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Earth Horse Energy Advisors' Monthly Market Overview November 2022

During November 2022, 29 of the 47 publicly traded TSX E&P companies had their share price fall month-over-month while the remaining 18 companies were able to enjoy gains. Of those companies that had an increase in their share price, the rise ranged from 0.73% (**Athabasca Oil Corp.**) to **Spartan Delta Corp.**'s 22.89% jump. On a combined basis, TSX E&P group had an average fall of 2.69% and a 2.64% median drop.

As for the companies listed on the TSX Venture exchange, five companies had an increase in their share price, six were flat and nine declined; the increases ranged from 10% (**Pulse Oil Corp.** and **Canadian Spirit Resources Inc.**) to **Samoth Oilfield's** 120% spike on news of it entering into a transformational transaction.

During November, liquids continued to be volatile. The price of WTI was down 6.73% and ended the month at USD\$80.55/bbl, while Edmonton Par was down 7.15%, WCS fell 11.79% and C5+ slipped 4.31%. The price of oil was flirting with lows not seen in 2022 and initially sold off on news that Chinese officials declared they would stick to its COVID-zero policy restricting demand for the black gold. As the month progressed, the decline in oil continued to be on the back of a projected oversupplied market in 2023, a strengthening US dollar and rising interest rates.

The prices of natural gas in the United States and Canada climbed. NYMEX rose 4.41% while AECO jumped 57.47% climbing closer to the price of natural gas south of the border. US. Natural gas prices climbed on forecasts of colder weather, higher heating demand, a drop in output, a possible rail strike and expectations the Freeport liquefied natural gas (LNG) export plant in Texas would return to service soon. AECO increased as egress issues eased.

Below we illustrate the changes in commodities and in the Canadian dollar during November 2022; the Canadian dollar rose 0.29% to 0.7362.

	WTI Oil (\$USD/bbl)	WCS (\$USD/bbl)	Cdn Light (\$USD/bbl)	C5+ (\$USD/bbl)	NYMEX (\$USD/MMBtu)	AECO (\$USD/MMBtu)	CDN\$USD\$
November 2022 Average	\$84.39	\$55.50	\$82.51		\$6.43	\$4.70	0.7436
End of November 2022	\$80.55	\$51.41	\$76.33	\$83.83	\$6.61	\$6.11	0.7362
End of October 2022	\$86.36	\$58.28	\$82.21	\$87.61	\$6.33	\$3.88	0.7341
Month-over-Month Change	-6.73%	-11.79%	-7.15%	-4.31%	4.41%	57.47%	0.29%

Sources: GLJ, TradingView

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

As previously mentioned, 18 of the 47 E&P companies (with domestic assets) on the TSX had positive movements in their share price in November; the remaining 29 companies had a decline in their share price month-over-month. The top performer in November was Spartan Delta which increased 22.89% on news that it was entering into a strategic review of its assets and issuing a special dividend of \$0.50/share.

Peyto Exploration & Production Corp. was the second-best performer in November raising 17.92%. Peyto announced it reduced its net debt (it has now fallen for 8 consecutive quarters), which reduced interest charges to \$0.21/Mcfe in Q3 2022, despite increased interest rates, it had entered in to a \$26.0 million acquisition of assets and that it was increasing its dividend by 120%.

International Petroleum Corporation rounded out the top three performers, climbing 13.10% to \$15.37/share. During the month, IPC provided updates on its share repurchase program and stated that "since December 3, 2021 up to and including November 25, 2022, a total of 9,523,050 IPC common shares have been repurchased under the share repurchase program through the facilities of the TSX, Nasdaq Stockholm and/or alternative Canadian trading systems; the maximum allowed for repurchase was 11,097,074 IPC shares.

Company	TSX Ticker	November 2022 % Change	End of November 2022	End of October 2022
Top Three % Performers				
Spartan Delta Corp.	SDE	22.89%	\$15.41	\$12.54
Peyto Exploration & Development Corp.	PEY	17.92%	\$15.00	\$12.72
International Petroleum Corporation	IPCO	13.10%	\$15.37	\$13.59

