Sayer Energy Advisors

• Over 25 year history of oil and natural gas industry M&A services.

• Completely independent of the public markets – we do not get involved in financings.

• Managed by individuals with varied backgrounds, each with significant related experience.
Sayer Energy Advisors

Corporate Advisory Services

- Divestitures, Mergers, Acquisitions.
- Valuations and Fairness Opinions.
- Expert Witness Assignments.

Industry Publications

- Well-known for Canadian M&A market analysis through our quarterly publication.
- Publish complete Canadian oil industry M&A and financing information.
- Complete listing of current Canadian oil & natural gas industry asset and corporate dispositions.
M&A OUTLOOK FOR 2013

- We have been in a “Buyers’ Market” for a number of years
- “Buyers’ Market” will continue throughout 2013
- Total Q1 2013 M&A value of approximately $900 million was at its lowest level since Q1 1994
- Capital is scarce, a total of approximately $1 billion in new equity was raised in Q1 2013
- In 2013 we will continue to see a number of companies and properties up for sale
- Vendors need to have realistic price and value expectations, or processes will go “no sale”
Why has it been a buyers’ market for the last number of years?

- Depressed natural gas prices have affected many companies
- The recent wide differentials on the price of Western Canadian oil
- Government intervention in the industry has not helped
- The industry is not immune to the global financial turmoil that is going on elsewhere
BUYERS’ MARKET TO CONTINUE

• Weak balance sheets.
  • Commodity prices remain variable.
    • Crude oil prices remain high.
    • Natural gas prices were low but are increasing.
  • Equity markets selective.
    • “Hard dollars” hard to find.
    • Only a “selected few” are able to get the cash.
  • High debt levels.
    • Conventional bank debt plus strong subordinate and mezzanine debt markets.
• Need for companies to sell properties to improve balance sheets and finance growth.
# Metrics of M&A Transactions

## CANADIAN OIL INDUSTRY
### MERGER AND
### ACQUISITION
### REPORT

**FOURTH QUARTER 2011**

<table>
<thead>
<tr>
<th>Purchaser</th>
<th>Acquisition</th>
<th>Enterprise Value</th>
<th>Acquisition Price</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$MM</td>
<td>$/boe</td>
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<tr>
<td>Arsenal</td>
<td>Equal assets</td>
<td>40.25</td>
<td>16.10</td>
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<tr>
<td>Big Coulee</td>
<td>Drumlin</td>
<td>20.10</td>
<td>15.31</td>
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<td>Celtic</td>
<td>ConocoPhillips assets</td>
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<td>Freehold</td>
<td>Bonavista assets</td>
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<td>16.48</td>
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<tr>
<td>Portal</td>
<td>Equal assets</td>
<td>8.30</td>
<td>11.67</td>
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<tr>
<td>Seaview</td>
<td>Silverback</td>
<td>75.51</td>
<td>12.82</td>
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<td>Seaview</td>
<td>Sirius</td>
<td>18.11</td>
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<td>Sinopec</td>
<td>Daylight</td>
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<td>Storm</td>
<td>British Columbia assets</td>
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<td>Storm Gas</td>
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<td>20.24</td>
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<tr>
<td>Surge</td>
<td>Pradera</td>
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<td>Twin Butte</td>
<td>Emerge</td>
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<td>Undisclosed Buyer</td>
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<td>WestFire</td>
<td>Alberta assets</td>
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<td>Whitecap</td>
<td>Compass</td>
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<td>17.19</td>
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<tr>
<td>Wilmington et al</td>
<td>Ironhorse &amp; Grizzly assets</td>
<td>19.80</td>
<td>5.16</td>
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</tbody>
</table>
Metrics of M&A Transactions

Q: “What’s a natural gas property going for these days?”

“What’s oil worth today?”

A: “What’s the price of a house in Calgary?”
Correlation of Median M&A Process and Commodity Prices: OIL

Average Alberta Crude ($/bbl)

Median Oil Acquisition Price ($/bbl)

Oil Price source: CAPP Monthly Crude Oil Pricing Report

*Q1 & Q2 2012 Prices
Correlation of Median M&A Process and Commodity Prices: **NATURAL GAS**

Average Alberta Natural Gas (AECO-C) ($/MMbtu)  

Median Natural Gas Acquisition Price ($/Mcf)  

Natural Gas price source: CAPP Monthly Natural Gas Report  

*Q1 & Q2 2012 Prices*
Total Enterprise Value of Transactions ($ Billions)
Total Canadian Oil & Natural Gas Equity Financings ($ Billions)

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013

Common
Flow Through

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This announcement appears as a matter of record only.

