

INDUSTRY RATING

Oil, Gas & Consumable Fuels:
Overweight

(NBC Economics and Strategy)

Oil, Gas & Consumable Fuels

Will It Ever Stop? Yo, I Don't Know: Commodity Price Deck Update

Due to the continuation of conflicts in the Middle East (as well as Russia's invasion of Ukraine) and what feels like a higher for longer price environment as it relates to crude and refined products, we are updating our commodity price deck materially. We believe global energy markets have been structurally altered for the foreseeable future, which is likely to drive some resemblance of protectionism going forward.

Despite daily headlines whipsawing energy prices, it feels as though the optimism for the Canadian energy sector has been as positive as ever, helped by Federal support out of the September 14-15 Investment Summit in Toronto.

For more than a decade, the sector was forced into internal optimism, with a resilient focus on controllable items through continuous improvement, capital discipline and persistence. Today, the paradigm shift into a resilient return of capital sector, from what was historically considered a cyclical cash burn sector, presents investors with a sector that we describe as: **value meets return**. We expect this will become a theme for the next several years as relative low-risk growth meets infrastructure expansion in large part due to the deregulation narrative from the Federal Government, further supported by Provincial leaders with a goal to attract capital back to Canada.

Based on our revised energy price assumptions, we draw attention to the incredible scale of persistent FCF (Exhibit 6), which leaves the question: **What should the sector do with all that cash flow? What do you think?**

Our highest conviction ideas are: BTE, CVE, KEL, LGN, SCR, SDE, SU, OVV, TNZ and WCP.

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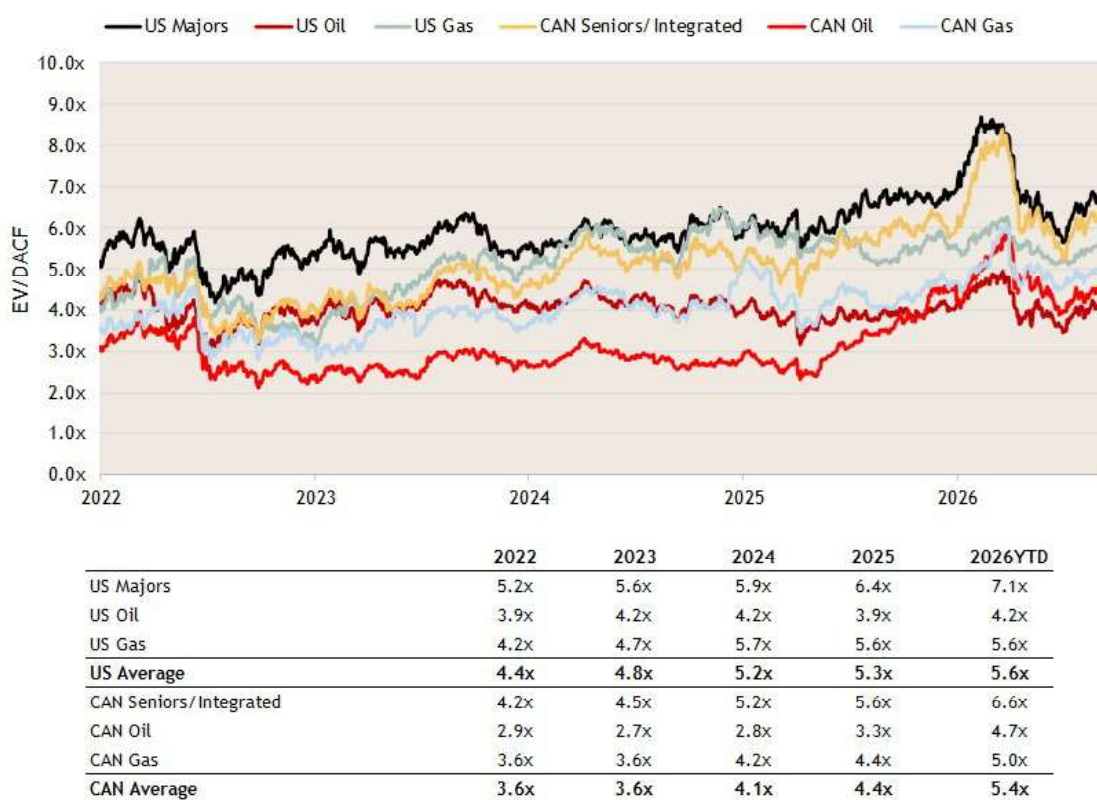
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Valuation: Re-Rate on Course, What's Next?

We have highlighted the attractiveness of the Canadian energy sector on a relative basis many times over the last several quarters, pinpointing the reasons we believed (and continue to believe) that names across our coverage are well positioned for upside versus U.S. peers. Relative valuation discounts (despite recent gap closure, *see Exhibit 1 below*), abundant resources (rich inventories supporting long-term brownfield and greenfield expansion), low breakevens, pristine balance sheets, shareholder and management alignment around long-term value creation, and a favourable domestic policy shift have all contributed to this fundamental shift.

While the re-rating takes place and Canadian names have outperformed U.S. peers year-to-date (~30% appreciation delta YTD), narrowing the valuation gap, we believe the current environment calls for selective investment to capture the meaningful remaining risk-adjusted upside opportunity in names that continue to screen positively due to a favourable setup or an imminent/unfolding catalyst that should support further re-rating.

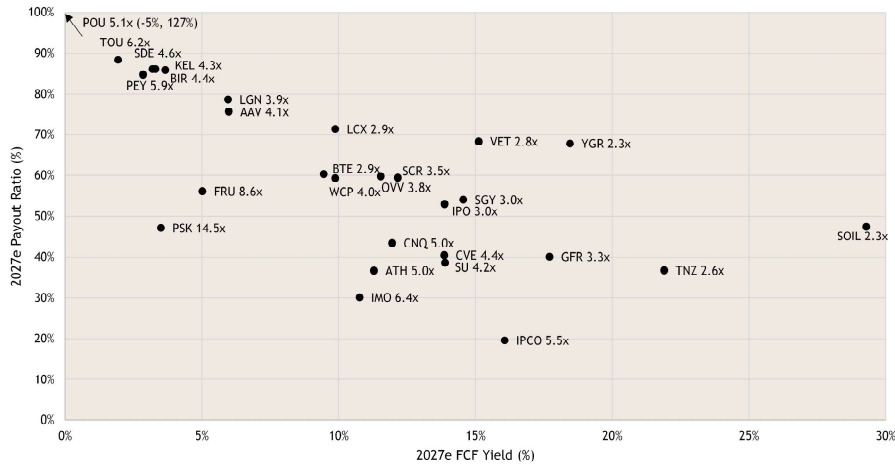
Exhibit 1: U.S. Versus Canadian E&P Sector Valuation Comparison



Source: NBCCM, Bloomberg

Against this backdrop, and given the commodity price and macroeconomic developments discussed elsewhere in this report, we continue to favour liquids-oriented names (in addition to **TNZ**, given its high exposure to premium markets and relatively attractive valuation; not to mention continued margin expansion driven by operating leverage and increasing production). Overall, we highlight **BTE**, **CVE**, **SCR**, **SDE**, **SU**, **OVV**, **TNZ** and **WCP** as screening positively, with most names presenting high torque to liquids prices and meaningful upside potential given our current commodity outlook (with embedded upside for selective names should gas price environment improve), but also robust growth programs under development and continuous operational momentum. In addition, among our top-pick integrated names (*see crack spreads section below*), **SU** and **CVE** are well positioned to benefit from tight refined product markets (**SU**'s global trading capabilities and lack of exposure to WCS differentials through its SCO volumes, which are favoured due to higher diesel yields, should continue to position the company to exploit arbitrage opportunities and generate sizable cash flow during sustained pricing dislocations).

Exhibit 2: 2027e FCF Yield Versus Payout Ratio

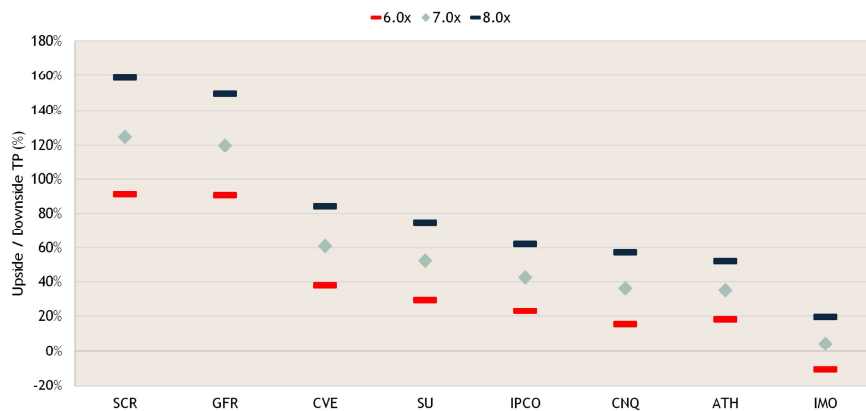


Source: NBCCM, Company Reports

Labels reflect 2027e EV/DACF.

Exhibits 3-5 below displays the implicit upside in target prices across our coverage when considering what we believe would be appropriate long-term multiple ranges for thermal/senior players, liquids-weighted, and gas-weighted. While we acknowledge this is not a perfect exercise given differences in business maturity, risk versus de-risked growth prospects, jurisdictional risks, and product mix, to name a few, the exhibits should support a directional valuation analysis of the sector, where we continue to see substantial upside potential.

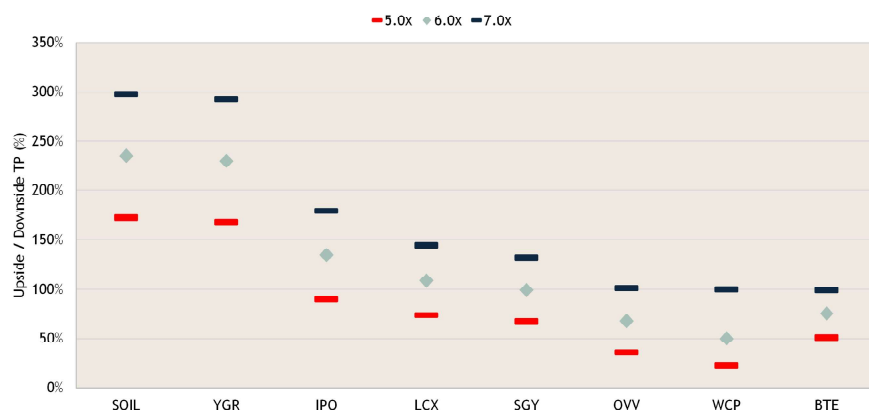
Exhibit 3: Thermal/Seniors Target Price Sensitivity



Source: NBCCM

The upside/downside deltas in target prices are based on share prices as of September 25, 2026.

