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Earth Horse Energy Advisors' Monthly Market Overview May 2022

During May 2022, 45 of the 48 publicly traded TSX E&P companies (**Tenaz Energy Corp.** graduated to the TSX on May 17, 2022) had an increase in their share price, one was flat (**Prairie Provident Resources Inc.**) and two (**Questerre Energy Corporation** and **Rubellite Energy Inc.**) fell month-over-month. Overall, the average rise in May 2022 was 15.27% while the median increase was 9.98%.

During May, the prices of liquids continued to move higher with the price of WTI and Edmonton Par up 9.53% and 9.27% respectively. The price of WTI crude averaged USD\$109.26/bbl while Edmonton Par averaged USD\$107.60/bbl in May. WCS was up 5.58% and averaged USD\$94.83/bbl. The price of C5+ increased 3.54%, ending the month at USD\$106.07/bbl.

During the month, the price of oil continued to be impacted by the Russia-Ukraine war, China easing COVID lockdowns and sanctions on Russian oil; the EU agreed in principle to cut 90% of oil imports from Russia by the end of 2022. On top of the already tight market is the fact that we are heading into the peak summer driving season. However, with the high commodity prices there are worries of weakening global economic growth and tighter central bank monetary policy which could curb a recovery in fuel demand. In addition, with the gasoline prices averaging \$2.00/L across Canada for the first time in history (record set on May 17th), the summer vacation could turn into a staycation for many.

Oil's latest bull run has shrugged off the strong U.S. dollar, breaking crude's historical inverse link to the greenback, providing confidence that oil may have further gains based on current market fundamentals. A strong US dollar typically weighs on oil prices as it makes the commodity more expensive for holders of other currencies. Recall that in 2008, when WTI oil hit USD\$147/bbl, the Canadian dollar was par with the U.S. dollar. The CDN\$/USD\$ exchange rate averaged 0.7784 in May 2022 and was up 1.67% at 0.7916 at month's end. This has been great for Canadian E&P companies, resulting in record free funds flow, increasing dividends and buybacks.

The prices of natural gas continued to soar in May, hitting levels not seen since 2008. The price of NYMEX natural gas spiked a further 20.58%, averaging USD \$8.16/Mmbtu in May while closing at USD \$8.36/Mmbtu after reaching over USD \$9.00/Mmbtu. AECO climbed 9.40% month-over-month and averaged USD \$5.88/Mmbtu. The price of natural gas has increased as higher prices in Europe and Asia kept demand for U.S. LNG exports strong, hotter than normal weather south of the border resulted in more air conditioners to be cranked up increasing demand for electricity (much of which use natural gas). At the end of May, the natural gas futures for June traded at a premium over July for the first time since the future began trading in 2009.

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

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/Mmbtu)	AECO (\$USD/Mmbtu)	CDN\$/USD\$
May 2022 Average	\$109.26	\$94.83	\$107.60		\$8.16	\$5.88	0.7784
End of May 2022	\$114.67	\$97.07	\$113.32	\$106.07	\$8.73	\$5.70	0.7916
End of April 2022	\$104.69	\$91.94	\$103.69	\$102.44	\$7.24	\$5.21	0.7786
Month-over-Month Change	9.53%	5.58%	9.29%	3.54%	20.58%	9.40%	1.67%

Sources: Oil Sands Magazine, Oilprice.com
OFX.com

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

As previously mentioned, 45 of the 48 E&P companies (with domestic assets) on the TSX experienced strength in their share price in May while one was flat and two were down month-over-month. The top performer in May was **Perpetual Energy Inc.** which was up 86.25%, increasing from \$0.80/share to \$1.49/share month-over-month. Perpetual had steady increases throughout the month which began a couple days before the May 5th announcement of its Q1 2022 quarterly results.

Pieridae Energy Limited rose 57.89% in May, increasing to \$1.50/share from \$0.95/share. Early in the month, it was announced that the Canadian government is in discussion with Pieridae on ways to expediate its Goldboro LNG facility in Nova Scotia as the government looks for ways help boost natural gas supplies to Europe. Pieridae also released its Q1 2022 results which were positively impacted by higher commodity prices; Pieridae is natural gas focused. The third best performer in May was **Journey Energy Inc.** which increased 50.63%, ending the month at \$7.23/share.