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

Company	TSX Ticker	November 2022 % Change	End of November 2022	End of October 2022
Spartan Delta Corp.	SDE	22.89%	\$15.41	\$12.54
Peyto Exploration & Development Corp.	PEY	17.92%	\$15.00	\$12.72
International Petroleum Corporation	IPCO	13.10%	\$15.37	\$13.59
Pieridae Energy Limited	PEA	12.40%	\$1.45	\$1.29
Advantage Energy Ltd.	AAV	12.23%	\$11.56	\$10.30
Crew Energy Inc.	CR	12.13%	\$6.75	\$6.02
Ovintiv Inc.	OWV	8.45%	\$74.82	\$68.99
Tourmaline Oil Corp.	TOU	6.66%	\$81.87	\$76.76
Enerplus Corporation	ERF	5.88%	\$25.01	\$23.62
PrairieSky Royalty Ltd.	PSK	4.25%	\$22.06	\$21.16
ARC Resources Ltd.	ARX	4.17%	\$19.98	\$19.18
Paramount Resources Ltd.	POU	4.02%	\$30.02	\$28.86
Imperial Oil Limited	IMO	3.27%	\$76.53	\$74.11
Topaz Energy Corp.	TPZ	2.21%	\$23.55	\$23.04
NuVista Energy Ltd.	NVA	2.15%	\$13.80	\$13.51
Whitecap Resources Inc.	WCP	1.61%	\$10.73	\$10.56
Birchcliff Energy Ltd.	BIR	1.42%	\$10.74	\$10.59
Athabasca Oil Corporation	ATH	0.73%	\$2.77	\$2.75
Tamarack Valley Energy Ltd.	TVE	-1.33%	\$5.18	\$5.25
Canadian Natural Resources Limited	CNQ	-1.71%	\$80.31	\$81.71
Pine Cliff Energy Ltd.	PNE	-1.78%	\$1.66	\$1.69
Crescent Point Energy Corp.	CPG	-1.88%	\$10.45	\$10.65
Freehold Royalties Ltd.	FRU	-2.42%	\$16.54	\$16.95
Surge Energy Inc.	SGY	-2.64%	\$9.96	\$10.23
Cenovus Energy Inc.	CVE	-2.87%	\$26.75	\$27.54
Questerre Energy Corporation	QEC	-4.35%	\$0.22	\$0.23
Journey Energy Inc.	JOY	-4.46%	\$5.78	\$6.05
Tenaz Energy Corp.	TNZ	-4.76%	\$1.60	\$1.68
InPlay Oil Corp.	IPO	-5.03%	\$3.21	\$3.38
Suncor Energy Inc.	SU	-5.61%	\$44.23	\$46.86
MEG Energy Corp.	MEG	-5.99%	\$19.15	\$20.37
Yangarra Resources Ltd.	YGR	-7.05%	\$2.77	\$2.98
Baytex Energy Corp.	BTE	-7.16%	\$6.87	\$7.40
Kelt Exploration Ltd.	KEL	-7.64%	\$5.44	\$5.89
Headwater Exploration Inc.	HWX	-10.25%	\$6.48	\$7.22
Petrus Resources Ltd.	PRQ	-10.27%	\$2.62	\$2.92
i3 Energy plc	ITE	-10.39%	\$0.35	\$0.39
Perpetual Energy Inc.	PMT	-10.78%	\$0.91	\$1.02
Rubellite Energy Inc.	RBV	-11.41%	\$2.33	\$2.63
Cardinal Energy Ltd.	CJ	-11.69%	\$8.16	\$9.24
Bonterra Energy Corp.	BNE	-12.35%	\$7.81	\$8.91
Gear Energy Ltd.	GXE	-14.60%	\$1.17	\$1.37
Kiwetino Energy Corp.	KEC	-15.56%	\$14.65	\$17.35
Vermillion Energy Inc.	VET	-16.36%	\$26.59	\$31.79
Pipestone Energy Corp.	PIPE	-17.27%	\$3.40	\$4.11
Obsidian Energy Ltd.	OBE	-17.76%	\$10.19	\$12.39
Prairie Provident Resources Inc.	PPR	-36.67%	\$0.19	\$0.30
Average Increase/Decrease		-2.69%		
Median Increase/Decrease		-2.64%		
Number of Companies with Share Price Increases		18		
Number of Companies Flat Month Over Month		0		
Number of Companies with Share Price Declines		29		
Largest Share Price Increase		22.89%		
Largest Share Price Decline		-36.67%		

The three worst performing stocks in November 2022 were **Prairie Provident Resources Inc.**, **Obsidian Energy Ltd.** and **Pipestone Energy Corp.** Prairie Provident dropped 36.67% to \$0.19/share from \$0.30/share, Obsidian was down 17.76% and Pipestone was close behind with a 17.27% drop.

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

As previously mentioned, and outlined below, during November 2022, five of the 20 TSX-Venture listed E&P companies with operations focused mainly in Canada that had an increase in their share price, while six were flat and the remaining nine companies had a decline in their share price.