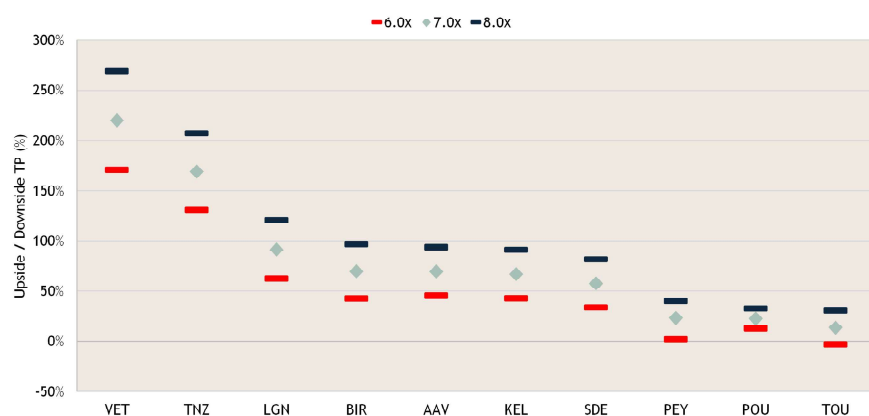
Exhibit 4: Liquids-Weighted Target Price Sensitivity



Source: NBCCM

The upside/downside deltas in target prices are based on share prices as of September 25, 2026. SOIL and YGR significant upsides are driven by the delta between multiples assigned for this exercise and multiple valuation supporting current TPs (3.0x and 2.5x, respectively).

Exhibit 5: Gas-Weighted Target Price Sensitivity

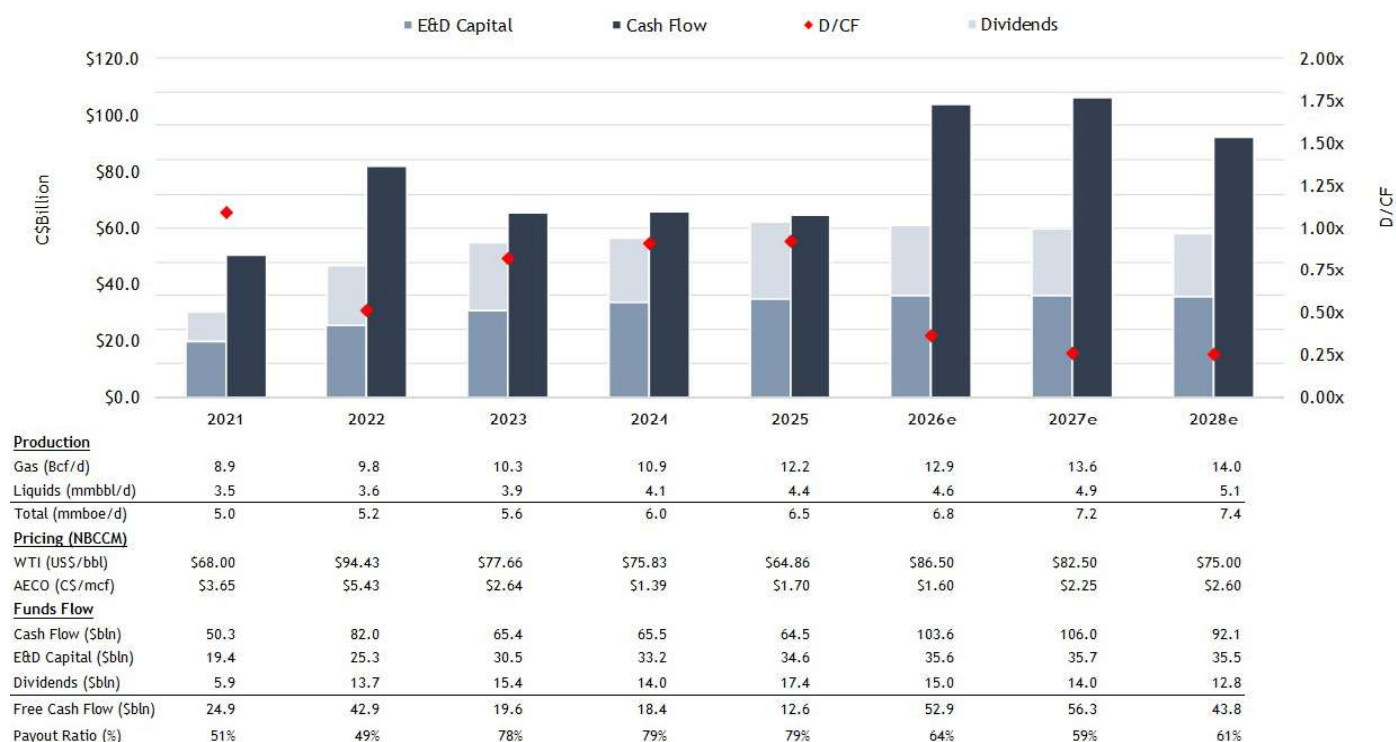


Source: NBCCM

The upside/downside deltas in target prices are based on share prices as of September 25, 2026. TNZ and VET significant upside is driven by the deltas between multiples assigned for this exercise and multiples valuation supporting current TPs (4.0x for both names).

Additionally, Exhibit 6 below serves as a reminder of the unprecedented scale and resilience of cash flow generation achieved by the Canadian E&P sector over the past several years. More importantly, the durability and visibility of cash flow and profitability over the coming years, supported by the current commodity price environment (*our macro views are outlined below*), remain particularly compelling. We expect the industry's disciplined approach to capital allocation and continued focus on shareholder returns to persist, given the clear benefits and market recognition associated with this strategy. At the same time, a growing inventory of economically attractive growth opportunities, supported by incremental pipeline capacity and improving market access, should further enhance the investment case. In our view, these factors position the sector to continue generating significant free cash flow while supporting a sustained re-rating of valuations.

Exhibit 6: NBCCM Coverage Aggregate Operating Summary



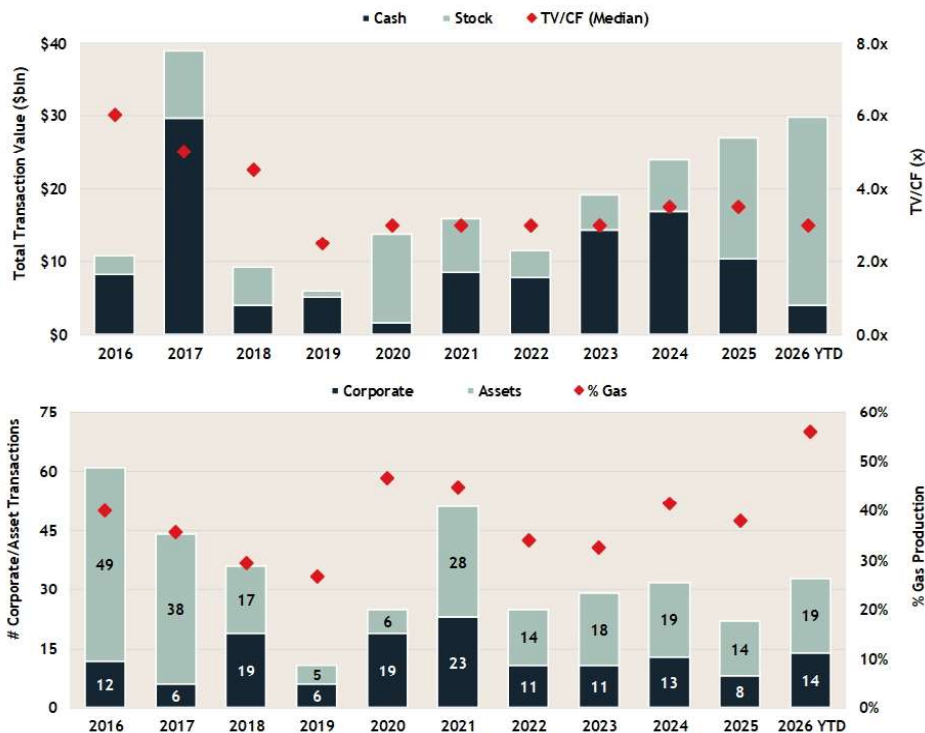
Source: NBCCM, Company Reports

M&A: We Expect Further Consolidation

Over the last couple of years, we've seen strong consolidation taking place across the Canadian energy landscape. The deals have varied in style and size, ranging from bolt-on acquisitions aimed at bolstering inventory (scarcity in certain fairways is likely to continue as a key acquisition theme, in our opinion) to corporate mergers where significant synergies are unlocked. Year-to-date, the value of M&A activity in Canada is on track to reach its strongest level of the last decade (~\$30 billion YTD), and we believe there remains room and appetite for further consolidation (although sustained higher commodity prices could impact timing).

The bottom line is that we believe investors are keeping this front of mind when looking across the sector, where several names in our coverage match the criteria of what has been driving M&A activity so far. On that front, we highlight **KEL** and **LGN** as potential takeout candidates driven by liquids-oriented inventory scarcity, which continues to increase in the mid-cap Montney (particularly the AB liquids fairway), with **OVV/Shell** having acquired assets from **NVA/POU/ARX** in recent months. On that front, we note that **KEL** and **LGN** both have organic growth programs underway, high relative liquids weighting (~45% liquids), and are trading at ~4-5x versus comparable transactions in the 5-6x range, reinforcing the potential for attractive premiums.

Exhibit 7: M&A History Activity



Source: NBCCM, Company Reports

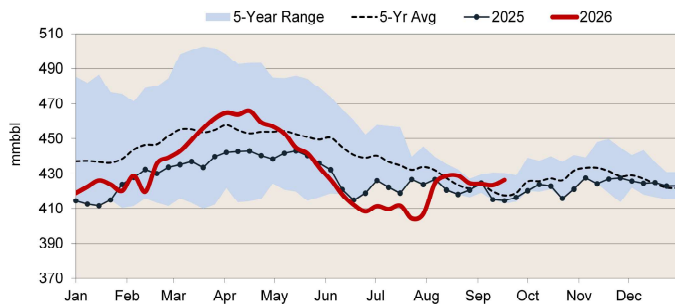
Crude

Feels like we are in uncharted territory right now given the number of serious global disruptions to crude supply, with ongoing events in the Strait of Hormuz (SoH), the Red Sea (the most recent serious escalation), and between Russia and Ukraine significantly constraining the ability of key crude (and refined product, *more details below*) producers to export their products (production impacts are less pronounced, but producers are struggling to secure safe or stable egress, while freight costs are astronomical).

While some/intermittent transits of the Strait of Hormuz continue (largely through the use of ship-to-ship transfers leveraging smaller tankers), solutions to circumvent the geographic bottleneck have recently been negated by Iran and its proxies, with recent strikes on the east-west pipeline in Saudi Arabia taking a significant portion of the 7 mmbbl/d pipeline offline (initial estimates suggest partial flows of 4 mmbbl/d have resumed, with a 6-8-week time frame for the pipeline to return to 100% capacity). In the meantime, Saudi Arabia has begun informing refining customers in Europe that October shipments will be impacted. This deferral is largely driven by escalating tensions in the Red Sea, where Houthis have undertaken strikes on Saudi Arabia's east-west pipeline and refineries (in particular those on the western side of the country), while also threatening global shipping that transits the Bab al-Mandeb Strait at the southern end of the Red Sea (around 7.2 mmbbl/d were transported through the strait in June this year, up 70% versus last year and prior to the conflict).