Company	TSX Ticker	May 2022 % Change	End of May 2022	End of April 2022
Top Three % Performers				
Perpetual Energy Inc.	PMT	86.25%	\$1.49	\$0.80
Pieridae Energy Limited	PEA	57.89%	\$1.50	\$0.95
Journey Energy Inc.	JOY	50.63%	\$7.23	\$4.80

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Company	TSX Ticker	May 2022 % Change	End of May 2022	End of April 2022
Perpetual Energy Inc.	PMT	86.25%	\$1.49	\$0.80
Pieridae Energy Limited	PEA	57.89%	\$1.50	\$0.95
Journey Energy Inc.	JOY	50.63%	\$7.23	\$4.80
Cardinal Energy Ltd.	CJ	35.04%	\$9.25	\$6.85
Petrus Resources Ltd.	PRQ	34.86%	\$2.94	\$2.18
Crescent Point Energy Corp.	CPG	25.84%	\$11.20	\$8.90
Pine Cliff Energy Ltd.	PNE	24.68%	\$1.92	\$1.54
Crew Energy Inc.	CR	24.55%	\$6.29	\$5.05
Cenovus Energy Inc.	CVE	23.45%	\$29.32	\$23.75
Spartan Delta Corp.	SDE	22.93%	\$14.53	\$11.82
Paramount Resources Ltd.	POU	21.64%	\$37.78	\$31.06
Birchcliff Energy Ltd.	BIR	21.28%	\$11.40	\$9.40
Pipestone Energy Corp.	PIPE	21.16%	\$5.84	\$4.82
Enerplus Corporation	ERF	19.19%	\$18.76	\$15.74
Peyto Exploration & Development Corp.	PEY	18.26%	\$15.48	\$13.09
NuVista Energy Ltd.	NVA	18.16%	\$12.95	\$10.96
Tourmaline Oil Corp.	TOU	18.02%	\$78.08	\$66.16
Surge Energy Inc.	SGY	17.28%	\$11.54	\$9.84
Obsidian Energy Ltd.	OBE	15.91%	\$12.24	\$10.56
Kiwetinohk Energy Corp.	KEC	15.06%	\$13.75	\$11.95
MEG Energy Corp.	MEG	14.35%	\$22.07	\$19.30
Yangarra Resources Ltd.	YGR	12.17%	\$3.41	\$3.04
Headwater Exploration Inc.	HWX	10.41%	\$7.32	\$6.63
Suncor Energy Inc.	SU	10.20%	\$50.89	\$46.18
International Petroleum Corporation	IPCO	9.76%	\$13.49	\$12.29
Vermilion Energy Inc.	VET	9.31%	\$27.36	\$25.03
Gear Energy Ltd.	GXE	8.72%	\$1.62	\$1.49
Tenaz Energy Corp.	TNZ	8.70%	\$2.75	\$2.53
Ovintiv Inc.	OVV	7.80%	\$70.88	\$65.75
InPlay Oil Corp.	IPO	7.47%	\$4.17	\$3.88
PrairieSky Royalty Ltd.	PSK	7.43%	\$18.94	\$17.63
Kelt Exploration Ltd.	KEL	7.24%	\$7.11	\$6.63
Imperial Oil Limited	IMO	7.11%	\$69.28	\$64.68
ARC Resources Ltd.	ARX	6.96%	\$19.05	\$17.81
Whitecap Resources Inc.	WCP	6.84%	\$11.25	\$10.53
Baytex Energy Corp.	BTE	6.09%	\$6.97	\$6.57
Bonterra Energy Corp.	BNE	5.38%	\$12.34	\$11.71
Athabasca Oil Corporation	ATH	5.28%	\$2.59	\$2.46
Canadian Natural Resources Limited	CNQ	5.28%	\$83.71	\$79.51
Tamarack Valley Energy Ltd.	TVE	4.97%	\$5.28	\$5.03
Freehold Royalties Ltd.	FRU	4.81%	\$15.70	\$14.98
TransGlobe Energy Corporation	TGL	4.05%	\$5.91	\$5.68
Topaz Energy Corp.	TPZ	3.87%	\$23.64	\$22.76
Advantage Energy Ltd.	AAV	2.33%	\$10.98	\$10.73
i3 Energy plc	ITE	2.15%	\$0.48	\$0.47
Prairie Provident Resources Inc.	PPR	0.00%	\$0.25	\$0.25
Rubellite Energy Inc.	RBY	-7.73%	\$4.18	\$4.53
Questerre Energy Corporation	QEC	-10.00%	\$0.18	\$0.20
Average Increase/Decrease		15.27%		
Median Increase/Decrease		9.98%		
Number of Companies with Share Price Increases		45		
Number of Companies Flat Month Over Month		1		
Number of Companies with Share Price Declines		2		
Largest Share Price Increase		86.25%		
Largest Share Price Decline		-10.00%		

The three worst performing stocks in May 2022 were **Questerre Energy Corporation**, **Rubellite Energy Inc.** and **Prairie Provident Resources Inc.** Questerre was down 10% while Rubellite dropped 7.73%; Prairie Provident was flat.