Samoth Oilfield Inc. had the largest increase in November at jumping 150% from \$0.04/share to \$0.10/share. The spike was the result of the announcement of a transformational transaction whereby the company entered into a transaction with **Chronos Resources Ltd.** whereby Chronos will do a reverse take-over of Samoth with the resulting entity being named **Lycos Energy Inc.** Chronos has corporate production of 1,050 boe/d (99% oil) in SW Saskatchewan and the Lloydminster area. The resulting entity will be led by the existing management team of Chronos: Mr. Dave Burton (President and Chief Executive Officer); Ms. Lindsay Goos (Vice President, Finance and Chief Financial Officer); Mr. Jamie Conboy (Vice President, Exploration); Mr. Kyle Boon, (Vice President, Operations); Mr. Jeff Rideout (Vice President, Land); and Mr. Sony Gill (Corporate Secretary). As part of the transaction, Chronos raised \$65.0 million in equity and will have a net cash position of \$63.2 million.

Prospera Energy Inc. was the second-best performer, increasing 12.50%, rising to \$0.09/share.

ROK Resources Inc. rounded out the top three best performers, increasing 11.63% from \$0.43/share to \$0.48/share.

On a combined basis, the TSX-V E&P companies had an average increase of 5.78% during November 2022 while the median was flat at 0%. Of the top % gainers in October 2022, in November 2022, **ROK** was up 11.63% (in October it increased 38.71%), **Coelacanth Energy Inc.** fell 3.33% and **Vital Energy Inc.** slipped 2.56%.

Company	TSX-V Ticker	November 2022 % Change	End of November 2022	End of October 2022
Samoth Oilfield Inc.	SCD	150.00%	\$0.10	\$0.04
Prospera Energy Inc.	PEI	12.50%	\$0.09	\$0.08
ROK Resources Inc.	ROK	11.63%	\$0.48	\$0.43
Canadian Spirit Resources Inc.	SPI	10.00%	\$0.11	\$0.10
Pulse Oil Corp.	PUL	10.00%	\$0.06	\$0.05
Altima Resources Ltd.	ARH	0.00%	\$0.04	\$0.04
Cobra Venture Corporation	CBV	0.00%	\$0.18	\$0.18
Perisson Petroleum Corporation	POG	0.00%	\$0.04	\$0.04
PetroFrontier Corp.	PFC	0.00%	\$0.08	\$0.08
Petrolympic Ltd.	PCQ	0.00%	\$0.09	\$0.09
Criterion Energy Ltd.	CEQ	0.00%	\$0.05	\$0.05
Source Rock Royalties Ltd.	SRR	-1.39%	\$0.71	\$0.72
Vital Energy Inc.	VUX	-2.56%	\$0.38	\$0.39
Wescan Energy Corp.	WCE	-3.23%	\$0.30	\$0.31
Coelacanth Energy Inc.	CEI	-3.33%	\$0.87	\$0.90
Razor Energy Corp.	RZE	-5.71%	\$1.65	\$1.75
Hemisphere Energy Corporation	HME	-6.67%	\$1.40	\$1.50
Tenth Avenue Petroleum Corp.	TPC	-7.41%	\$0.25	\$0.27
Saturn Oil & Gas Inc.	SOIL	-10.76%	\$2.57	\$2.88
Highwood Oil Company Ltd.	HAM	-37.50%	\$5.00	\$8.00
Average Increase/Decrease		5.78%		
Median Increase/Decrease		0.00%		
Number of Companies with Share Price Increases		5		
Number of Companies Flat Month Over Month		6		
Number of Companies with Share Price Declines		9		
Max Share Price Increase		150.00%		
Greatest Share Price Decline		-37.50%		

Canadian E&P M&A Activity in November 2022

In November 2022, there were nine transactions announced in the Canadian oil & natural gas sector while one small deal was amended.

The largest transaction announced in November involved **Surge Energy Inc.** which announced that it entered into a definitive purchase and sale agreement with **Enerplus Corporation** pursuant to which Surge has agreed to acquire Enerplus' remaining Canadian oil & natural gas assets which are located in Surge's Sparky and SE Saskatchewan core areas for \$245.0 million consisting of 165.0 million in cash, \$45.0 million in estimated interim period adjustments (due to the May 1, 2022 effective date) and \$35.0 million in equity of Surge. The assets have production of 3,850 boe/d (99% oil), estimated PDP reserves of 10.1 MMboe, 2P reserves of 15.0 MMboe and estimated annual NOI of \$68.0 million. Based on a purchase price of \$200.0 million, the acquisition metrics were \$51,948/boe/d, 2.9 X NOI, \$19.80/boe on a PDP basis and \$13.33/boe for 2P reserves.

As part of the transaction, Surge raised gross proceeds of \$80.5 million and entered into \$100.0 million in amortizing loans from its existing first and second lien lenders.

After giving effect to the acquisition, Surge is now forecasting upwardly revised exit 2022 production of more than 25,000 boe/d (87% liquids).