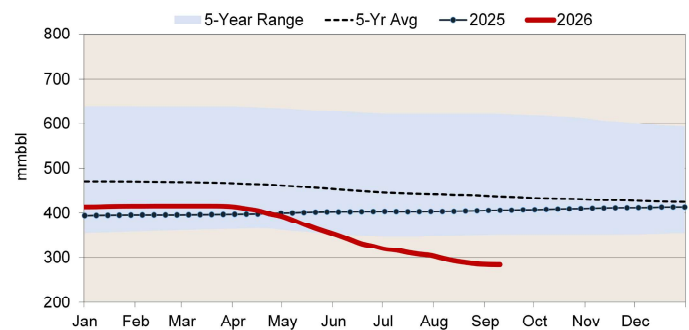
Although President Trump's posts continuously (and conveniently) claim progress, Iran and the U.S. do not appear any closer to an agreement that would reopen the SoH, with both sides seemingly unwilling to compromise on key demands (Iran may be dragging its feet until the November midterm elections). Earlier in the conflict, China throttled down its crude imports and instead relied on drawing down its crude inventories, in large part to help balance global crude markets, but relying on them as a stopgap may be less feasible now that strategic reserves and inventories around the world have been further depleted (U.S. SPR now sits at ~285 mmbbl, its lowest level since the 1980s). With operational inventories' limits likely not too far away, the world is running substantially lower on contingency plans (versus at the start of the conflict) in the event that the Strait remains closed for much longer.

Exhibit 8: Historical U.S. Crude Inventory



Source: NBCCM, Bloomberg

Exhibit 9: Historical U.S. SPR



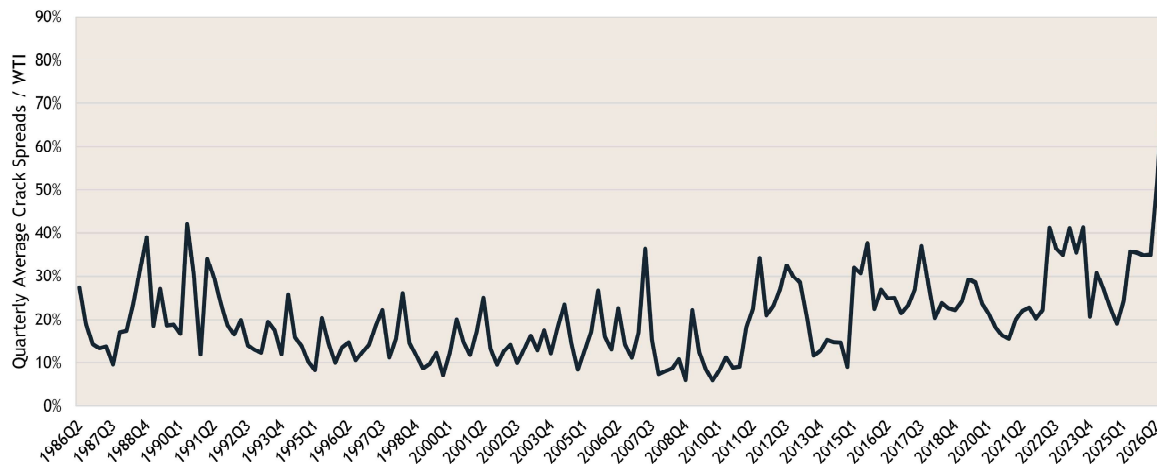
Source: NBCCM, Bloomberg

While tankers continue to transit the Strait (more of a drip, with fewer than 10 tankers making it through each day on average versus ~125 tankers pre-conflict), the price these tankers fetch is now eye-watering, with tanker fees now accounting for up to 25% of the cost of the oil they carry, an unprecedented premium. Despite all the data points surrounding inventory trends and constrained supply chains, it is extremely hard to forecast when we expect the conflict in the Middle East to come to a resolution. Had you asked us back in February, not many would have guessed the conflict would still be ongoing as we approach the last quarter of the year, with the continuation of hot conflict, tanker strikes, and various forms of escalation (such as strikes on the east-west Saudi Arabia pipeline) making it harder to see the light at the end of the tunnel. We do, however, believe that oil likely has a US\$70/bbl floor once this is all over, as geopolitics and the fragility of global crude supply chains have spooked the market (energy security and stability within global energy markets will demand a premium going forward).

The urgency (and uncertainty) of the problem is reflected in the backwardated curve, with prompt pricing (and pricing over the near portion of the curve) much more elevated than CAL-27 and CAL-28 pricing, reflecting the continued belief (perhaps a bit unfounded) that the supply shortage will be resolved sooner rather than later. However, versus six months ago when the conflict erupted, the CAL-27 curve has increased by more than US\$15/bbl, reflecting the growing understanding that the conflict and its impacts will be long-lasting. While refiners in the U.S. have been running flat out to take advantage of low product inventories, we are less concerned about eventual turnarounds given the significant demand we expect to see from net importers globally looking to restock inventories. Energy security will remain top of mind moving forward (reserves may be rebuilt larger than before, with a pronounced focus on energy security), while strikes on infrastructure and tankers emphatically underscore the fragility of global energy trade (many examples demonstrate how easy it has become to inflict disproportionate levels of damage, both physical and economic). While we may see some demand destruction related to sky-high crack spreads, crude demand will remain elevated (even if consumer demand destruction occurs) as strategic reserves and product inventories will need to be rebuilt.

On the supply side, we have seen signs of a production response in the Lower 48 (onshore oil rigs activity up by almost 10% year-over-year), which could add incremental supply over the near term. However, we caution that U.S. production has begun to show signs of plateauing, with declines expected to continue moving forward as producers gravitate toward lower-quality inventory (following indications of tier 1 inventory fatigue, requiring higher levels of activity to maintain current production levels, or the targeting of wells with less favourable economics). In addition, we note that the ratio between crack spreads and WTI has reached unprecedented levels when looking back to the 1980s, and given our bullish views on sustained and elevated crack spreads (*see more details on crack spreads section below*), we believe WTI will inevitably have to move higher (all else equal) in order to close the gap and encourage the overcoming of current global logistics challenges, so barrels continue to find available throughput capacity.

Exhibit 10: Historical Crack Spreads Versus WTI Ratio



Source: NBCCM, EIA

While President Trump's foray into Venezuela earlier this year is showing signs of progress (from a crude supply standpoint), with a noticeable uptick in production (and exports) and a recent ramp in foreign investment thanks to a push from the U.S. administration (*more below on Venezuela, given its pronounced impact on WCS*), longer term we see Venezuela potentially reaching 1.5-2.0 mmbbl/d; however, that road is full of potential pitfalls, with massive amounts of capital and expertise required to ramp production.

Our 2026e and 2027e WTI pricing assumptions are now US\$86.50/bbl and US\$82.50/bbl, respectively (up from US\$78.00/bbl and US\$75.00/bbl, respectively). Our estimates for 2026 are in line with current strip prices of US\$86.68/bbl, while our next-year forecast is slightly ahead of the current strip of US\$78.99/bbl. The delta between our estimate and strip for next year reflects our view that the complexity of the current situation is likely to sustain prices at higher levels than otherwise implied by markets.

WCS

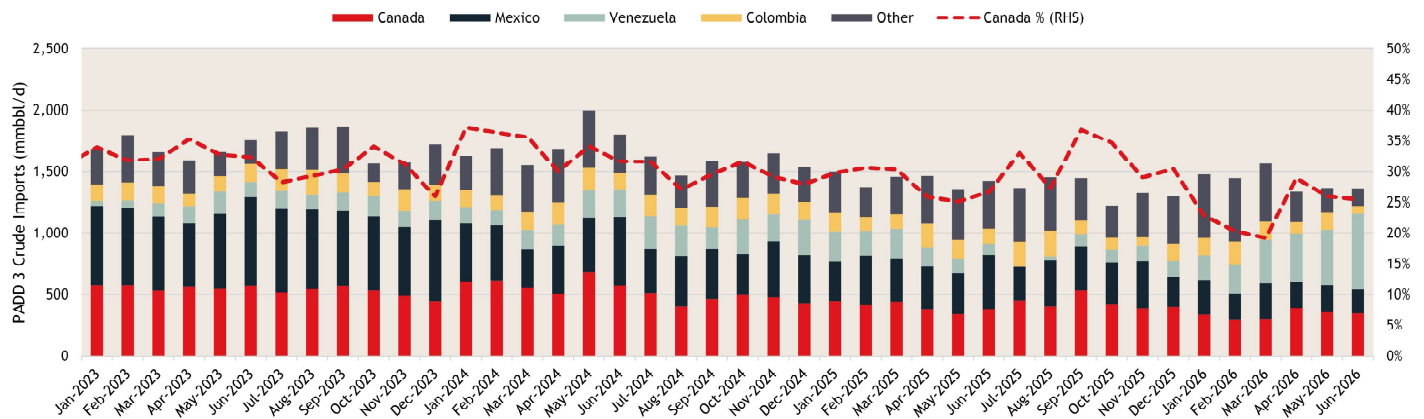
Although the WCS differential remains unseasonably wide compared to the post-TMX period (seasonality related to turnarounds and diluent utilization remains a factor), with October settling at -US\$(16.50)/bbl, the rising tide of WTI is lifting all boats, with WCS barrels currently earning +C\$95/bbl (versus -C\$79/bbl right before U.S. and Iran conflict).

While we note that WCS differentials have been impacted lately, the price deterioration seen in ARV (WCS Houston) suggests the price pressure seen is broader than on Canadian barrels alone. However, impacting specifically Canadian heavy crude, we see the continued drawdown of sour SPR barrels, the Line 5 outage (18-day unplanned outage while rail exports remained flat over same period), refinery maintenance in PADD 2 and PADD 3 (including outages at Joliet and Whiting recently, pushing extra barrels further south), as well as a higher pull on SCO versus WCS due to its relatively higher distillate yields, as key factors impacting overall demand. Despite TMX operating nearly at capacity and shipping ~890 mmbbl/d (helping to offset some of the pricing impact and preventing blowouts in the differential we've seen in the past), Albertan crude inventories have, as a consequence, increased meaningfully over the last couple of months from historically low levels to surpassing the five-year average as of late.

While we believe that the issues weighing on the WCS differential are generally transitory, the slow ramp-up of production and crude exports that we continue to see out of Venezuela will likely have a permanent impact on heavy crude supply going forward, with enhanced competition for crude exports into the USGC (PADD 3) being the most obvious outcome. Since the U.S. overthrew former President Maduro earlier this year, production is up by almost 300 mmbbl/d from January levels (or ~100 mmbbl/d Y/Y, latest monthly average production as of August indicates ~1.2 mmbbl/d), while crude exports to the USGC are north of 600 mmbbl/d as of June (a ~5x increase from December 2025 levels). As per Exhibit 11 below, the USGC currently imports just under 1.4 mmbbl/d of crude, with Canada currently exporting 350 mmbbl/d into the region. While this is where we see the greatest potential impact from Venezuelan barrels, we note that additional Venezuelan barrels delivered to the USGC haven't necessarily, so far, meaningfully displaced Canadian barrels (*see Exhibit 11 below*; despite overall lower trend over last years, PADD 3 Canadian barrels imports are down by only ~50 mmbbl/d, from December 2025 levels). We believe Canadian barrels will continue competing effectively with

Venezuelan barrels in the Gulf (potentially displacing barrels from other regions as well) given that Canadian barrels arrive via well-established pipeline infrastructure and pose lower risks of contamination and variability (certainly economics ultimately drive the decision; however, the importance of consistency should not be underestimated). We do not anticipate blowouts in the differential as seen before TMX and, with more egress capacity coming online over the next several quarters (aligning with the Venezuelan low-hanging-fruit ramp), we see potential arbitrages being closed efficiently.

Exhibit 11: U.S. Gulf Coast Monthly Crude Oil Imports



Source: NBCCM, EIA

We are skeptical of the recent long-term growth plans laid out by the U.S. administration, as they claim to want to double production by 2030-2031 with another over 1 mmbbl/d as longer-term threshold. Although there have been some investment announcements made by sizable players so far, given the tremendous need for foreign capital and expertise, as well as the higher levels of risk (including concerns around stable power supply, diluent supply, etc.), we believe this projected ramp is likely too aggressive. However, we recognize that production will likely continue to grow gradually in the coming years (there is still low-hanging fruit to pursue, while upgraders, for example, will require a serious and concentrated effort to revive).