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

As outlined below, during May 2022, 11 TSX-Venture listed E&P companies with operations focused mainly in Canada had an increase in their share price, five were flat and five had a decline in their share price. On May 17th, **Huntington Exploration Inc.** announced today that it has changed its name to **Angel Wing Metals Inc.** to align with its recently acquired El Grande Project located in the southern extension of the Sierra Madre Occidental gold-silver belt in the state of Nayarit, Mexico; the company has been removed from the companies tracked. As previously mentioned, **Tenaz Energy Corp.** graduated to the TSX, which resulted in the count to fall from 23 to 21.

Of the companies that had their share prices rise, increases ranged from 3.31% to 20.0% with an average increase of 12.18%. **Pulse Oil Corp.** had the largest increase, rising \$0.01/share from \$0.05/share to \$0.06/share. Pulse announced that it completed a brokered private placement, raising gross proceeds of \$30.9 million through the issuance of units which consist of one preferred share and 25 common shares. The preferred shares were issued at \$25.00 per preferred share and each common share was priced at \$0.03/share. Proceeds of the financing will be used to accelerate Pulse's Enhanced Oil Recovery project at Bigoray, general working capital and to repay certain third-party debt.

Canadian Spirit Resources Inc. was second best performer in May, rising from \$0.11/share to \$0.13/share or 18.18%. The company announced that Ms. Sarah Hawco, the co-founder of Hawco Peters and Associates Inc. will stand for election to the company's board of directors at its May 26, 2022, AGM. In addition, the company announced that it raised gross proceeds of \$1.05 million through the sale of units at \$0.0525.

Rounding out the top three best performers in May was **Tenth Avenue Petroleum Corp.** which increased 17.95%, raising \$0.03/share to \$0.23/share. Tenth Avenue announced that it completed facility upgrades at Murray Lake in April and that EOR injection operations commenced the first week of May 2022; the company anticipates oil production volumes to steadily increase based on the increase in injection rates.

On a combined basis, the TSX-V E&P companies had an average increase of 1.33% during May 2022 while the median movement was 3.31% to the downside. Of the top % gainers in April 2022, in May 2022, **Wescan Energy Corp.** increased a further 13.33%, **Vital Energy Inc.** climbed 9.76% while **Altima Resources Ltd.** dropped 42.86%, giving back all of its April gains (40%) and then some.

Company	TSX-V Ticker	May 2022 % Change	End of May 2022	End of April 2022
Pulse Oil Corp.	PUL	20.00%	\$0.06	\$0.05
Canadian Spirit Resources Inc.	SPI	18.18%	\$0.13	\$0.11
Tenth Avenue Petroleum Corp.	TPC	17.95%	\$0.23	\$0.20
Prospera Energy Inc.	PEI	16.67%	\$0.07	\$0.06
Hemisphere Energy Corporation	HME	13.70%	\$1.66	\$1.46
Wescan Energy Corp.	WCE	13.33%	\$0.34	\$0.30
Leucrotta Exploration Inc.	LXE	9.95%	\$2.21	\$2.01
Vital Energy Inc.	VUX	9.76%	\$0.45	\$0.41
Saturn Oil & Gas Inc.	SOIL	7.24%	\$3.11	\$2.90
ROK Resources Inc.	ROK	3.85%	\$0.27	\$0.26
Razor Energy Corp.	RZE	3.31%	\$2.81	\$2.72
Cobra Venture Corporation	CBV	0.00%	\$0.23	\$0.23
Pan Orient Energy Corp.	POE	0.00%	\$0.97	\$0.97
Perisson Petroleum Corporation	POG	0.00%	\$0.04	\$0.04
Petrolympic Ltd.	PCQ	0.00%	\$0.06	\$0.06
Softrock Minerals Ltd.	SFT	0.00%	\$0.03	\$0.03
Source Rock Royalties Ltd.	SRR	-4.55%	\$0.84	\$0.88
Highwood Oil Company Ltd.	HAM	-6.98%	\$10.00	\$10.75
PetroFrontier Corp.	PFC	-20.00%	\$0.08	\$0.10
Samoth Oilfield Inc.	SCD	-31.58%	\$0.07	\$0.10
Altima Resources Ltd.	ARH	-42.86%	\$0.04	\$0.07
Average Increase/Decrease		1.33%		
Median Increase/Decrease		3.31%		
Number of Companies with Share Price Increases		11		
Number of Companies Flat Month Over Month		5		
Number of Companies with Share Price Declines		5		
Max Share Price Increase		20.00%		
Greatest Share Price Decline		-42.86%		

Canadian E&P M&A Activity in May 2022

In May 2022, there were five M&A transactions announced in the Canadian oil & natural gas sector.