In its Q3 2022 financial statements, **Topaz Energy Corp.** announced that during the third quarter, it invested \$328.3 million in acquisitions which includes \$316.3 million for previously announced royalty interests across 0.3 million gross acres in the Clearwater, Peace River and Deep Basin areas of Alberta, and \$12.0 million for infrastructure assets which includes Topaz's 12.5% working interest share of an addition to the Glacier Facility and the acquisition of a 49.5% working interest in water management infrastructure assets operated by a new partner. In addition, Topaz announced that it entered into agreements to invest up to \$8.0 million during the fourth quarter of 2022 and the option to invest up to \$25.0 million in 2023 in for final completion and future expansion of its water management assets. Much of this has been previously mentioned by Earth Horse in earlier monthly overviews.

As previously announced, **Chronos Resources Ltd.** and **Samoth Oilfield Inc.** announced that they entered into a business combination transaction which will result in the reconstitution of the management team and board of directors of Samoth with the current management team and board of directors of Chronos, the resulting entity will be renamed **Lycos Energy Inc.**, trade under the symbol of LCX on the TSX-Venture exchange and the shares of Samoth will be consolidated on a basis of one new share for each eight shares held. The reverse take-over will be completed on the following terms: each issued and outstanding common share in the capital of Chronos will be acquired by Samoth in exchange for twenty (20) common shares in the capital of Samoth at a deemed price of C\$0.035 per Samoth Share, with the final number of Samoth Shares to be issued being determined based on the size of the financing which was anticipated to be for gross proceeds of \$65.0 million.

The New Management Team will be led by Mr. Dave Burton as President and Chief Executive Officer, Ms. Lindsay Goos as Chief Financial Officer, Mr. Jamie Conboy as Vice President, Exploration, Mr. Kyle Boon as Vice President, Operations and Mr. Jeff Rideout as Vice President, Land. The New Board will be comprised of Mr. Dave Burton, Mr. Kevin Olson, Mr. Ian Atkinson, Ms. Ali Horvath, Mr. Bruce Beynon, Mr. Don Cowie, and Mr. Kel Johnston. Mr. Sanjib (Sony) Gill, a partner in the Calgary office of the national law firm **Stikeman Elliott LLP**, will act as Corporate Secretary. In addition, Mr. Neil Roszell will serve as a Special Advisor to the new Board.

Chronos has corporate production of 1,050 boe/d (99% oil) in SW Saskatchewan and in the Lloydminster area with an estimated 2023 operating netback of \$38.89/boe, and estimated PDP reserves of 1.3 MMboe, 2.6 MMboe on a TP basis and 5.1 MMboe on a 2P basis.

In conjunction with the completion of the acquisition, Chronos completed a private placement of subscription receipts at a price of \$0.70 per subscription receipt for maximum aggregate gross proceeds of up to \$53.0 million and a private placement of units of Chronos at a price of \$0.70/unit for maximum aggregate gross proceeds of up to \$12.0 million to certain members of the new management team and new board.

Lycos expects to focus on predominantly heavy oil opportunities in Alberta and Saskatchewan, growing through a targeted acquisition and consolidation strategy complemented by development and exploration drilling. The company is expected to have a net cash position of approximately \$63.2 million.

Tourmaline Oil Corp. announced in its Q3 2022 financial results that it sold non-core assets acquired from Rising Star for cash consideration of \$16.7 million plus certain undeveloped lands.

Baytex Energy Corp. announced that it divested of non-core natural gas assets in west central Alberta with production of 600 boe/d for net proceeds of \$26.0 million or \$43,333 boe/d. **Peyto Exploration & Development Corp.** announced that it completed a \$26.0 million acquisition of undeveloped lands, producing wells and infrastructure in the Brazeau area; the deal closed in September 2022. There is an AER transfer which is between Baytex and Peyto.

Source Rock Royalties Ltd. announced that it closed the acquisition of a 2% gross overriding royalty in approximately 6,400 net acres (10 sections) of land in SE Saskatchewan ("GORR Lands") for \$3.5 million. The GORR Lands are operated by **Anova Resources Inc.**, with **Elevation Oil & Gas Limited** being a partner of Anova on the GORR Lands. Source Rock indicated that it "has completed several royalty deals with Anova since January 2019. Over this time, Anova has successfully drilled numerous horizontal wells on Source Rock's royalty lands and has become one of Source Rock's largest royalty payors. Gross production from the GORR Lands averaged approximately 500 bbl/d of Frobisher light oil in October 2022. In addition, 8 horizontal wells were recently drilled on the GORR Lands, and 4 of these wells began producing over the last two weeks. It is anticipated that the remaining recently drilled horizontal wells will begin producing prior to year-end; future development on the GORR Lands will be focused on the Frobisher formation."