Looking forward, incremental egress and energy security remain two key structural tailwinds for WCS. In terms of incremental egress, over the back half of this decade, we see numerous opportunities to improve volumes, with progress on Mainline optimizations, Prairie Connector and TMX optimizations all adding sizable chunks of takeaway capacity (combined, we see these projects adding ~1.0 mmbbl/d of pipe). This incremental egress, combined with the newfound focus on energy security (most notably from Asia), should drive continued demand for Canadian heavy crude for decades to come, with ambitious growth plans outlined by numerous levels of government hopefully providing adequate confidence for producers to pursue growth. The significant needs of the USGC refining complex (heavily reliant on heavy crude imports) and PADD 2, coupled with increased demand from Asia, should provide structural support for heavy barrels going forward, while the current relative demand for SCO versus WCS will likely subside in the years ahead as refined product inventories are eventually replenished.

In order to reflect our view on WCS explored in more detail above, we have revised our 2026e and 2027e WCS differential pricing assumptions. We currently forecast WCS differentials to average US(\$14.90)/bbl and US(\$15.50)/bbl, respectively (up from US(\$13.40)/bbl and US(\$13.00)/bbl, respectively). Our estimates are slightly narrower than strip prices, which point toward US(\$16.11)/bbl and US(\$18.07)/bbl over 2026 and 2027, respectively.

Crack Spreads

Crack spreads have been a hot topic over the last few months, and we believe it will continue to be one of the key points investors focus on over the coming quarters. The main reason for that is the structural shortage of supply resulting from conflicts and strikes affecting refining infrastructure (and logistics). We've seen global refining throughput decrease substantially since the start of the Russia-Ukraine conflict, where Ukrainian forces have been relatively successful in targeting Russian refining capacity, with efforts intensifying as of late. Despite recent public statements from the U.S. Administration urging a cessation of refinery strikes by Ukraine, Kyiv's government has continued attacks on key strategic Russian targets in an effort to hamstring their economy. Recently, Ukraine launched new strikes on the Gazpromneft Moscow oil refinery (a key refinery serving the Kremlin), further damaging this

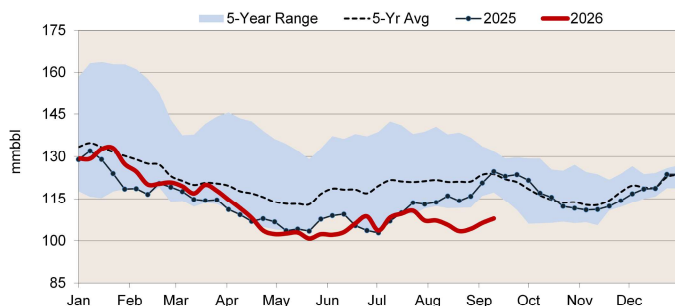
important asset and likely increasing repair timelines significantly (Ukraine has strategically focused on complex units, implying longer and more complex repairs are needed). To date, third-party estimates suggest that 25-30% of Russian refining output is currently unavailable (translating to 1.5-2.0 mmbbl/d), while Ukraine continues its striking campaign.

The situation has deteriorated further following the escalation of the U.S.-Iran conflict in the Middle East given attacks and consequently, the shutdown of refineries in the region. Estimates point toward ~2.7 mmbbl/d of refining capacity being taken offline (from almost 10.0 mmbbl/d refinery throughput pre-war levels), with lost refinery throughput driven by export constraints through the Strait of Hormuz and damaged capacity. When accounting for all the unfolding events described above, at least 4.2-4.7 mmbbl/d of refining capacity has been taken offline, with significant repairs needed to some units and no clarity on sustainable peace deals only compounding on the global refined products price pressure.

Furthermore, China has been playing an important role in refined product markets (and crude, *see above for more details*). The country has acted as a cushion for crude balances after dialling back crude imports significantly following the start of the conflict in the Middle East. China's crude imports decreased by an average of 3.0-4.5 mmbbl/d from pre-conflict levels while cutting refinery runs by ~1.7 mmbbl/d and drawing on commercial inventories (the government effectively balanced refined product production with domestic demand, consequently reducing exports). More recently, however, China has returned to the market, with directional uptick on the crude imports suggesting that the country is likely marginally increasing its refined output as well. Even as China increases refined product output and considering that global refineries have been pushing the limits of utilization rates (*as shown in Exhibit 14*, U.S. refinery utilization averaging 93% YTD, versus a 10-year average of 88% over the same period), the marginal throughput increase is unlikely to sustainably solve the structural shortage we currently see. Furthermore, there are no guarantees that depleted fuel stockpiles would not trigger a Chinese export ban to alleviate domestic pressure (Chinese observable refined product inventories are at their lowest level versus the 5-year historical average).

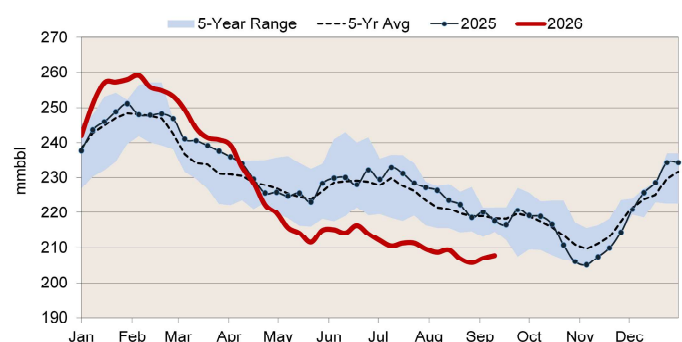
On that front, indications of a potential diesel export ban from the U.S. have raised concerns regarding the severe global pricing impacts that could result. While President Donald Trump has indicated that the U.S. Administration is considering all options to put a lid on prices at the pump, we remind readers that a [potential diesel export ban](#) on ~1.2 mmbbl/d of diesel is likely to accentuate pricing pressures following some short-term (and localized) relief in the U.S. (regional nuances are critical, with the potential for asymmetrical pressure across certain regions of the U.S. that are dependent on imports of refined products, read Northeast and West Coast). Overall, we believe that, from a refinery perspective, if diesel margins weaken materially in the U.S., it would be logical for refiners to either tackle postponed maintenance given the record throughput achieved over the last year or curtail volumes to optimize refinery margins. The consequence, in our view, is a tighter global market, with further supply constrained and prices moving higher.

Exhibit 12: U.S. Historical Distillate Inventory



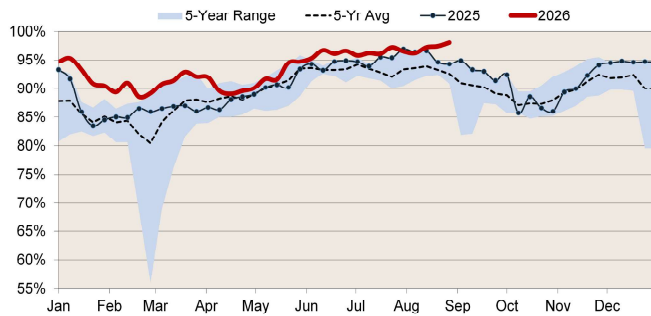
Source: NBCCM, Bloomberg

Exhibit 13: U.S. Historical Gasoline Inventory



Source: NBCCM, Bloomberg

Exhibit 14: U.S. Historical Refinery Utilization

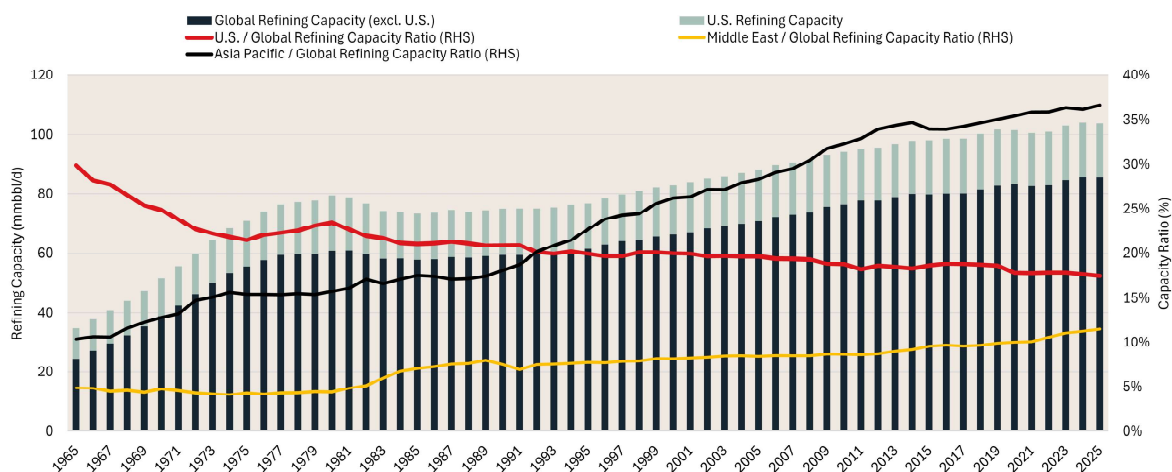


Source: NBCCM, Bloomberg

In addition to the geopolitical tensions and conflicts explored above, it is important to understand the reasons behind elevated crack spreads and why we believe these elevated prices are likely to be sustained over the coming quarters when looking at the evolution of global refining capacity. As shown in Exhibit 15 below, we can clearly see the U.S. playing a relatively smaller role on the global refining stage today versus 1965, when U.S. refining capacity accounted for ~30% of global capacity compared to ~18% today. Regions such as the Middle East and Asia have seen their relative share rise by 7% and 27%, respectively, over the same period, currently accounting for ~12% and ~37% of global capacity. While global refining capacity has increased meaningfully, the shift in where these refineries are located matters when considering geographic choke points. As highlighted above, the Middle East sitting at the epicentre of geopolitical conflicts has 2.7 mmbbl/d of refining capacity either damaged or constrained, while Asia, which accounts for well more than 1/3 of global refining capacity, is a major crude importer, primarily from the Middle East.

Bottom line, the constrained and geographically exposed region has increased its influence on refined product markets, either by providing a relatively larger share of global refined products or by supplying feedstock to other major refining markets. As a counterbalancing force, the Dangote refinery is running at full capacity (an impressive 700 mmbbl/d throughput favouring diesel yields), where feedstock comes from different sources, but mainly from Nigeria, avoiding bottlenecks. We note, however, that while the refinery plans to double capacity by 2029 (recently announced plans to IPO, demonstrating what could be renewed investor appetite for the refining business), that type of meaningful capacity addition requires significant time (and resources).

Exhibit 15: Global Refinery Capacity



Source: NBCCM, Energy Institute

Among our coverage, we see integrated names benefiting strongly from these tailwinds, with **IMO** and **SU** arguably having greater relative exposure to crack spread tailwinds due to their higher relative downstream-to-corporate volumes (**IMO**) and high SCO exposure (**SU**), respectively. Nevertheless, **CVE**'s exposure is also meaningful and should support strong excess FCF generation as the company approaches its net debt target and moves toward a 100% FCF return to shareholders (a milestone we anticipate by year-end). We note that the integrated names across our coverage have been active in returning capital through buybacks, and we see no

slowdown in sight. In fact, sustained elevated crack spreads should, if anything, boost activity over the coming quarters. As pointed out above, we believe the structural setup for refining margins is likely to persist, and we see integrated names (favouring **CVE** and **SU** given relative valuation and positive operational momentum) screening positively among the senior names.

