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# Tamarack Valley Energy (TSX: TVE)

**Energy – Oil and Gas Exploration and Production**

## New Kid on the Block

January 29, 2025

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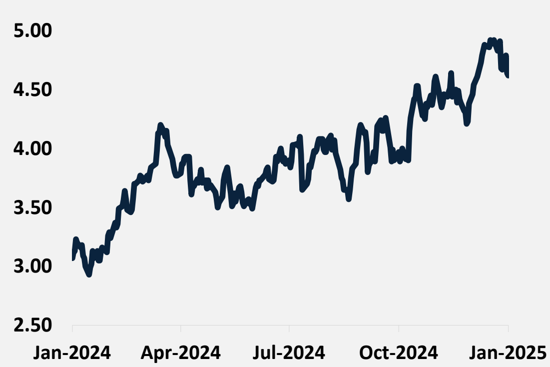
| Equity Research | Canada |
|---|---|
| **Price Target** | **CAD$ 5.67** |
| **Rating** | Buy |
| **Share Price (Jan. 29 Close)** | CAD$ 4.51 |
| **Total Return** | 25.6% |

| Key Statistics | |
|---|---|
| **52 Week H/L** | $5.05/$3.10 |
| **Market Capitalization** | $2.33B |
| **Average Daily Trading Volume** | 2.44M |
| **Net Debt** | $760M |
| **Enterprise Value** | $3.09B |
| **Net Debt/EBITDA** | 0.7x |
| **Diluted Shares Outstanding** | 545M |
| **Free Float** | 98.3% |
| **Dividend Yield** | 3.4% |

| Analyst Forecast | 2024E | 2025E | 2026E |
|---|---|---|---|
| **Revenue** | $1.73B | $1.54B | $1.47B |
| **EBITDA** | $1.01B | $1.02B | $1.02B |
| **Net Income** | $189M | $189M | $144M |
| **EPS** | $0.35 | $0.35 | $0.26 |
| **P/E** | 13.59x | 12.23x | 18.89x |
| **EV/EBITDA** | 2.90x | 2.99x | 3.09x |

**1-Year Price Performance**




*Tamarack Valley Energy ("Tamarack" or the "Company") explores, develops, and produces crude oil, natural gas, and natural gas liquids in the Western Canadian Sedimentary Basin. Their primary properties are the Clearwater and Charlie Lake assets located in Alberta, Canada, which represent 90% of their production.*

### Industry Overview

Tamarack operates within the Canadian oil and gas exploration and production industry. With an approximate market value of $170B, Tamarack faces heavy competition from players such as Canadian Natural Resources, Cardinal Energy, and Strathcona Resources. The industry is positioned for strong growth in future years, fueled partly by increased export capacity stemming from the Trans Mountain Pipeline expansion, and the opening of the LNG Canada project.

### Thesis

Moving forward, Tamarack is set to benefit from an increase in waterflood initiatives, a reduction in margins, and strong capital management. The Company is focused on increasing their total production from existing wells through enhanced oil recovery, all while simultaneously developing new wells and building centralized infrastructure to achieve organic cost synergies. When pairing these initiatives with their focus on using excess capital to reduce debt and increase dividends and share buybacks, Tamarack is well-situated for growth.

### Valuation

We are initiating a BUY rating for Tamarack. We have derived a target share price of $5.67 providing a return of 25.6%, which was calculated using both a Net Asset Value model and Comparable Company analysis. The Comparable Company analysis used EV/DACF and EV/EBITDA multiples, with each multiple receiving an equal weight of 15%, while the NAV received a weight of 70%.