New North Resources Ltd. announced that it had acquired all of the issued and outstanding common shares of **Lintus Resources Limited** for an undisclosed purchase price. New North further stated that on December 1, 2022, Lintus will be amalgamated with New North, and continue as Lintus

Resources, a Division of New North. Lintus is a private Calgary based oil and natural gas company, that had royalty and working interest properties located across Western Canada. The company specialized in the purchase of Canadian producing and non-producing Mineral Rights, Royalties and Royalty Trust Certificates.

Clearview Resources Ltd. announced that it closed the disposition of its working interest in the non-core, non-operated Carstairs Elkton Unit in November for net proceeds of \$1.5 million. The net proceeds were immediately applied against the Company's bank debt.

Blacksteel Energy Inc. announced that as the company has been advancing the acquisition of **Drakkar Energy Ltd.** and preparing the work program to grow the jointly held Girouxville asset, Blacksteel and Drakkar mutually agreed to revise the original terms of the transaction. The cash portion of the transaction will remain the same but the shares to be issued by Blacksteel and Drakkar will now total 10 million shares instead of the 26.77 million shares previously announced. Blacksteel stated that "the reduction in share issuance is related to additional investment Blacksteel will be required to undertake on the Girouxville property to ensure a sustainable growth profile."

Argo Gold Inc. announced that it has entered into an agreement to acquire approximately 18,000 contiguous acres (7,600 hectares) in the Clearwater Play around the Nipisi area of Alberta for \$725,000.

Board of Director & Executive Changes in November 2022

GLJ Petroleum Consultants Ltd. announced a number of management changes which included the appointment of a new CFO and four new Vice Presidents. Mr. Alan Withey CPA, CFP was appointed as CFO and Ms. Tracey Bellingham, P. Eng., Ms. Gabriella Carrelli, MSc., P. Geol., Ms. Trisha MacDonald, Pe. Eng. And Mr. Kelly Zukowski, P.Eng were all appointed as Vice Presidents of the company.

Mr. Alan Withey has 30 years of experience as a finance executive with an extensive history in the energy industry. Alan joined GLJ in October as CFO and Corporate Secretary, where he oversees finance, accounting, business support, financial planning, financial analysis, and treasury functions. Alan is a Chartered Professional Accountant and a Certified Financial Planner and holds a Bachelor of Commerce degree from the University of Calgary.

Ms. Tracy Bellingham joined GLJ in 2004 and has been responsible for leading a wide variety of public and private corporate reserves and resource evaluations, A&D transactions and financing support, reservoir and supply study projects and overseeing the standards, protocols and expert team regarding GLJ's in situ bitumen evaluations. Ms. Gabriella Carrelli has more than 20 years of experience in geological studies and evaluations of oil and gas fields and emerging energy resources such as Lithium. Prior to joining GLJ, Gabriella's experience included employment with The Geological Survey of Canada and working as an exploration and development geologist for several oil and gas companies. In 2011, Gabriella joined GLJ as a Senior Geologist and later became the Manager of Geosciences. Ms. Trisha MacDonald joined GLJ in 2004. Early in Trisha's tenure at GLJ, she began to specialize in tight gas evaluations and resource studies throughout northeastern BC and northwestern Alberta, specifically the exploration and development plays of the Montney oil, gas and liquid rich gas pools. Since 2012, her scope has evolved to include international reservoir studies and evaluations, as well as Canadian heavy oil and in situ reservoir evaluations. Mr. Zukowski joined GLJ in 2003, and has more than 19 years of experience in the energy industry. In oil and gas, he has extensive experience in reserves and resources appraisals and economic evaluations used in corporate governance, regulatory filings, disclosure, financing, and asset transactions. Kelly specializes in unconventional resources with a specific focus on the Montney.

On November 28, 2022, the board of directors of **Clearview Resources Ltd.** appointed Mr. Rod Hume as President and Chief Executive Officer, effective immediately. Mr. Hume joined the Clearview in September 2021 as Vice President, Engineering and Chief Operating Officer and recently filled the role of Interim President & CEO.

Prairie Provident Resources Ltd. announced that Mr. Jason Dranchuk, Vice President, Finance and Chief Financial Officer, left the company effective November 14, 2022 for personal reasons. The company is actively recruiting for a replacement.

Baytex Energy Corp. announced, that the board of directors appointed Mr. Eric Greager to the position of President, CEO and as a Director effective November 4, 2022. Mr. Greager succeeds Mr. LaFehr who announced his intention to retire earlier this year. Mr. LaFehr has also stepped down from the board of directors, but will remain in an advisory capacity until January 2023.