Based on the facts and views explored above, we believe a prolonged elevated crack spread environment is set to persist, and therefore we are revising our price assumptions accordingly. We currently forecast 2026e and 2027e crack spreads of US\$47.75/bbl and US\$45.00/bbl, respectively, up from US\$40.25/bbl and US\$30.00/bbl, respectively. Our current assumptions are relatively in line with, but still below, strip prices of US\$51.77/bbl and US\$55.19/bbl, respectively.

Natural Gas - North America & Europe

The natural gas story in North America continues to rely mainly on structural changes to come, with current pricing lacking material support from the supply/demand backdrop. In Canada, **AECO** remains **AECO**, and the general oversupply of domestic gas (while moderating somewhat) has continued over the last few months and is expected to remain in place over the coming quarters. Although we continue to believe that optimism for better prices in the future remains logical, given the materiality of structural change to come from such elements as LNG and power/data centres, we do not expect a material change in pricing dynamics until such projects emerge (or are on stream at scale). On that note, recent disclosures indicate that material projects, like LNG Canada Phase 2 (~2 Bcf/d of incremental demand) and the Ksi Lisims LNG project (with five supply agreements committing to 2/3rd of the project capacity; in support of a transition to FID), are initial signs of growth to come, and potentially compounding narratives on the power side of the ledger (noting Bell Canada's data centre, and even Pickering's nuclear drag in Ontario). Overall, each should contribute to a much tighter domestic market over the long term, which should positively support the pricing and value backdrop for participants within. Specifically, we continue to look toward **TOU** as having some of the greatest absolute exposure to downstream opportunities (given its large/liquid depth of resource & investment-grade nature), while the likes of **BIR** will continue to hold some of the greatest relative opportunity (given prospective exposure to Ksi Lisims), as topical to the value momentum to come through emerging structural change. Incrementally, we note the likes of **WCP** and **OVV** as names that benefit from gas as optionality (economics driven mainly by liquids with meaningful gas exposure embedded).

On the other hand, weather forecasts indicate a strong El Niño, implying potential short-term pressure on demand if warmer temperatures materialize, loosening inventories in North America and impacting pricing through the winter months. Although volatility in prices similar to previous years cannot be ruled out given that the ratio of daily gas usage to inventory volumes has increased substantially over the last several years in the U.S. Another source of pressure on short-term natural gas prices south of the border is the new egress capacity of ~2.5 Bcf/d out of the Permian recently brought online (combined ~4.7 Bcf/d new egress by early next year should provide a net positive to **OVV** and **FRU**, benefiting from better Waha prices), which might impact NYMEX pricing over the short term given new LNG capacity coming online over the same period (~1.4 Bcf/d of new LNG capacity is expected by early next year with the ramp-up of Golden Pass Trains 1 and 2).

In Europe, gas prices certainly tell a different story, and Middle East shipping constraints through the Strait of Hormuz (no gas ship is expected to take the same risks as some oil cargoes have, at the risk of becoming a target) have applied strong upward pressure on gas prices. European gas inventories are at historically low levels, even when accounting for recalibrated pre-winter inventory requirements based on lower industrial activity post-COVID in industrial hubs such as Germany. Nevertheless, current gas inventory levels are at 56-57% in Germany and Netherlands (EU at 70% versus 5-year average of 85%) and, with only around five to six weeks of injections remaining before the heating season is upon us and no new material LNG capacity from the U.S. expected before end of winter, the chances of price spikes over the coming months have increased as Europe may be forced to bid up prices to redirect gas molecules from Asia. As a result, and in anticipation of this dynamic, we have seen TTF and NBP prices rise significantly over the last quarter (spot prices up by +90% over the last few months), with significant increases observed across the forward curve as well. We expect gas price volatility to persist over the coming quarters, highly dependent on the timing of a U.S.-Iran conflict resolution, with the arrival of stronger LNG supply in the coming years helping rebalance prices back toward normal levels.

Nevertheless, **TNZ** is uniquely positioned within our coverage (although we also highlight **VET**'s exposure, with relatively lower tailwinds given its ratio of European gas exposure to corporate volumes) and should continue to realize strong pricing while locking

in future volume sales as the forward curve moves higher (the company has been active with its hedging strategy, and we anticipate active positioning to continue).

As a consequence of the current events unfolding across the globe, we have incorporated the information discussed above into our local gas price forecasts. Therefore, since our last price deck update, we are decreasing our NYMEX and AECO price assumptions for 2026 and 2027. Our 2026e NYMEX and AECO pricing assumptions are now US\$3.05/mcf (down from US\$3.50/mcf) and C\$1.60/mcf (down from C\$2.15/mcf), while our 2027 NYMEX and AECO assumptions are US\$3.10/mcf (down from US\$4.00/mcf) and C\$2.25/mcf (down from C\$3.65/mcf). We have also revised our NBP prices, in line with strip, forecasting C\$26.20/mcf in both 2026 and 2027 (up from C\$20.65/mcf and C\$20.00/mcf, respectively). Our revisions reflect, as noted above, the lack of near-term bullish catalysts in North America (strong LNG demand and rising domestic consumption continue to drive long-term demand forecasts) and tightness in European gas inventories, further impacted by ongoing disruptions affecting the flow of gas molecules out of the Strait of Hormuz.

Commodity Price Deck Update

Below, we highlight our current macro views surrounding the oil & gas landscape, including our revised long-term commodity price assumptions. Exhibits 16 and 17 capture our revised commodity price assumptions in relation to the forward strip as of September 23, 2026. *Refer to Appendix 1 for our revised estimates, ratings and target prices.*

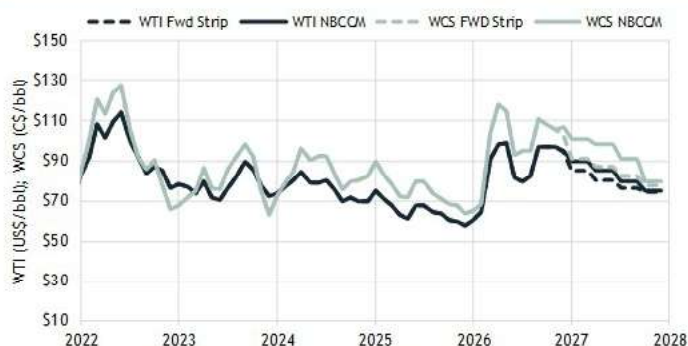
Exhibit 16: NBCCM Commodity Price Assumptions

	2026			2027		
	Previous	Revised	% Δ	Previous	Revised	% Δ
Crude Oil						
WTI (US\$/bbl)	78.00	86.50	11%	75.00	82.50	10%
Edmonton Par Differential (US\$/Bbl)	-3.60	-1.40	-61%	-4.00	-2.50	-38%
Edmonton Par (C\$/bbl)	104.00	117.75	13%	99.25	110.25	11%
Edmonton C5+ Differential (US\$/bbl)	-0.50	0.05	-109%	-2.00	-1.30	-35%
Edmonton Condensate (C\$/bbl)	108.25	119.75	11%	102.00	112.00	10%
WCS Differential (US\$/Bbl)	-13.40	-14.90	-11%	-13.00	-15.50	-19%
WCS (C\$/Bbl)	90.25	99.00	10%	86.50	92.50	7%
SCO (US\$/bbl)	79.00	87.75	11%	72.00	81.50	13%
Brent (US\$/Bbl)	83.75	91.25	9%	80.00	87.50	9%
NYMEX 3-2-1 Crack Spread (US\$/Bbl)	40.25	47.75	19%	30.00	45.00	50%
Natural Gas						
NYMEX (US\$/mcf)	3.50	3.05	-13%	4.00	3.10	-23%
AECO - NYMEX Basis (US\$/mcf)	-1.95	-1.90	-3%	-1.35	-1.50	11%
AECO (C\$/mcf)	2.15	1.60	-26%	3.65	2.25	-38%
NBP (C\$/mcf)	20.65	26.20	27%	20.00	26.20	31%
Currency						
USD Exchange Rate (C\$/US\$)	0.72	0.72	0%	0.72	0.72	1%

Source: NBCCM, Bloomberg

Exhibit 17: NBCCM Price Assumptions & Strip

Crude Oil: NBCCM Price Deck vs. Actual Strip Pricing



Natural Gas: NBCCM Price Deck vs. Actual Strip Pricing



NBCCM Price Deck

		2023	2024	2025	2026	2027+
WTI	US\$/bbl	\$77.66	\$75.83	\$64.86	\$86.50	\$82.50
Brent	US\$/bbl	\$82.20	\$79.83	\$68.25	\$91.25	\$87.50
Edm. Par Diff.	US\$/bbl	-\$3.40	-\$3.79	-\$3.76	-\$1.40	-\$2.50
Edm. C5+ Diff	US\$/bbl	-\$1.10	-\$2.85	-\$1.29	\$0.05	-\$1.30
WCS Diff.	US\$/bbl	-\$18.56	-\$14.50	-\$11.24	-\$14.90	-\$15.50
NYMEX Gas	US\$/mcf	\$2.67	\$2.41	\$3.63	\$3.05	\$3.10
AECO	C\$/mcf	\$2.64	\$1.39	\$1.70	\$1.60	\$2.25
AECO Basis	US\$/mcf	-\$0.71	-\$1.40	-\$2.43	-\$1.90	-\$1.50
FX	USD/CAD	\$0.74	\$0.73	\$0.72	\$0.72	\$0.72

Strip Pricing as of September 23, 2026

		2023	2024	2025	2026	2027+
WTI	US\$/bbl	\$77.66	\$75.83	\$64.86	\$86.68	\$78.99
Brent	US\$/bbl	\$82.20	\$79.83	\$68.18	\$91.65	\$85.66
Edm. Par Diff.	US\$/bbl	-\$3.40	-\$3.79	-\$3.76	-\$1.49	-\$2.61
Edm. C5+ Diff	US\$/bbl	-\$1.10	-\$2.69	-\$1.45	\$0.27	-\$0.27
WCS Diff.	US\$/bbl	-\$18.43	-\$14.50	-\$11.32	-\$16.11	-\$18.07
NYMEX Gas	US\$/mcf	\$2.67	\$2.41	\$3.63	\$3.10	\$3.27
AECO	C\$/mcf	\$2.68	\$1.42	\$1.70	\$1.69	\$2.07
AECO Basis	US\$/mcf	-\$0.68	-\$1.38	-\$2.41	-\$1.88	-\$1.79
FX	USD/CAD	\$0.74	\$0.73	\$0.72	\$0.72	\$0.72

Source: NBCCM, Bloomberg

Valuation Update/ Revised Estimates

We are making no changes to our target price calculation method at this time with our valuation method remaining based on a 2027e EV/DACF target multiple. Our 2026 and 2027 cash flow estimates increased by 15% and 11%, respectively, primarily reflecting higher commodity price assumptions, driven mainly by liquids prices and stronger crack spreads.