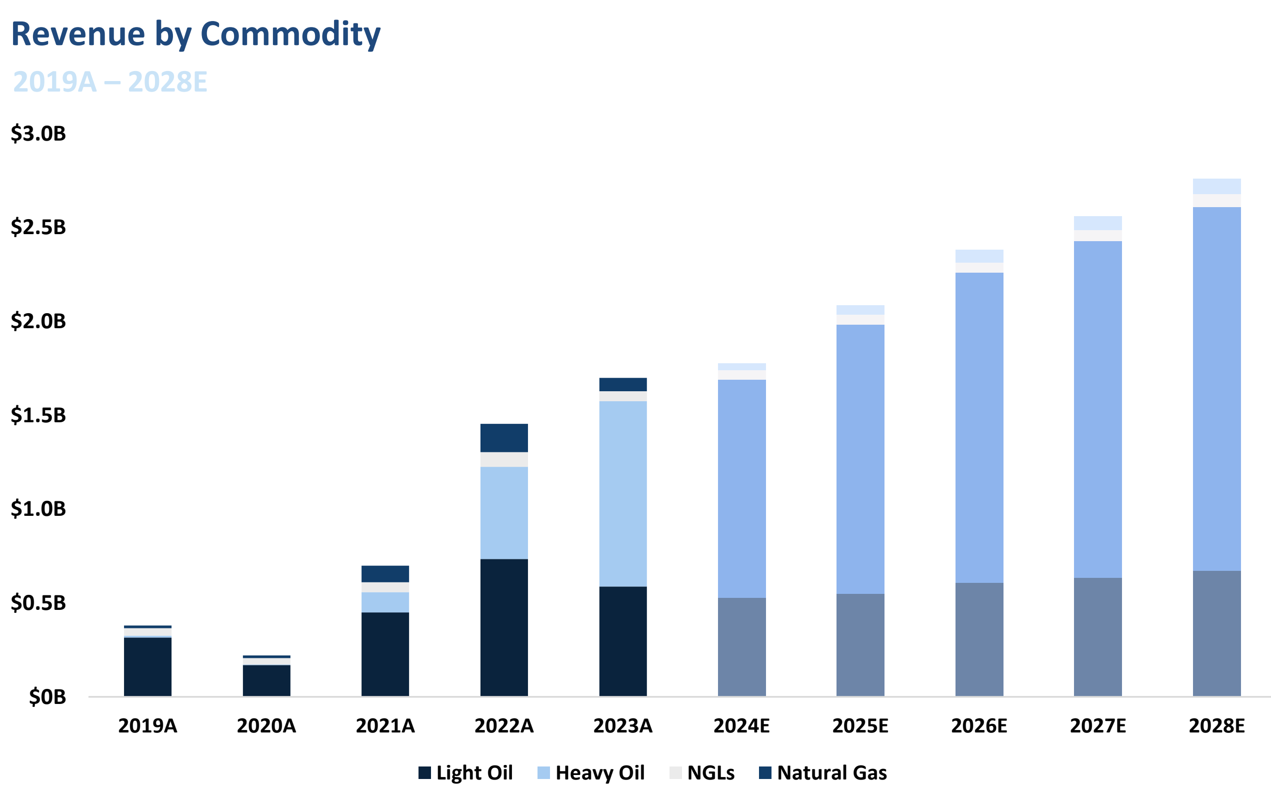
# Company Overview

## Business Fundamentals

Tamarack Valley Energy is engaged in the exploration, development, production, and sale of crude oil, natural gas, and natural gas liquids. The Company seeks to generate long-term value for their shareholders by identifying and securing strong, quality assets within the Western Canadian Sedimentary Basin, and they focus on executing a full-cycle approach aimed at considering all relevant aspects of the exploration, development, and production processes of oil and natural gas.

## Operations

Tamarack's primary operations are located within the Charlie Lake and Clearwater oil plays, and they also operate an Enhanced Oil Recovery (EOR) portfolio. The Company's Charlie Lake assets are characterized by short payout periods driven by high productivity wells, and a low break-even structure with average break-even costs being under $35/bbl WTI, which provides Tamarack with considerable light oil development opportunities. The Clearwater assets cover the northern, central, and southern Clearwater plays, and low production declines and enhanced recovery potential help to significantly drive the Company's free funds flow growth. Lastly, Tamarack's EOR portfolio is comprised of various assets spanning a wide range of production types across Alberta. Key assets include two light oil plays, Veteran Viking and Penny Bs, and one medium oil play, Eyehill Sparky.





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# Industry Analysis

## Canadian Exploration and Production Industry

Tamarack is a pure-play upstream company, focused exclusively on the exploration and production of oil and gas. The Canadian upstream oil and gas industry has a market value of roughly $170B, and is expected to slightly decline over the next five years at a CAGR of -1.0%, primarily due to an increase in renewable energy availability and popularity. The industry is filled with strong competition, with notable upstream players including Canadian Natural Resources, Cardinal Energy, and Strathcona Resources, along with larger integrated companies such as Cenovus Energy and Suncor.