Athabasca Oil Corporation announced the appointment of Mr. Cam Danyluk as General Counsel and Vice President, Business Development. Mr. Danyluk has over twenty years of legal, business development, and investment banking experience in the Canadian energy sector.

The Board of Directors of **Sunshine Oilsands Limited** announced the appointment of Mr. Jianping Sun as the company's CEO, effective November 1, 2022. Mr. Sun has over 25 years of experience in the oil industry, including but not limited to project management, engineering & construction, asset reliability, heavy oil operation, production engineering and reservoir engineering. Prior to joining Sunshine, Mr. Sun has worked with **PetroChina Canada** for 10 years. Prior thereto, Mr. Sun held various engineering, supervisory and management positions at PetroChina, China since July 1997. Mr. Sun holds a Master Degree in Oil and Gas Development from Daqing Petroleum University, China and is a member of Canadian Heavy Oil Association and of SPE (Society of Petroleum Engineers).

Blacksteel Energy Inc. announced that Mr. Duncan Nightingale has been appointed as President and CEO in addition to his current position as a director of Blacksteel. Mr. Jeff Callaway has resigned as President and CEO and been appointed Executive Vice-President and CFO. Mr. Derek Batorowski has resigned as CFO and assumed the role of controller of Blacksteel.

Miscellaneous News Announced in November 2022

The **U.S. Department of Energy** announced that it sold 15 million barrels of oil from the Strategic Petroleum Reserve to six companies, completing the last batch of the largest-ever release (180 million barrels) from the stockpile announced by President Joe Biden in March. The contracts were awarded to **Phillips 66, Marathon Petroleum Supply and Trading LLC, Shell Trading (US), Valero Marketing and Supply, Macquarie Commodities Trading US, and Equinor Marketing and Trading.**

The **Federal government** approved an expansion to **TC Energy Corp.**'s NOVA Gas Transmission Ltd pipeline system in Alberta with 34 conditions related to environmental protections and the involvement of Indigenous people through employment and training. The West Path Delivery 2023 (WP2023) project will add about 40 kilometres of new natural gas pipeline to the existing 25,000-kilometre NGTL system, which ships natural gas across Canada and to U.S. markets; this will help improve market access for western Canadian natural gas.

In November 2022, it was announced that all large emitters in **Saskatchewan** will soon be exempt from the federal carbon tax after Ottawa approved its proposed carbon-pricing system. Saskatchewan and Ottawa jointly announced that the federal output-based pricing system will no longer apply in the province starting in 2023 since Saskatchewan applied to have natural gas pipelines and power plants regulated through its own carbon-pricing system, which includes paying into a fund to advance green technologies, purchasing offset credits through a cap-and-trade system or meeting performance standards.

Environment Minister, Mr. Steven Guilbeault says Canada will not agree to include language calling for the phaseout of all fossil fuels in the final agreement at this year's United Nations climate talks in Egypt. The agreement from the UN conference in Scotland last year called for countries to move faster to get rid of coal-fired electricity plants that are not abated with technology to capture emissions. India was pushing to add oil and natural gas to that paragraph in this year's final pact. Canada backed the coal language last year, but Guilbeault says it cannot get behind adding oil and natural gas.

The **Alberta government** announced that it has forecasted the province will have a \$12.3 billion budget surplus for the 2022/23 fiscal year, but warned economic risks are increasing as high inflation, rising interest rates and geopolitical unrest slow global activity. The estimated surplus is less than the \$13.2 billion surplus forecast in August, due to weakening global oil prices. The government expects bitumen royalties to hit \$19.4 billion this year and said non-renewable resource revenues were the main driver of the surplus (**Thanks to the Oil & Natural Gas Sector!**). The province is planning to use the surplus to pay down debt by \$13.4 billion in this fiscal year ending March 31, 2023, reducing debt to C\$79.8 billion. Premier Danielle Smith also announced a \$2.4 billion inflation relief package, giving \$600/month over the next six months to some Albertans including seniors and families with children under 18, earning under a certain threshold.

TC Energy announced that it expects a material increase in the cost of its Coastal GasLink pipeline project. In July, the company said it expected the cost of the project spanning northern British Columbia had risen to \$11.2 billion compared with an earlier estimate of \$6.6 billion. Now with the shortage of skilled labour, costs are expected to increase further. The 670-kilometre pipeline, which plans to carry natural gas across the province to the LNG Canada processing and export facility in Kitimat, B.C., is 80 % complete.

TC Energy announced that it was curtailing volumes after the line was hit by three separate storms between November 4 and November 11th. While TC did not indicate the extent of the volumes of the curtailment, it is rumoured that it was approximately 7% of the 622,000 barrel-per-day (bpd) pipeline throughput.