We have also updated certain valuation multiples to better reflect our revised long-term commodity price outlook, with the detailed assumptions outlined in Appendix 1. As a result, our target prices increased by 2% on average. Our updated target prices imply a total return of 40%, with our Outperform and Sector Perform names returning 44% and 29% on average, respectively. *Refer to Appendix 1 below for more details.*

Appendix 1: Revised Estimates

Senior/Integrated																																			
Symbol	Rating	Target				Target EVID/DAFCF				Total Return	Risk Rating	2026E Production (boe/d)				2026E Capex (\$/m/ln)				2026E Cash Flow (\$/m/ln)				2027E Production (boe/d)				2027E Capex (\$/m/ln)				2027E Cash Flow (\$/m/ln)			
		New	Old	%Δ	%Δ	2027E	New	Old	%Δ			%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ			
ATH	OP	OP	OP	\$13.75	\$12.50	10%		7.0x	7.0x	0%		39,000	39,000	0%		\$420	\$420	0%		\$592	\$571	4%		51,000	51,000	0%		\$325	\$325	0%		\$884	\$809	9%	
CNQ	SP	SP	SP	\$84.00	\$90.00	-7%		6.5x	7.5x	-13%		1,686,545	1,688,961	1%		\$6,070	\$6,070	0%		\$24,237	\$21,388	13%		1,757,131	1,724,268	2%		\$6,345	\$6,345	0%		\$25,476	\$23,966	6%	
CVE	OP	OP	OP	\$60.00	\$60.00	0%		6.0x	6.5x	-8%		930,153	931,665	0%		\$5,120	\$5,120	0%		\$17,746	\$15,589	14%		1,031,373	1,035,848	0%		\$4,998	\$4,998	0%		\$16,002	\$15,455	4%	
IMO	SP	SP	SP	\$207.00	\$209.00	-1%		8.0x	11.0x	-27%		431,917	442,411	-2%		\$2,171	\$2,171	0%		\$9,670	\$8,480	14%		462,812	462,812	0%		\$1,900	\$1,900	0%		\$11,379	\$8,701	31%	
SU	OP	OP	OP	\$146.00	\$118.00	24%		7.0x	8.0x	-12%		840,315	859,469	2%		\$5,931	\$5,931	0%		\$22,803	\$17,749	28%		898,072	912,423	-2%		\$5,904	\$5,904	0%		\$21,753	\$16,422	32%	
SCR	OP	OP	OP	\$63.00	\$67.00	-6%		5.5x	6.5x	-15%		123,126	123,126	-2%		\$1,036	\$1,036	0%		\$2,267	\$1,982	14%		137,507	147,412	-7%		\$1,250	\$1,250	0%		\$2,537	\$2,334	9%	
Median/Average/Total*						3%		6.8x	7.3x	-13%		4,111,055	4,126,640	0%		\$20,748	\$20,748	0%		\$77,315	\$65,759	18%		4,337,896	4,333,764	0%		\$20,722	\$20,722	0%		\$78,030	\$67,688	15%	

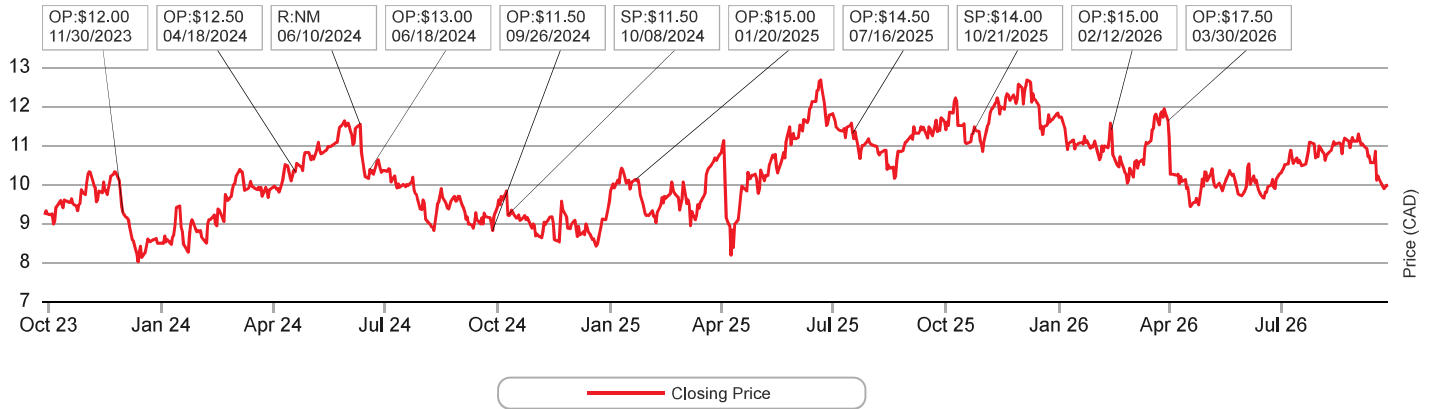
Large/Mid Cap																																			
Symbol	Rating	Target				Target EVID/DAFCF				Total Return	Risk Rating	2026E Production (boe/d)				2026E Capex (\$/m/ln)				2026E Cash Flow (\$/m/ln)				2027E Production (boe/d)				2027E Capex (\$/m/ln)				2027E Cash Flow (\$/m/ln)			
		New	Old	%Δ	%Δ	2027E	New	Old	%Δ			%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ			
AAV	OP	OP	OP	\$14.50	\$17.50	-17%		6.0x	5.0x	20%		80,000	80,000	0%		\$295	\$295	0%		\$434	\$447	-3%		84,000	84,000	0%		\$315	\$315	0%		\$416	\$531	-22%	
BIR	OP	OP	OP	\$9.00	\$10.50	-14%		6.0x	5.0x	20%		83,500	83,500	0%		\$363	\$363	0%		\$457	\$493	-7%		88,500	88,500	0%		\$350	\$350	0%		\$446	\$616	-28%	
BTE	OP	OP	OP	\$9.50	\$8.50	12%		5.0x	5.0x	0%		71,000	71,000	0%		\$625	\$625	0%		\$1,180	\$982	20%		73,000	73,000	0%		\$600	\$600	0%		\$1,102	\$1,009	9%	
GFR	OP	OP	OP	\$12.00	\$12.00	0%		4.5x	5.0x	-10%		23,362	23,430	0%		\$250	\$250	0%		\$298	\$263	13%		37,749	37,309	1%		\$250	\$250	0%		\$623	\$546	14%	
HWX	R	R	R	R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R	
IPCO	SP	SP	SP	\$47.50	\$45.00	6%		7.0x	7.0x	0%		45,673	45,673	0%		\$226	\$226	0%		\$507	\$415	22%		63,500	63,500	0%		\$159	\$161	-1%		\$810	\$769	5%	
IPCO	OP	OP	OP	\$24.00	\$24.00	0%		4.5x	4.5x	0%		19,150	19,150	0%		\$81	\$81	0%		\$184	\$154	19%		20,500	20,500	0%		\$100	\$100	0%		\$195	\$182	7%	
KEL	OP	OP	OP	\$13.25	\$13.25	0%		5.5x	5.0x	10%		51,000	51,000	0%		\$375	\$375	0%		\$447	\$422	6%		60,000	60,000	0%		\$450	\$450	0%		\$523	\$570	-8%	
LCX	OP	OP	OP	\$3.00	\$3.00	0%		5.0x	5.0x	0%		2,415	2,415	0%		\$53	\$53	0%		\$46	\$40	16%		5,000	5,000	0%		\$60	\$60	0%		\$84	\$75	12%	
LGN	OP	OP	OP	\$1.75	\$1.75	0%		5.5x	5.5x	0%		17,500	17,500	0%		\$235	\$235	0%		\$178	\$164	8%		22,000	22,000	0%		\$200	\$200	0%		\$254	\$251	1%	
QVW (USS)	OP	OP	OP	\$91.00	\$83.00	10%		5.5x	5.5x	0%		641,091	641,091	0%		\$2,325	\$2,325	0%		\$4,900	\$4,501	9%		638,656	638,656	0%		\$2,314	\$2,314	0%		\$4,384	\$4,201	4%	
PEY	OP	OP	OP	\$29.00	\$30.00	-3%		7.0x	7.5x	-7%		146,435	146,900	0%		\$475	\$475	0%		\$1,015	\$1,011	0%		152,811	153,299	0%		\$489	\$489	0%		\$931	\$910	2%	
POU	SP	SP	SP	\$38.00	\$38.00	0%		6.5x	6.5x	0%		53,000	53,000	0%		\$1,085	\$1,085	0%		\$692	\$638	8%		70,000	70,000	0%		\$1,035	\$1,035	0%		\$883	\$872	1%	
SDE	OP	OP	OP	\$16.00	\$16.00	0%		5.5x	5.5x	0%		54,000	54,000	0%		\$550	\$550	0%		\$419	\$395	6%		67,500	67,500	0%		\$550	\$550	0%		\$639	\$655	-2%	
SOIL	SP	SP	SP	\$10.00	\$8.00	25%		3.0x	3.0x	0%		43,500	43,500	0%		\$400	\$400	0%		\$559	\$497	12%		50,000	50,000	0%		\$350	\$350	0%		\$737	\$630	17%	
SGY	OP	OP	OP	\$15.00	\$13.50	11%		4.0x	4.0x	0%		23,375	23,375	0%		\$175	\$175	0%		\$372	\$312	19%		24,000	24,000	0%		\$150	\$150	0%		\$378	\$330	14%	
TNZ	OP	OP	OP	\$100.00	\$91.00	10%		4.0x	4.0x	0%		20,748	20,028	4%		\$300	\$300	0%		\$467	\$397	18%		30,128	28,839	4%		\$300	\$275	9%		\$815	\$703	16%	
TOU	OP	OP	OP	\$75.00	\$75.00	0%		7.5x	6.0x	25%		630,000	630,000	0%		\$2,650	\$2,650	0%		\$3,506	\$3,585	-2%		665,000	665,000	0%		\$2,700	\$2,700	0%		\$3,963	\$4,933	-20%	
TVE	R	R	R	R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R	
VET	OP	OP	OP	\$27.00	\$27.00	0%		4.0x	4.0x	0%		122,723	122,773	0%		\$630	\$630	0%		\$1,034	\$970	7%		123,342	124,685	-1%		\$700	\$655	7%		\$1,139	\$1,168	-2%	
WCP	OP	OP	OP	\$27.00	\$26.00	4%		6.0x	6.0x	0%		385,439	385,439	0%		\$2,100	\$2,100	0%		\$5,011	\$4,529	11%		398,674	398,674	0%		\$2,200	\$2,200	0%		\$5,143	\$5,037	2%	
YGR	SP	SP	SP	\$1.75	\$1.75	0%		2.5x	2.5x	0%		10,000	10,000	0%		\$80	\$80	0%		\$94	\$85	12%		10,500	10,500	0%		\$60	\$60	0%		\$88	\$94	-5%	
Median/Average/Total*						2%		5.5x	5.0x	0%		2,523,931	2,523,774	0%		\$13,272	\$13,272	0%		\$21,800	\$20,299	7%		2,684,859	2,684,961	0%		\$13,331	\$13,264	1%		\$23,555	\$24,081	-2%	