Suncor Energy announced that concurrent with the decision to restart the West White Rose project by the joint venture owners, Suncor has increased its ownership in the White Rose asset. In exchange for a cash payment of approximately \$50.0 million from **Cenovus Energy Inc.** to Suncor and in accordance with the conditional agreement announced on September 8, 2021, Suncor's interest in the White Rose asset increases from 27.5% to 40.0% and in the West White Rose project from 26.1% to 38.6%.

Paramount Resources Ltd. announced that in late April, it acquired Duvernay lands and production directly offsetting its existing 61,000 net acre position in the Willesden Green area of Alberta for approximately \$40.0 million in cash. The acquisition more than doubles Paramount's land position and internally estimated drilling locations in the area. Current production from the Duvernay acquisition is approximately 1,300 boe/d (49% liquids). Based on the \$40.0 million purchase price, the price paid per flowing barrel was \$30,769/boe/d.

Canadian Natural Resources Limited announced in its first quarter 2022 results that it completed a number of strategic acquisitions in its core areas. In the Jackfish and Kirby areas, CNRL acquired the remaining 50% working interest in the Pike lands. CNRL stated that "as a result the Company will be able to cost effectively develop these lands through both the Jackfish and Kirby facilities, that will lower costs to develop and improve timelines to first oil. In addition, CNRL announced that it acquired liquids rich Montney lands in the Wembley area and that it plans to drill eight wells on the lands this year.

Clearview Resources Ltd. announced that subsequent to the end of the first quarter of 2022, it had closed the disposition of 14,240 acres of undeveloped lands in the Jarvie area of Alberta for proceeds of \$1.35 million.

Board of Director & Executive Changes in May 2022

Concurrent with the announced of its quarterly results and the sale of its lands at Jarvie, **Clearview Resources Ltd.** announced the Mr. Tim Halpen chose not to stand for re-election for the board of directors and that Mr. Bruce Francis will fill the position. Mr. Francis is a professional engineer with over 35 years of diverse oil industry experience and is familiar with many of the Company's assets.

Razor Energy Corp. announced the appointment of Mr. Michael Blair as Chief Operating Officer. Mr. Blair is a Professional Engineer with over 20 years' experience in the oil and gas upstream industry. With a particular focus on production and operations, Mr. Blair has worked within organizations such as **Baker Hughes, Penn West, Legacy Oil + Gas, Ventura Resources,** and **Sproule Associates Limited.** Mr. Blair has direct operational experience with Razor's Swan Hills assets. Razor also announced that Mr. Frank Muller has retired from the COO and Senior Vice President roles due to health reasons. Mr. Muller will continue in the capacity as a Director of Razor.

Petrus Resources Ltd. announced that Mr. Matt Skanderup has been appointed Chief Operating Officer. Prior to joining Petrus in 2014, Mr. Skanderup held operations focused positions with **Crescent Point Energy Corp., CanEra Energy** and **Canadian Natural Resources Limited.** He holds a Bachelor of Science from Montana Tech and a diploma in Petroleum Engineering from the Southern Alberta Institute of Technology. In addition, Petrus announced that Mr. Mathew Wong has been appointed Chief Financial Officer. Mr. Wong has been serving as Petrus' Vice President of Finance since April of 2021. Mr. Wong has over 17 years of oil and natural gas focused finance, capital markets and accounting experience. He joined Petrus in 2017 and previously served in senior finance roles with publicly traded oil and gas companies including **Argent Energy Trust** and **Dejour Energy,** and earlier, worked at **Ernst & Young LLP.** Mr. Wong is a Chartered Professional Accountant (CPA), Chartered Financial Analyst (CFA) and is a Certified Public Accountant of Washington State, USA.

