had received a subscription for \$2,500,000 towards this offering.

Contact Us!

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

In addition to analyzing the market, Earth Horse assists with the sale and purchase of oil & natural gas assets and companies and provides market valuations and fairness opinions. We recently closed a transaction and are in the process of closing a couple more on a discrete basis. We can assist in public processes and with selective mandates. We have over 2,500 contacts that are active in the M&A marketplace.

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

Thank you,

Ryan Ferguson Young
President & Founder
Earth Horse Energy Advisors & WCSB Divestitures
Email: Ryan.FY@ehenergyadvisors.com and Ryan.FY@wcsbdivestitures.com
Direct Phone: 403-615-2975

www.ehenergyadvisors.com



www.wcsbdivestitures.com