Royalty																																			
Symbol	Rating	Target				Target EVID/DAFCF				Total Return	Risk Rating	2026E Production (boe/d)				2026E Capex (\$/m/ln)				2026E Cash Flow (\$/m/ln)				2027E Production (boe/d)				2027E Capex (\$/m/ln)				2027E Cash Flow (\$/m/ln)			
		New	Old	%Δ	%Δ	2027E	New	Old	%Δ			%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ	New	Old	%Δ	%Δ			
FRU	SP	SP	SP	\$19.50	\$20.00	-3%		10.0x	11.0x	-9%		15,889	15,889	0%		\$0	\$0	0%		\$310	\$276	12%		16,429	16,429	0%		\$0	\$0	0%		\$316	\$299	6%	
PSK	OP	OP	OP	\$42.00	\$43.00	-2%		18.0x	20.0x	-10%		27,169	27,169	0%		\$0	\$0	nmf		\$554	\$461	20%		27,724	27,724	0%		\$0	\$0	nmf		\$522	\$498	5%	
TPZ	R	R	R	R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R		R	R	R	
Median/Average/Total*						-2%		14.0x	15.5x	-10%		43,058	43,058	0%		\$0	\$0	0%		\$864	\$737	17%		44,153	44,153	0%		\$0	\$0	0%		\$938	\$797	5%	
NBCCM Coverage Median/Average/Total*						2%		5.8x	5.5x	0%		6,676,044	6,693,473	0%		\$34,020	\$34,020	0%		\$99,980	\$86,795	15%		7,066,908	7,062,878	0%		\$34,054	\$33,986	0%		\$102,423	\$92,566	11%	

1. Stock Rating: OP - Outperform; SP - Sector Perform; UP - Underperform; R - Restricted; T - Tender; UR - Under Review
2. Risk Rating: S - Speculative; R - Restricted
*Note: Total Return is an average calculation. Production and Capex are sum calculations, and the remainder are median calculations. TPZ Target is based on a 7% Agg. FCF Yield. Priced as of 2026-09-28
Source: NBCCM, Bloomberg, Company Reports

PRICE, RATING AND TARGET HISTORY: I = Initiation, OP = Outperform, SP = Sector Perform, UP = Underperform, UR = Under Review, R = Restricted; T = Tender (Source: Factset, NBCCM)

Advantage Energy Ltd. Rating History as of 09/25/2026



Athabasca Oil Corporation Rating History as of 09/25/2026



Baytex Energy Corp. Rating History as of 09/25/2026



Birchcliff Energy Ltd. Rating History as of 09/25/2026



Canadian Natural Resources Limited Rating History as of 09/25/2026



Cenovus Energy Inc. Rating History as of 09/25/2026



Freehold Royalties Ltd. Rating History as of 09/25/2026



Greenfire Resources Ltd. Rating History as of 09/25/2026



Headwater Exploration Inc. Rating History as of 09/25/2026



Imperial Oil Limited Rating History as of 09/25/2026



InPlay Oil Corp. Rating History as of 09/25/2026



International Petroleum Corporation Rating History as of 09/25/2026



Kelt Exploration Ltd. Rating History as of 09/25/2026



Logan Energy Corp. Rating History as of 09/25/2026



Lycos Energy Inc. Rating History as of 09/25/2026



Ovintiv Inc. Rating History as of 09/25/2026



Paramount Resources Ltd. Rating History as of 09/25/2026



Peyto Exploration & Development Corp. Rating History as of 09/25/2026



PrairieSky Royalty Ltd. Rating History as of 09/25/2026



Saturn Oil & Gas Inc. Rating History as of 09/25/2026



Spartan Delta Corp. Rating History as of 09/25/2026



Strathcona Resources Ltd. Rating History as of 09/25/2026



Suncor Energy Inc. Rating History as of 09/25/2026



Surge Energy Inc. Rating History as of 09/25/2026



Tamarack Valley Energy Ltd. Rating History as of 09/25/2026



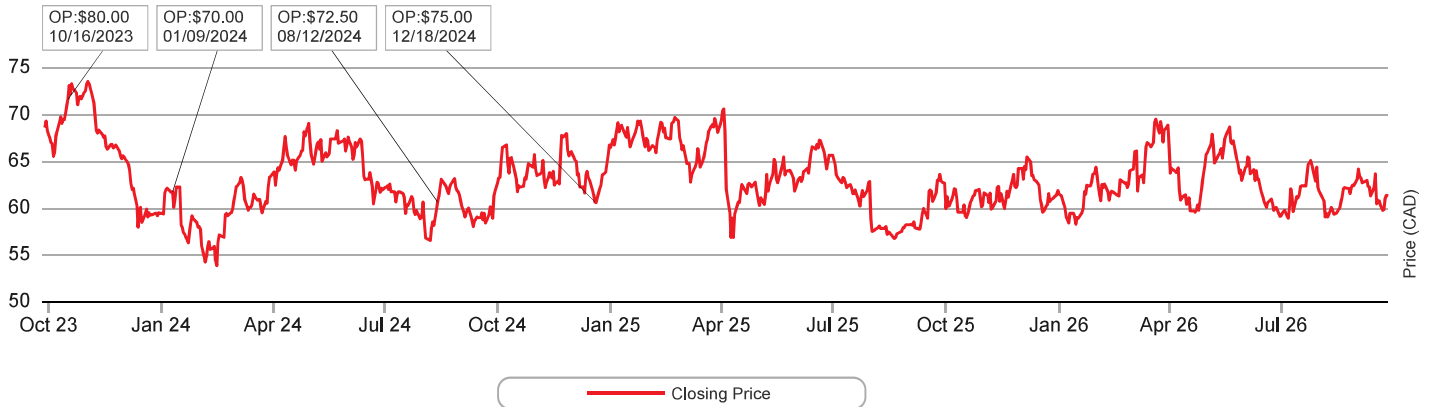
Tenaz Energy Corp. Rating History as of 09/25/2026



Topaz Energy Corp. Rating History as of 09/25/2026



Tourmaline Oil Corp. Rating History as of 09/25/2026



Vermilion Energy Inc. Rating History as of 09/25/2026



Whitecap Resources Inc. Rating History as of 09/25/2026



Yangarra Resources Ltd. Rating History as of 09/25/2026



RISKS:

AAV

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

ATH

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material, adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings.

Access to Market, Transportation & Egress: Similarly, regional dislocations in pricing can be caused by transportation & egress challenges, which may impede the ability of product to reach market on economic terms, again, with associated impact to shareholder value. Specific to ATH, and its local market pricing exposures, we are conscious that broader pipeline and egress dynamics can cause undue volatility of those markers, and to which, the company will be disproportionately exposed.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. Specific to ATH, such things including (but not limited to) continued maintenance of facilities (SAGD) and validation of its technical thesis in the Duvernay, will serve as the primary operational risks to its overall value proposition.

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors.

BTE

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

BIR

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

CNQ

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Lack of Integration: Canadian Natural has elevated exposure to commodity price volatility compared with its peers as it currently does not own substantial refining capacity relative to its production, and additionally, it does not use hedging as an alternative form of downside protection.

Environmental Spill: As the company owns and operates a large number of older legacy assets, the risk is typically higher for an environmental spill. In addition to any associated clean-up costs and fines, an environmental incident can also damage the company's reputation and standing to the public.

CVE

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Heavy Oil Exposure: Cenovus's upstream heavy production outpaces downstream refining capacity, resulting in additional exposure to a widening light/heavy differential.

FRU

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Market access: Market access constraints in Western Canada, affecting both oil and natural gas production, can have sudden and drastic impacts on local commodity prices and industry activity.

Changes to Industry Activity: As Freehold collects royalties and does not operate the production across most of its asset base, the company's cash flow is dependent upon industry activity across its lands. Changes to industry spending can impact the company's future cash flows.

GFR

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. As we have witnessed recently, geopolitical instability can further disrupt supply and impact severely price dynamics. Fluctuations in these prices could have material impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Commodity price variations have a direct impact on revenue, cash flow and earnings.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. Also, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels.

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors. We believe GFR's assets are relatively well understood and de-risked given their relative maturity.

HWX

Major Shareholder Risk: Additionally, major shareholders that may hold a substantial proportion of the company's outstanding shares can also present a risk to liquidity, cost of capital and capitalization of the company.

Clearwater Risks: While the project holds substantially positive attributes, as with all elements of the exploration and production business, this play holds inherent risk, which we primarily highlight through WCS differentials, sulphur content, infrastructure support, solution gas drive, land access and structure & geology (in-depth understanding of the aforementioned can be found within our initiation report).

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. HWX has a meaningful orientation towards exploration investment, which in addition to ongoing validation of EOR response, will comprise the key sources of risk to our outlook.

IMO

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Major Asset Performance and Reliability: Imperial's major assets, including Cold Lake Syncrude and Kearl, have each been affected by operational and reliability challenges historically. Future operational issues and asset underperformance could be negative for the company's shareholders.

IPO

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings, and we note a 9% sensitivity to a \$5/bbl change in WTI.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. These factors could be exacerbated by older vintage production and infrastructure associated with the maturity of its assets.

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors. We believe SOIL's assets are relatively well understood and de-risked given their relative maturity.

IPCO

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. In addition, existing production activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. Specific to IPCO, such things including (but not limited to) commissioning and maintenance of SAGD thermal facilities, in addition to on-going management of other unique assets (like its FPSO in Malaysia).

Regulatory Risk: Regulatory risk impacts Oil & Gas companies with respect to drilling licenses and various operating procedures, as well as the royalties and production taxes payable. Extensive controls and regulations may be imposed from all levels of government and amended from time to time, with these controls materially affecting the operations of each company within our coverage universe. Specifically, here we note its abandonment liabilities, both domestically and internationally, which will need to be operationally and financially managed in an economic manner over the medium to long-term. Further, France's 2039 hydrocarbon production moratorium frames that similar challenge.

Key Employee Risk: A significant portion of shareholder value can be strongly attributed to a management team's experience and reputation. As such, the loss of a member of this team can have a considerable adverse impact on a company's valuation. With regards to IPCO, its affiliation with the Lundin family (and its holdings through Nemesia), as represented by William Lundin, President & CEO, remain the most critical components of the ongoing execution, funding and success of the business.

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors.

KEL

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

LGN

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material, adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. Specific to LGN, the successful validation of its technical thesis at Simonette in the near term, will serve to significantly support the overall value proposition of the business, and ultimately presents its most core risk.

Key Employee Risk: A significant portion of shareholder value can be strongly attributed to a management team's experience and reputation. As such, the loss of a member of this team can have a considerable adverse impact on a company's valuation. With regards to LGN, Rick McHardy (President & CEO) and Brendan Paton (COO) are the most principal key members of the team that its value proposition is tied to (in support of execution across all initiatives).

LCX

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material, adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings. Notably, WCS differentials are currently trading wider than historical (by 20%), which will cause drag to cash flow until such time as basin fundamentals support normalization (for which we maintain medium-term optimism).

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. Specifically, LCX is engaged in the exploration & development of largely conventional reservoirs, which are inherently heterogeneous where chance of success based on geologic and operational considerations could be challenged. Secondly, LCX is an early-stage developer of these assets, and it has minimal historical explicit experience on the assets (although there are substantial regional analogies), which should also be considered a risk.

Regulatory Risk: Regulatory risk impacts Oil & Gas companies with respect to drilling licenses and various operating procedures, as well as the royalties and production taxes payable. Extensive controls and regulations may be imposed from all levels of government and amended from time to time, with these controls materially affecting the operations of each company within our coverage universe.

Financial Risk: All Oil & Gas companies have material exposure to financial risks, including interest rate fluctuations, changes in the Canadian/U.S. dollar exchange rate and access to equity and debt markets. As well, financial risk includes credit risk pertaining to counterparties with which the company conducts its financial transactions (primarily marketing and hedging activities) and relating to joint ventures (i.e., working interest partners). Companies rely on a combination of cash flow and external capital to fund growth. Insufficient cash flow leads to further reliance on external sources, including debt financing and equity markets.