In conjunction with announcement that it had entered into a transaction to acquire **SDX Energy plc,** a company with assets in Egypt and Morocco, **Tenaz Energy Corp.** announced that it invited two independent SDX directors to join the board of directors of Tenaz, conditional upon, the consummation of the transaction and approval by the Tenaz shareholders. The two directors named are Mr. Michael Doyle, a principal of **CanPetro International Ltd.** and Ms. Catherine Stalker, a partner at **Independent Audit Ltd** and Director of **PUMB.** Each of the existing Tenaz board members, Mr. Marty Proctor, Ms. Anna Alderson, Mr. John Chambers, Mr. Mark Rollins, and Mr. Anthony Marino will form the remainder of the Tenaz board.

Prairie Provident Resources Inc. announced that Mr. Derek Petrie and Mr. Rob Wonnacott have decided to retire from the board of directors and will not stand for re-election at its May 26, 2022 AGM.

Journey Energy Inc. announced that Mr. Dana Laustsen, will be retiring from the board effective at the AGM and that Journey put forward one new director, Mr. Scott Treadwell, to stand for election at the AGM.

ARC Resources Ltd. announced that after 13 years on the board, Ms. Kathleen O'Neill would retire from the board on May 6, 2022.

Perpetual Energy Inc. announced that after 14 years on its board, Mr. Robert Maitland has retired.

Canadian Spirit Resources LLC. announced that Ms. Sarah Hawco, will stand for election to its board of directors at its May 26, 2022 AGM. Ms. Hawco is co-founder of **Hawco Peters and Associates Inc.,** a firm with legal and financial expertise. Ms. Hawco is a Chartered Professional Accountant with a specialization in tax, as well as a Chartered Insolvency and Restructuring Professional, and holds a Master of Laws from **Osgoode Hall Law School** in Toronto. She is also a member of CPA Alberta, CAIRP, ACFE and the Alternative Dispute Resolution Institute of Alberta. In connection with the nomination of Ms. Hawco to the board, Mr. Stuart Ross has agreed to resign from the Board effective as of May 4, 2022.

Athabasca Oil Corporation announced that Mr. Marty Proctor and Ms. Angela Avery will stand for election as directors to the company. Mr. Proctor has held several senior executive positions, including most recently as President and Chief Executive Officer of **Seven Generations Energy,** and

currently serves in various board capacities across the energy sector. He has significant expertise in operations, engineering and business strategy, and was on the management team of **North American Oilsands**, an original owner of lands in Athabasca's Leismer and Corner areas. Ms. Avery is currently the Executive Vice President, External Affairs and General Counsel at **WestJet** and has more than 25 years' legal and business experience, and an extensive regulatory and compliance background. She served as General Counsel and VP Business Development at **Athabasca** from 2017 to 2020 and prior to that held senior executive roles at **ConocoPhillips**. Mr. Carlos Fierro and Ms. Anne Downey retired from the board on May 4th.

MEG Energy Corp. announced the planned retirement of Mr. Eric Toews, its Chief Financial Officer, effective September 1, 2022. MEG is conducting an external search for its next Chief Financial Officer and will provide an update upon successful completion of the search. In addition, MEG announced that Mr. Bill Klesse and Ms. Judy Fairburn who chose not to stand for re-election and who have retired from its board of directors and that Ms. Kim Lynch Proctor has joined its board. Ms. Lynch Proctor is an independent businesswoman with extensive legal, accounting and tax expertise and provides additional executive experience to MEG's board. She was the Chief Financial Officer and General Counsel of **KERN Partners**, an energy focused private equity firm, from 2009 to 2016 and prior thereto, a practicing lawyer and chartered professional accountant with **Felesky Flynn LLP**, **Bennett Jones LLP**, and **Deloitte**, respectively.

Miscellaneous News Announced in May 2022

Suncor Energy announced the decision to restart the West White Rose project as a result of a robust project evaluation which included the impact of a finalized agreement with the Government of Newfoundland and Labrador on a competitive royalty framework for the project. Suncor stated that "this amended royalty structure provides safeguards to the project's economics in periods of low commodity prices." As previously mentioned, Suncor increased its interest in the White Rose asset from Cenovus. Suncor's interest in the White Rose asset increases from 27.5% to 40.0% and in the West White Rose project from 26.1% to 38.6%. Suncor will assume capital commitments on the 12.5% additional interest on a go-forward basis only.

Petrus Resources Ltd. announced that it has closed credit refinancing transactions which involved the company entering into agreements with new lenders to the company which provide two new credit facilities totaling up to \$55 million. The new credit facilities consist of a \$30 million reserve-based, secured operating revolving loan facility and a second lien secured term facility in the amount of \$25 million with Mr. Stuart Gray, a principal shareholder of Petrus. The new credit facilities, together with the net proceeds of its recently closed \$20 million rights offering, have been used to repay in full all amounts owing under the company's previously secured revolving credit facility.