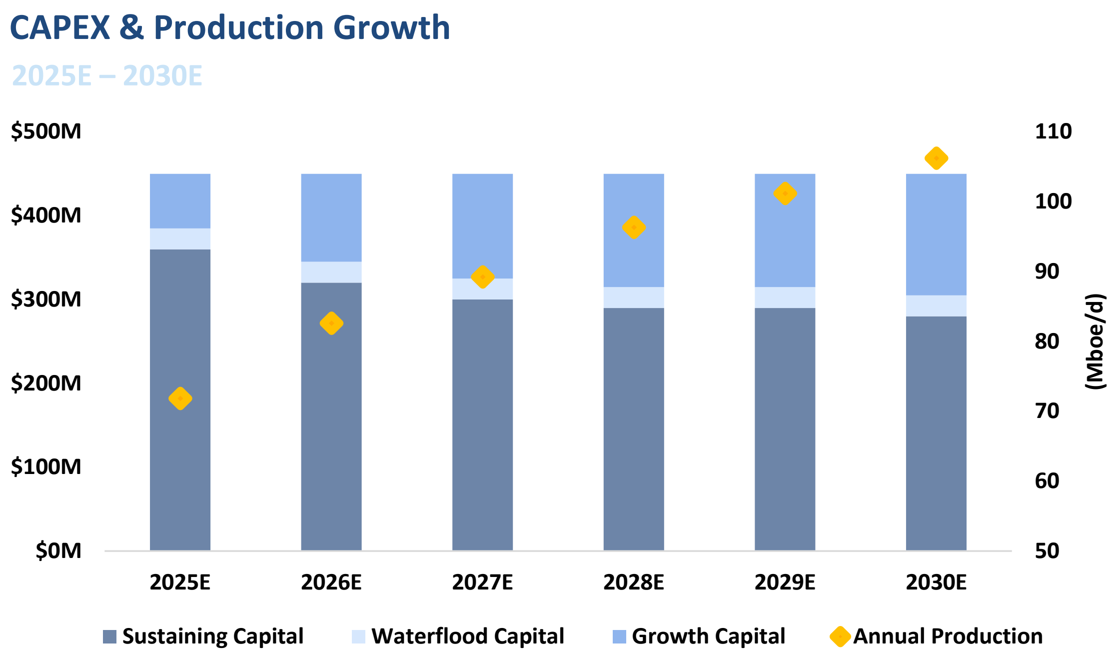
In 2024, oil prices have seen a solid increase in strength, remaining fairly flat despite lingering inflationary pressures and ongoing geopolitical conflicts. Although strengthened oil prices have helped to offset weaker natural gas prices, overall cost inflation has increased operating costs and erased part of the industry's gains. Thus far in 2024, oil production has averaged 5.8 MMbbl/day, and natural gas has averaged 18.4 Bcf/d. Both figures represent a significant increase from 2023, where oil production was 4.9 MMbbl/d and gas was 17.9 Bcf/d. Moving forward the industry is positioned for strong growth, fueled in part by an increase in export capacity by the Trans Mountain Pipeline expansion, and the commencement of operations by the highly anticipated LNG Canada project in Kitimat, BC.

# Investment Theses

## Waterflood Initiatives Supporting Decline Rate Reduction

Tamarack is involved with various waterflooding programs. Waterflooding involves the injection of water into oil reservoirs in order to increase their production. In Q4/21 Tamarack sought to explore the feasibility of expanding their waterflood initiatives to their Clearwater assets. Following the success of the program, the Company has progressively increased their investment into their waterflood initiatives in the Clearwater each year. Currently, total water injection in this region is roughly 8,650 bbl/d and the Company plans to reach 14,000 bbl/d by 2024 year end. The ~60% growth through Q4/24 follows the strong performance exemplified by the pilot program, with waterflood activity generating an estimated 1,500 bbl/d of incremental production YTD, and the Company expects for >9% of total Clearwater production to be supported by waterflooding initiatives by the end of 2024.

Waterflooding in the Clearwater is currently limited to Nipisi and Marten Hills, with Marten Hills accounting for ~55% of total Clearwater water injection. By year-end 2024, Tamarack plans to drill an additional 5 water injectors in Nipisi, and 2 water source wells in Marten Hills in order to support and further accelerate water injection in the area. While short-term plans have been outlined clearly by Tamarack, we believe the Company's recent success will push them to expand their waterflooding programs more aggressively than anticipated in the long run. Advancing their secondary recovery has allowed, and will continue to allow, Tamarack to increase their ultimate recovery by 2x compared to primary recovery in tested areas. By enhancing recovery from existing sites, Tamarack can mitigate their decline rate by prolonging production, and this in turns allows the Company to reduce their sustaining capital requirements, as less funds need to be allocated towards maintaining production levels and offsetting declines.