Key Employee Risk: A significant portion of shareholder value can be strongly attributed to a management team's experience and reputation. As such, the loss of a member of this team can have a considerable adverse impact on a company's valuation. Specific to LCX, we would characterize Dave Burton (President & CEO), in addition to his technical team, and key members of the board of directors (and its advisors, like Steve Buytels) as each being critical to the advancement of the enterprise (including funds flow & cost of capital).

OVV

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Market Access: Market access constraints in the Permian, which have historically impacted both oil and gas prices related to limited pipeline capacity, can have sudden and drastic cash flow impacts on Oviniv's Permian asset. Oviniv has historically partially mitigated this risk through hedging and marketing contracts.

POU

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities, pipeline systems, and in certain circumstances rail, may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

PEY

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest sing

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

NGTL System Downtime: A significant portion of Peyto's natural gas volumes flow on TC Energy's NGTL system, which has historically experienced sudden and prolonged operational downtime due to planned and unplanned maintenance activity. Sudden changes to operational conditions can have immediate impacts on Peyto's production volumes.

PSK

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Market access: Market access constraints in Western Canada, affecting both oil and natural gas production, can have sudden and drastic impacts on local commodity prices and industry activity.

Changes to Industry Activity: As PrairieSky collects royalties and does not operate the production across its asset base, the company's cash flow is dependent upon industry activity across its lands. Changes to industry spending can impact the company's future cash flows.

SOIL

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings, and we note a 9% sensitivity to a \$5/bbl change in WTI.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. These factors could be exacerbated by older vintage production and infrastructure associated with the maturity of its assets.

Regulatory Risk: Regulatory risk impacts Oil & Gas companies with respect to drilling licenses and various operating procedures, as well as the royalties and production taxes payable. Extensive controls and regulations may be imposed from all levels of government and amended from time to time, with these controls materially affecting the operations of each company within our coverage universe.

Access to Market, Transportation & Egress: Similarly, regional dislocations in pricing can be caused by transportation and egress challenges, which may impede the ability of product to reach market on economic terms, again, with associated impact to shareholder value. For SOIL, this primarily relates to domestic market access and pricing, but could be influenced by factors resonating throughout the global market.

Industry Cost Inflation: Given the prevailing macro backdrop, the energy industry is experiencing inflationary pressures to inputs (set against its natural hedge), and we expect that access to labour, services and materials could present risk to capital efficiencies and shareholder returns. To a degree, the company is insulated from this as a result of its low spending requirements in association with its low relative decline (i.e., low payout is less exposed to inflationary forces).

SDE

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

SCR

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels.

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors. We believe SCR's assets are relatively well understood and de-risked given their relative maturity.

Regulatory Risk: Regulatory risk impacts Oil & Gas companies with respect to drilling licenses and various operating procedures, as well as the royalties and production taxes payable. Extensive controls and regulations may be imposed by all levels of government and amended from time to time, with these controls materially affecting the operations and/or financials of each company within our coverage universe.

Access to Market, Transportation & Egress: Similarly, regional dislocations in pricing can be caused by transportation and egress challenges, which may impede the ability of product to reach market on economic terms, again, with associated impact to shareholder value.

Industry Cost Inflation: Given the prevailing macro backdrop, the energy industry is experiencing inflationary pressures to inputs (set against its natural hedge), and we expect that access to labour, services and materials could present risk to capital efficiencies and shareholder returns. In addition, potential for tariffs in Canada could lead to further inflationary pressures.

Financial Risk: All Oil & Gas companies have material exposure to financial risks, including interest rate fluctuations, changes in the Canadian/U.S. dollar exchange rate and access to equity and debt markets. Also, financial risk includes credit risk pertaining to counterparties with which the company conducts its financial transactions (primarily marketing and hedging activities) and relating to joint ventures (i.e., working interest partners). Companies rely on a combination of cash flow and external capital to fund growth. Insufficient cash flow leads to further reliance on external sources, including debt financing and equity markets. The company's stated strategy indicates reducing volatility through hedging, and for which the liquidity of financial/physical commodity markets will be required.

Key Employee Risk: A significant portion of shareholder value can be strongly attributed to a management team's experience. As such, the loss of a member of this team can have a considerable adverse impact on a company's valuation.

SU

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Syncrude Performance and Reliability: Syncrude, which represents a sizable portion of Suncor's portfolio, has been historically affected by operational and reliability challenges. Future operational issues and asset underperformance could be negative for the company's shareholders.

SGY

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

TVE

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Surface Conditions: Oil and gas industry operations are affected by road bans imposed from time to time during the winter break-up and thaw period in the spring. Road bans are also imposed due to snow, mud and rock slides and periods of high water or wildfires which can restrict access to well sites and production facilities.

TNZ

Commodity Price Risk: Oil and gas prices are determined by global supply, demand and other factors. Fluctuations in these prices could have a material adverse impact on the operations, financial condition, proven and/or probable reserves and future development of undeveloped land. Declines in prices have a direct impact on revenue, cash flow and earnings.

Operational Risk: Oil and natural gas exploration involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow levels. These factors could be exacerbated by older vintage production and infrastructure associated with the maturity of its assets, as well as the nature of certain assets (in this case operating offshore in the Dutch North Sea).

Estimate Risk: The process of estimating oil and gas reserves is complex, requiring significant assumptions for each reservoir, including production/decline rates, capital expenditures and future commodity prices. As a result, such estimates are inherently imprecise. In addition, such reserves may be subject to downward or upward revisions based upon production history, results of ongoing exploration/development, prevailing oil and gas prices and other factors. We believe TNZ's Canadian assets are relatively well understood and de-risked given their relative maturity, while the Netherlands assets are well understood due to extensive seismic programs.

Regulatory Risk: Regulatory risk impacts Oil & Gas companies with respect to drilling licenses and various operating procedures, as well as the royalties and production taxes payable, and windfall taxes in Europe as was the recent case during the covid pandemic. Extensive controls and regulations may be imposed by all levels of government and amended from time to time, with these controls materially affecting the operations and/or financials of each company within our coverage universe.

Access to Market, Transportation & Egress: Similarly, regional dislocations in pricing can be caused by transportation and egress challenges, which may impede the ability of product to reach market on economic terms, again, with associated impact to shareholder value. For TNZ, this primarily relates to European market access and pricing but could be influenced by factors resonating throughout the global market for both crude and natural gas.

Industry Cost Inflation: Given the prevailing macro backdrop, the energy industry is experiencing inflationary pressures to inputs (set against its natural hedge), and we expect that access to labour, services and materials could present risk to capital efficiencies and shareholder returns. To a degree, the company is insulated from this as a result of its low spending requirements in association with its low relative decline (i.e., low payout is less exposed to inflationary forces) while acknowledging the potential for tariffs in Europe and in Canada and their potential impact on further inflationary pressures.

Financial Risk: All Oil & Gas companies have material exposure to financial risks, including interest rate fluctuations, changes in the Canadian/U.S. dollar exchange rate, as well as the CAD/Euro exchange rate and access to equity and debt markets. Also, financial risk includes credit risk pertaining to counterparties with which the company conducts its financial transactions (primarily marketing and hedging activities) and relating to joint ventures (i.e., working interest partners). Companies rely on a combination of cash flow and external capital to fund growth. Insufficient cash flow leads to further reliance on external sources, including debt financing and equity markets. The company's stated strategy indicates reducing volatility through hedging, and for which the liquidity of financial/physical commodity markets will be required.

Key Employee Risk: A significant portion of shareholder value can be strongly attributed to a management team's experience and reputation. As such, the loss of a member of this team can have a considerable adverse impact on a company's valuation. The company's management team is not new to the public equity markets with significant experience in the industry and in the various markets in which they operate.

TPZ

Execution of the Strategy: The value of its assets and strategy will be predicated on its ability to execute continued growth, principally targeting diversification (jurisdiction, counterparty, commodity) and quality (counterparty and take-or-pay). Deal flow may not be readily accessible in a timely fashion and could cause a drag on sentiment and value.

Concentration Risk: As it sits, TOU is the major underlying counterparty and will predicate the majority of its embedded growth strategy, but could in specific situations prove an impediment to its outlook (as growth, optionality and transactions will largely be dictated by TOU; i.e., take-or-pays and activity distribution).

Tourmaline Share Overhang: Given the significance of TOU's holdings and the competing opportunities to expand its interest (future dropdowns) relative to its ultimate goal to reduce its interest, there could be material blocks of stock available at various intervals of time, which may or may not be affiliated with an accretive transaction, subject to the needs of the parent company, and could present overhang to the stock and risk to its cost of capital.

TOU

Commodity Prices: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational/Regulatory: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Gathering and Processing Facilities and Pipeline Systems: Lack of capacity and/or constraints on gathering and processing facilities and pipeline systems may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas.

VET

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to the company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

International Assets: Vermilion operates in several international jurisdictions, which can be subject to changing regulatory, government and environmental policies.

WCP

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Market access: As a large Western Canada-focused oil producer, market access constraints, affecting both oil and natural gas production, can have sudden and drastic impacts on Whitecap's cash flows.

YGR

Commodity Price Risk: Fluctuations in global and local commodity prices, in addition to foreign exchange rates, can have material, adverse impacts on operations, financial condition and reserves value. A decline in commodity prices presents the greatest single direct risk to a company's revenue, cash flow and earnings.

Operational Risk: Oil and natural gas development involves a high degree of risk, which is managed through a combination of experience, knowledge and careful evaluation. There is no assurance that expenditures made on exploration and development will result in new discoveries or commercial quantities of oil and gas. As well, existing production and processing activities can be impacted by unforeseeable events that can negatively impact production and cash flow. Additionally, controls and regulations may be imposed and amended from all levels of government, presenting immediate material impacts to companies in some cases.

Changes to production deliverability: Adverse changes to well performance, largely in terms of production deliverability and declines, can have material negative impacts on the future profitability of a company and its assets.

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 Cenovus Energy Inc. 10
 Freehold Royalties Ltd.
 Greenfire Resources Ltd. 2, 4, 6, 7, 8
 Headwater Exploration Inc. 2, 4, 6, 7
 Imperial Oil Limited
 InPlay Oil Corp. 2, 3, 4, 6, 7, 8, 10
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 Kelt Exploration Ltd. 2, 4, 6, 7
 Logan Energy Corp. 2, 4, 6, 7
 Lycos Energy Inc. 2, 3, 4, 6, 7, 8
 Oviniv Inc. 2, 4, 6, 7
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 Peyto Exploration & Development Corp. 2, 4, 6, 7
 PrairieSky Royalty Ltd. 2, 4, 7
 Saturn Oil & Gas Inc. 2, 3, 4, 6, 7
 Spartan Delta Corp. 2, 4, 6, 7
 Strathcona Resources Ltd. 2, 4, 6, 7, 10, 461
 Suncor Energy Inc. 6, 7
 Surge Energy Inc. 2, 3, 4, 6, 7
 Tamarack Valley Energy Ltd. 2, 4, 6, 7, 8
 Tenaz Energy Corp. 2, 3, 4, 6, 7
 Topaz Energy Corp. 2, 3, 4, 6, 7
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461 An NBCCM associate analyst attended a tour of Strathcona Resources' Lloydminster thermal operations in Lloydminster Alberta/Saskatchewan on July 9, 2026. All of the analyst's expenses were paid by the issuer.

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