Following the completion of the arrangement between **Leucrotta Exploration Inc.** and **Vermilion Energy Inc.**, **Coelacanth Energy Inc.** was formed. Under the terms of the arrangement, Coelacanth will receive approximately \$43.5 million cash, net of transaction costs, and certain oil and gas properties in the Two Rivers, BC area. In addition, Coelacanth plans to raise net proceeds of up to \$36.9 million through the exercise of the Coelacanth Arrangement Warrants (\$15.0 million), the Vermilion private placement (\$14.4 million), and a fully subscribed management private placement (\$7.5 million). The proceeds of the financings will be used to fund future capital projects. On completion of the Arrangement and all the proposed financings, Coelacanth will have approximately \$80 million of cash (no debt), 150 sections of Montney land, the Two Rivers battery, production of approximately 355 boe/d (Q1 2022 average of 362 boe/d) and 426 million basic shares outstanding.

As previously mentioned, **Tenaz Energy Corp.** reached an agreement to acquire all of the issued and to be issued share capital of **SDX Energy PLC** in an all-share transaction. Through the transaction, SDX shareholders will receive 0.075 common shares of Tenaz for each SDX share held, valuing SDX at \$34.3 million. SDX has assets in Egypt and Morocco.

On May 19th, it was announced that **British Columbia** is changing its decades-old royalty system for oil and natural gas companies, "in an effort to align with provincial climate goals". BC Premier, John Horgan says the province will eliminate the deep well royalty program, which is the largest oil and natural gas subsidy, while the minimum royalty rate for oil and natural gas firms will increase from 3% to 5%. The system will apply to all new wells, and will be phased in in over two years for those companies that are currently operating. The elimination of the so-called deep well royalty program will mean a loss of credits between \$440,000 and \$2.81 million for companies, depending on the depth of the well and the BC government believes it will generate approximately \$200.0 million in additional revenue per year.

Alberta Premier Jason Kenney announced that he will step down as leader of the United Conservative Party (UCP) after receiving only 51.4% support in his United Conservative Party's leadership review. Kenney stated, "While 51% of the vote passes the constitutional threshold of a majority, it clearly is not adequate support to continue on as leader"; Kenney will remain as Premier and leader of the UCP until his successor is chosen.

It was announced that the **Federal Government** has approved a new \$10.0 billion loan guarantee for the **Trans Mountain pipeline**. The Trans Mountain pipeline is Canada's only oil pipeline system from Alberta to the West Coast of BC. The construction project currently underway will essentially twin the existing pipeline, raising daily output to 890,000 barrels.

On May 10, Alberta's highest court ruled that a Canadian law assessing how major infrastructure projects like pipelines impact the environment is unconstitutional because it interferes with the power of the provinces. The Alberta Court of Appeal said the Impact Assessment Act (IAA), passed in 2019, was a "classic example of legislative creep" and intrudes on provincial jurisdiction; the lawsuit was instigated by the Alberta UCP. It was announced that the federal government plans to appeal the decision in the Supreme Court of Canada.

Throughout the month, there were a number of E&P companies that announced the implementation of a dividend, an increase to existing dividends, special dividends and/or the commencement of a normal course issuer bid ("NCIB"). Below we outline the companies that announced such activities.

Gear Energy Ltd. announced that effective immediately, it will be implementing a variable quarterly dividend with target distributions of approximately 30% of the free funds from operations generated from the previous quarter. For May, the inaugural quarterly dividend payment in relation to the free funds from operations generated through the first quarter of 2022 will be \$0.01/share. The remaining 70% of free funds from operations for the previous quarter is expected to be dedicated to a combination of share buybacks, growth capital, cash funded acquisitions, and special dividends.

Surge Energy Inc. announced that it anticipates reinstating its base annual cash dividend expected to be \$0.42/share (\$0.035/share per month) but indicated that “any anticipated dividend payment will be subject to the approval of Surge’s Board of Directors at the time of declaration.”

Crescent Point Energy Corp. announced that it will increase its quarterly dividend by over 40% to \$0.065/share or \$0.26/share on an annualized basis and that the company repurchased approximately 13.5 million shares since December 2021 for total consideration of approximately \$110.0 million.

i3 Energy plc announced that the company has decided to increase the minimum dividend to be paid in 2022 by 25% from £11.827mm to £14.784mm. The increase will be implemented by increasing the monthly dividend.