Enbridge Inc. completed a transaction resulting in the company obtaining a 30% ownership stake in the Woodfibre liquefied natural gas (LNG) project. **Pacific Energy Corp.**, part of the Singapore-based RGE Group, will retain the remaining 70% interest in the project. Woodfibre LNG is a 2.1-million-tonne-per-year export facility, with long-term offtake agreements in place with **BP Gas Marketing Limited** for 70 per cent of the capacity; the project is expected to be in service in 2027.

Suncor Energy Inc.'s board of directors announced that following a comprehensive review, it has decided to retain and continue to improve and optimize the Petro-Canada retail business, which is expected to increase the company's EBITDA and strengthen Suncor's integrated refining & marketing business.

Spartan Delta Corp. announced that its board of directors commenced a formal process to evaluate strategic repositioning alternatives in an effort to enhance shareholder value. The repositioning process will include the evaluation of a broad range of alternatives including, but not limited to, a corporate sale, merger, corporate restructuring, sale of select assets, sale of a royalty, purchase of assets, the spin-out of select assets into a newly-formed company whose securities would be distributed to shareholders or any combination of these potential alternatives in conjunction with a robust return of capital strategy.

Bonterra Energy Corp. announced that it completed restructuring the company's debt through the closing of two new credit facilities which are comprised of (i) a \$110.0 million first lien secured credit facility; and (ii) a \$95.0 million second lien secured term debt facility. Simultaneously with the closing of the new credit facilities, Bonterra fully repaid its \$47.0 million Business Development Bank of Canada term facility.

CanAsia Energy Corp. announced that it elected to convert the outstanding loan balance and accrued interest of the second credit facility with **Andora Energy Corporation** into common shares of Andora at an exercise price of \$0.01/share. Through the conversion, CanAsia acquired 139.4 million shares of Andora. After this conversion, CanAsia holds 211.3 million of Andora common shares, or 88.2% of the total 239.5 million Andora common shares outstanding.

The **Liberal government** proposed a 2% tax on buybacks to "encourage companies to reinvest in their workers and business". They estimated the tax will generate \$2.1 billion in additional revenues over five years and take effect on Jan. 1, 2024.

As most people in the Canadian oil & natural gas industry already know, Canadian energy companies have been the most active in buying back shares of any sector during the past year. These same companies have been paying dividends and reducing outstanding debt from record free cash flow.

Below are companies that announced buybacks in November.

Advantage Energy Ltd. announced that its board of directors authorized the initiation of a substantial issuer bid pursuant to which the corporation intends to offer to purchase for cancellation up to \$100.0 million of its common shares through a modified Dutch auction at a price between \$11.20-\$12.90/share at \$0.10/share increments. The offer was expected to commence on November 10, 2022 and remain open for acceptance until 5:00 p.m. (Eastern Standard Time) on December 16, 2022.

Birchcliff Energy Ltd. announced that the TSX accepted the Corporation's notice of intention to make a normal course issuer bid (the "NCIB"). The NCIB effectively renews the Corporation's existing normal course issuer bid which was set to expire on November 24, 2022. The NCIB allows Birchcliff to purchase up to 13,295,786 common shares (representing 5% of its 265,915,722 common shares outstanding as at November 11, 2022) over a period of twelve months commencing on November 25, 2022 and terminating no later than November 24, 2023.

International Petroleum Corporation announced that its board of directors approved, subject to acceptance by the TSX, the purchase of up to approximately 9.3 million common shares, representing approximately 6.8% of IPC's issued and outstanding common shares (or 10% of IPC's "public float" as at November 24, 2022, to commence over a period of twelve months from December 5, 2022 and ending on December 4, 2023, or until such earlier date as the NCIB is completed or terminated by IPC.

Pipestone Energy Corp. announced that the TSX accepted its notice to renew its NCIB. Pipestone's inaugural NCIB was launched in November 2021; the company purchased and cancellation of 9,598,347 common shares of the company for an average price of \$4.44/share. The new NCIB allows Pipestone to purchase up to 13,936,907 Common Shares, representing 5% of its 278,738,148 outstanding common shares as at November 14, 2022. The renewed NCIB commenced on November 25, 2022 and is due to expire no later than November 24, 2023. Pipestone Energy Corp. announced that in Q3 2022, the company purchased 3,150,000 common shares for cancellation at a weighted average price of \$4.18 per share for a total consideration of \$13.2 million. In Q 2022, Pipestone had purchased an additional 1,188,547 common shares for a total of 9,598,347 common shares purchased to date since the launch of its NCIB program.