Bounty Developments Ltd. has sold certain undeveloped lands in the Pembina-Crystal and Willesden Green areas of Alberta for $8.2 million.

The undersigned acted as agent to Bounty for these transactions.

January 2013
This announcement appears as a matter of record only.

enerPLUS

has sold its interests in certain non-core properties

The undersigned acted as agent to Enerplus for these transactions.

Winter 2012/2013
This announcement appears as a matter of record only.

Harvest Operations Corp. has sold its interests in certain non-core properties.

The undersigned acted as agent to Harvest for these transactions.

Winter 2012/2013
This announcement appears as a matter of record only.

Pavilion Energy Corp.

has sold its interests in the Lloydminster area of Alberta

for approximately

$6.7 million

The undersigned acted as agent to Pavilion for these transactions.

March 2013
Sayer Energy Advisors

This announcement appears as a matter of record only.

has sold its interests in the Worsley area of Alberta

The undersigned acted as agent to Ravenwood for this transaction.

January 2013
This announcement appears as a matter of record only.

Response Energy

has sold a portion of its interests in the Morinville area of Alberta

for

$3.4 million

The undersigned acted as agent to Response for this transaction.

January 2013
This announcement appears as a matter of record only.

SIGNALTA RESOURCES LIMITED

has sold its interests in certain non-core properties in Alberta and Saskatchewan

for approximately

$21 million

The undersigned acted as agent to Signalta for these transactions.

Fall 2012/Winter 2013
This announcement appears as a matter of record only.

TWIN BUTTE ENERGY LTD.

has sold its interests in the
Flaxcombe area of Saskatchewan

The undersigned acted as agent to Twin Butte for this transaction.

January 2013
This announcement appears as a matter of record only.

PRIMROSE DRILLING VENTURES LTD.

has sold certain interests in the Workman area of Saskatchewan for $2.7 million

The undersigned acted as agent to Primrose for this transaction.

April 2013
This announcement appears as a matter of record only.

**STORM RESOURCES**

has sold certain undeveloped land
in the Windfall area of Alberta

for

$1.1 million

The undersigned acted as agent to Storm for this transaction.

March 2013
This announcement appears as a matter of record only.

WCSB
ROYALTY INCOME INVESTMENTS

has sold its royalty interests in WCSB Oil & Gas 2010 Corp. and WCSB Oil & Gas Royalty Income 2010-II Limited Partnership to

Toscana
Energy Corp.

for

$15.4 million

The undersigned acted as agent to WCSB for these transactions.

April 2013
This announcement appears as a matter of record only.

TWIN BUTTE ENERGY LTD.

has sold its interests in the Laprise area of British Columbia

for

$3.25 million

The undersigned acted as agent to Twin Butte for this transaction.

May 2013
This announcement appears as a matter of record only.

EXORO ENERGY INC.

has swapped its interests in the Two Creeks area of Alberta

The undersigned acted as agent to Exoro for this transaction.

April 2013
Factors Affecting Prices of M&A Transactions

- $100,000/boe/d
- Factors leading to higher prices
  - high amount of economic upside
  - facility capacity
- Median Price
- Low working interest
- Non-operated
- High operating expense
- Dry gas
- < $10,000/boe/d
- Factors leading to lower prices
  - numerous shut-in wells
  - very limited amount of upside
  - facility constrained
- Light oil
  - low
  - operating expense
  - operated
  - high working interest
2013: Joint Ventures Will Remain a Source of Funding
OUTLOOK FOR 2013

- The “Buyers’ Market” will continue into 2013
- In 2013 we will continue to see a number of companies and properties up for sale including many joint venture opportunities
- The opportunity rich and capital deprived scenario will continue in the industry
- The ability to raise capital for many companies will continue to be an issue
- Vendors need to have realistic price and value expectations, or processes will go “no sale”
- When will it change who knows but it eventually will ……..it always does