PrairieSky Royalty Ltd. announced that the TSX accepted the notice of PrairieSky’s NCIB. The NCIB allows PrairieSky to purchase up to 16,963,000 common shares which represents 7.1% of the common shares outstanding of 238,802,700 as of May 12, 2022, and 10% of the public float of 169,635,168 common shares. The NCIB will expire no later than May 25, 2023.

Whitecap Resources Inc. announced that the TSX accepted Whitecap’s notice of intention to commence a NCIB. The NCIB allows Whitecap to purchase up to 58,341,984 common shares (representing 10% of Whitecap’s public float) over a period of twelve months and will expire no later than May 20, 2023. As at May 13, 2022, Whitecap had previously purchased an aggregate of 33,326,223 common shares on the open market at a volume weighted average price per share of \$7.93.

Imperial Oil Limited announced that it will offer to purchase for cancellation up to \$2.5 billion or 6% of its issued and outstanding common shares. Subject to obtaining certain exemptive relief under applicable securities laws in Canada and the United States, the offer will proceed by way of a modified Dutch auction that includes the ability for shareholders to participate via a proportionate tender. The modified Dutch auction procedure will have a tender price range from \$62.00-\$78.00/share. The offer commenced on May 6, 2022 and remained open for acceptance until 5:00 p.m. (Calgary time) on June 10, 2022, unless withdrawn, extended or varied by Imperial.

Suncor Energy announced that its subsequent to the quarter, its board of directors approved a quarterly dividend of \$0.47 per share, which represents an increase of 12% over the prior quarter dividend and the highest quarterly dividend per share in the company’s history. Also, the board and the TSX approved an increase to the company’s NCIB, to increase the maximum number of common shares the company may repurchase to up to approximately 10% of Suncor’s public float as at January 31, 2022. Subsequent to the first quarter of 2022, Suncor received approval from the TSX to amend its existing NCIB effective as of the close of markets on May 11, 2022, to increase the maximum number of common shares that may be repurchased in the period beginning February 8, 2022, and ending February 7, 2023, from 71,650,000 common shares, or approximately 5% of Suncor’s issued and outstanding common shares as at January 31, 2022, to 143,500,000, or approximately 10% of Suncor’s public float as at January 31, 2022. No other terms of the NCIB have been amended. Between February 8, 2022, and May 6, 2022, Suncor has already repurchased approximately \$1.041 billion of common shares on the open market.

Ovintiv Inc. announced that during the first quarter, it purchased for cancellation, approximately 1.7 million shares of common stock outstanding at an average price of \$40.57 per share, for a total consideration of approximately \$71 million. As of March 31, 2022, the Company had repurchased a total of approximately 4.8 million shares of common stock at an average price of \$37.77 per share since its share buyback program was announced in September of 2021.

Enerplus Corp. announced that subsequent to March 31, 2022, and up to and including May 4, 2022, Enerplus repurchased 1.5 million shares at an average price of \$12.61 per share, for total consideration of \$18.9 million. In addition, Enerplus announced its board of directors approved an increase to the company’s 2022 return of capital plan to a minimum of \$350 million or 50% of annual free cash flow, whichever is greater, through dividends and share repurchases. In connection with this plan, the board has approved a 30% increase to the Company’s quarterly dividend to \$0.043 per share.

ARC Resources Ltd. announced that its board of directors approved a 20% increase to its quarterly dividend increase the dividend from \$0.10/share to \$0.12/share. ARC stated that the revised dividend is sustainable at approximately US\$40/bbl WTI and \$2.00/GJ AECO price. In addition, ARC announced that it repurchased 13.1 million common shares under its NCIB during the first quarter of 2022 at a weighted average price of \$15.00/share for \$196.0 million.

Joining the line of companies increasing their dividends was **Paramount Resources Ltd.** which announced that it is increasing its regular monthly dividend from \$0.08/share to \$0.10/share beginning May 2022.

Pine Cliff Energy Ltd. announced record first quarter financial and operating results, the declaration of a monthly dividend and repayment of debt. The company’s board of directors approved the declaration and payment of a monthly dividend in the amount of \$0.0083 per common share (\$0.10 per common share annualized). In its quarterly results, Pine Cliff announced that its net debt decreased by 50% or \$24.9 million from \$49.7 million at year end 2021, ending Q1 2022 with net debt of \$24.8 million. Pine Cliff also announced that it repaid a further \$10.0 million of its long term debt, reducing it to \$22.0 million outstanding.