MEG Energy Corp. announced that it had repurchased and extinguished US\$262 million (approximately CDN \$349 million) of MEG's outstanding 7.125% senior unsecured notes due February 2027 at a weighted average price of 102.2%. The company has repaid US\$866 million (approximately \$1.12 billion) of debt during the nine months ended September 30, 2022. In addition, in the first nine months of the year, MEG repurchased for cancellation 10.1 million common shares.

In the third quarter 2022, **Enerplus Corp.** repurchased 7.9 million shares under its normal course issuer bid ("NCIB") at an average price of \$14.13 per share, for total consideration of \$111.8 million. Subsequent to September 30, 2022 and up to November 2, 2022, Enerplus repurchased 2.7 million shares under its NCIB at an average price of \$16.00 per share, for total consideration of \$43.7 million.

Vermilion Energy Inc. announced that it has repurchased 2.3 million common shares for \$72 million in 2022.

ARC Resources Ltd. repurchased 26.2 million common shares under its NCIB during the third quarter of 2022 at a weighted average price of \$17.50 per share. Since renewing its NCIB on August 30, 2022, ARC has repurchased 20.9 million common shares, representing 32% of its current NCIB allotment.

In addition, **ARC's** board of directors approved a 25% increase to its quarterly dividend to \$0.15/share, beginning with its dividend payable on January 16, 2023.

Other companies mentioned that their board of directors approved an increase to their dividend, which are outlined below.

Canadian Natural Resources Limited announced that its board of directors approved a 13% increase to its quarterly dividend to \$0.85/share, from \$0.75/share.

Enerplus Corp. announced that its board of directors approved a 10% increase to its quarterly dividend to USD \$0.055/share (CDN ~\$0.075/share).

Paramount Resources Ltd. announced that it is increasing its regular monthly dividend by 25% from \$0.10/share to \$0.125/share.

Pine Cliff Energy Ltd.'s board of directors approved an 8.3% increase in its monthly dividend to \$0.01083/share, commencing in December 2022.

Peyto Exploration & Development Corp.'s board of directors approved a monthly dividend of \$0.11/share starting in January 2023, representing 120% increase over the current \$0.05/month dividend.

In conjunction with the closing of its acquisition of assets from Enerplus, **Surge Energy Inc.** announced that it would increase its annual dividend by 14% to \$0.48/share.

Topaz Energy Corp.'s board of directors approved a 7% increase of its quarterly dividend to \$0.30/share or \$1.20/share on an annualized basis.

On top of the increases in base dividends, two companies announced special dividends, one has been providing such dividends throughout 2022 and the other recently announced it would be providing such a payback of capital to its shareholders.

Spartan Delta announced that its board of directors declared a special cash dividend of \$0.50/share payable on January 16, 2023, to shareholders of record at the close of business on December 15, 2022.

Tourmaline Oil Corp. announced that it would pay a special dividend of \$2.25/share on November 18 to shareholders of record on November 9 and beginning in Q4, will increase the quarterly base dividend by 11% to \$0.25/share resulting in an annualized dividend of \$1.00/share. Recall that Tourmaline announced special dividends to its shareholders in January May, July and in October 2021.

A few companies announced inaugural dividends in November which included **Headwater Exploration Ltd.** that announced that its board of directors implemented an inaugural quarterly cash dividend of \$0.10/share.

Hemisphere Energy Corporation announced that its board of directors approved a quarterly dividend of \$0.025 per share, to be paid November 30, 2022. In addition, the company announced that it had paid off all of its bank debt and acquired and cancelled 393,800 Hemisphere shares as part of the corporate NCIB at an average price of \$1.55/share.

InPlay Oil Corp. announced that its board of directors have approved the implementation of an inaugural base monthly dividend of \$0.015/share per month or \$0.18/share on an annualized basis.

Financings Announced in November 2022

During the month, there were a few financings announced.

As previously mentioned, concurrent with its acquisition of assets from Enerplus, **Surge** raised \$80.5 million in equity and \$100.0 million in new term loans. The financing was originally for \$40.0 million but it was upsized to \$70.0 million plus a 15% overallotment. In total, Surge issued 8,703,200 shares at \$9.25/share.

Altima Resources Ltd. announced that it closed the first tranche of its equity financing originally announced on August 31, 2022. The company issued 6,100,000 units at a price of \$0.05/unit for gross proceeds of up to \$305,000. Each Unit consisted of one common share and one share purchase warrant, each warrant entitled the holder thereof to purchase one additional common share, exercisable for a period of one (1) year from the date of issuance at a price of \$0.075 per share on or before September 1, 2023. The proceeds was allocated for development of Altima's oil and gas operations and general working capital.

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.

Kind. Honest. Work Horse.

Thank you,

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