Tourmaline Oil Corp. announced a quarterly special dividends for the remaining three quarters of 2022. The special dividend for Q2 2022 will be \$1.50/share and the magnitude of the special dividends in the third and fourth quarters will be a function of commodity prices and resultant available quarterly free cash flow.

On May 9, 2022, **Ovintiv’s** board declared a quarterly dividend of \$0.25 per share, a 25% increase. The company announced that it has issued a notice to the trustee of its 5.625% notes due 2024 to redeem the entire \$1.0 billion aggregate principal amount, which is estimated to save approximately \$55 million of annualized interest.

MEG Energy Corp. announced that it completed or announced the repayment of US\$396 million (approximately \$499 million) of outstanding indebtedness in the first quarter of 2022. In addition, MEG announced that it received approval from the TSX for a NCIB allowing MEG to buy back up to 10% of its public float.

Headwater Exploration Inc. announced that its board of directors approved an increase in its 2022 capital budget, increasing from \$145.0 million to \$230.0 million. The increased expenditures include revised capital allocations as follows: Greater Peavine at \$50.0 million, Marten Hills West at \$70.0 million and Marten Hills at \$110 million.

On May 5, a **U.S. Senate committee** passed a bill that could expose the Organization of the Petroleum Exporting Countries and partners to lawsuits for collusion on boosting crude oil prices. The No Oil Producing or Exporting Cartels (NOPEC) bill sponsored by senators, including Republican Chuck Grassley and Democrat Amy Klobuchar, passed 17-4 in the Senate Judiciary Committee. The bill must pass the full Senate and House and be signed by President Joe Biden to become law. It was reported that "If passed, the U.S. attorney general would gain the ability to sue OPEC or its members, such as Saudi Arabia, in federal court. Other producers like Russia, which works with OPEC in wider group known as OPEC+ to withhold output, could also be sued. As mentioned in last month's report, versions of the legislation have failed in Congress for more than two decades.

West Lake Energy Corp. announced that it submitted a proposal to the Government of Alberta for a permit to evaluate a potential Carbon Capture Sequestration Hub (the "Hub") to be located near Pincher Creek, Alberta. The company stated that "the project will provide an immediate solution to the need for carbon capture, utilization, and storage ("CCUS") for Southern Alberta and the northwest United States and that the Hub is to be built around three key sources of carbon: a proposed on-site, self-contained blue ammonia plant (the "Ammonia Plant") that will be used to produce fertilizer for the agricultural industry, BowArk Energy Ltd.'s ("BowArk") approved gas-fired power generation station (the "Power Station") and other industrial emitters in the area.

Cheniere Energy, Inc. announced today that its subsidiary, **Corpus Christi Liquefaction Stage III, LLC** ("Corpus Christi Stage III"), had entered into a long-term Integrated Production Marketing ("IPM") gas supply agreement with **ARC Resources U.S. Corp** ("ARC U.S."), a subsidiary of **ARC Resources, Ltd.** Under the IPM agreement, ARC U.S. has agreed to sell 140,000 MMBtu/d of natural gas to Corpus Christi Stage III for a term of 15 years, commencing with commercial operations of Train 7 of the Corpus Christi Stage III Project. The LNG associated with this gas supply, approximately 0.85 million tonnes per annum ("mtpa"), will be marketed by Cheniere. Cheniere will pay ARC U.S. an LNG-linked price for its natural gas, based on the Platts Japan Korea Marker (JKM), after deductions for fixed LNG shipping costs and a fixed liquefaction fee. **ARC Resources, Ltd.** will act as guarantor of the IPM agreement on behalf of ARC U.S. The IPM agreement is subject to Corpus Christi Stage III making a positive final investment decision to construct the Corpus Christi Stage III Project.

Financings Announced in May 2022

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

Pulse Oil Corp. announced that it completed a brokered private placement, raising gross proceeds of \$30.9 million through the issuance of units which consist of one preferred share and 25 common shares. The preferred shares were issued at \$25.00 per preferred share and each common share was priced at \$0.03/share.

Canadian Spirit Resources Inc. announced that during the first quarter of 2022, it issued 20,000,000 units at \$0.0525 per share for gross proceeds of \$1,050,000. Each unit consisted of one common share and one warrant exercisable into one common share at a price of \$0.08 for 2 years.

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.

Stay tuned for some exciting news that will be released on June 21st!

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

Thank you,

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