## Margins Set to Benefit from New Developments

Given that Tamarack's entrance into the Clearwater and Charlie Lake play occurred only three years ago, the Company is set to benefit from a reduction in their production and transportation expenses as they continue to increase their CAPEX in future years. YTD Tamarack has deployed ~$324M into oil and natural gas assets, which includes investments into facilities, along with drilling, completion, and equipping. Much of this capital is allocated towards the Clearwater area, where the Company is currently developing numerous infrastructure expansion projects aimed at improving gas conservation, expanding interconnected field pipelines, and streamlining oil treatment and water injection.

Examples of these developments include Tamarack's NW Connector project. Focused on the construction of pipelines in Marten Hills, the NW Connector project is a strategic infrastructure initiative meant to enhance transportation capacity and efficiency. The emulsion line was recently commissioned in Q2/24, while the gas line is estimated to become operational in Q3/24. Projects like these have resulted in Tamarack's production costs falling by ~16% over the last three years, with a further 6% decrease expected to be realized over the next five years. As infrastructure development continues to increase, the Company is set to benefit from a reduction in transportation and production costs, the effects of which will both drive margins higher moving forward.

## Strong Capital Management Driving Returns

Tamarack's capital return framework aims to support the allocation of future free funds flow between three key segments: debt, direct investor returns, and strategic growth capital. Since closing the Deltastream acquisition in Q4 of 2022, Tamarack has reduced their Net Debt by roughly $500M, with ~$175M of that reduction occurring in 2024. Moving forward, the Company aims to achieve Net Debt of less than $500M, and to maintain their current leverage ratio of ~1.0x.

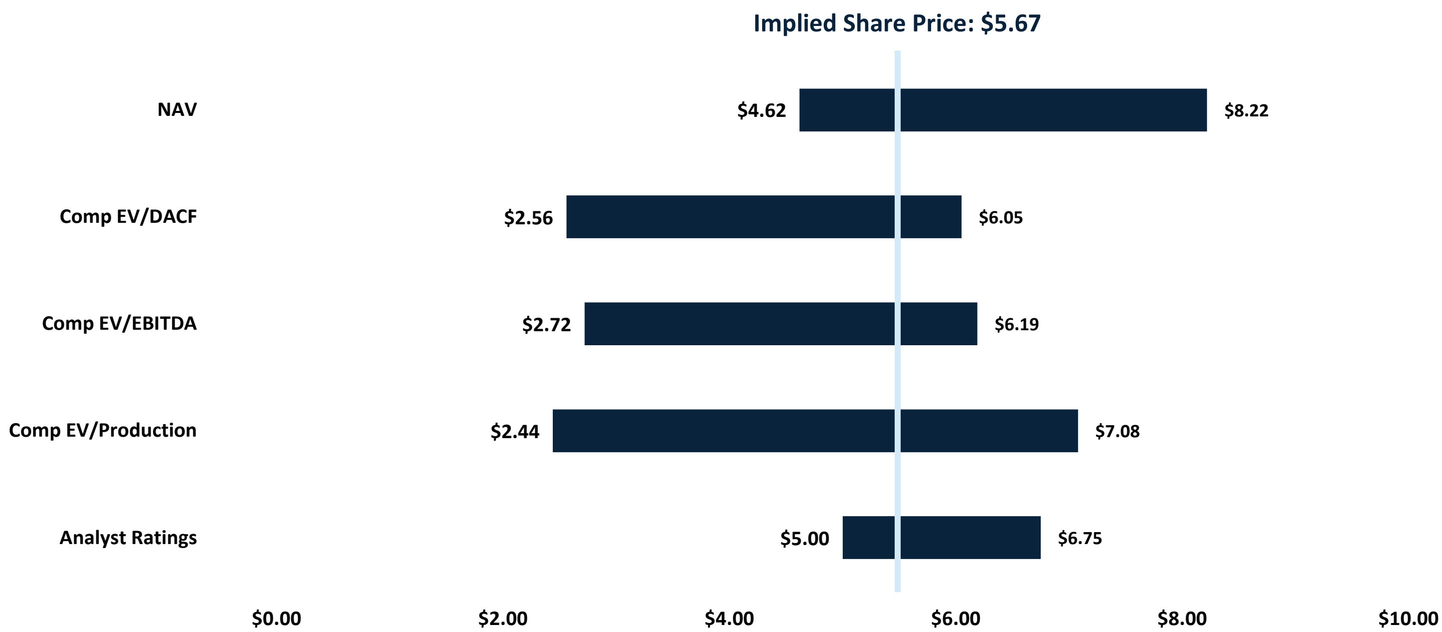
Direct investor returns are composed of base dividends and share buybacks. In 2024, the Company has thus far declared dividends of $61.4M and repurchased and canceled 22M common shares. This brings Tamarack's total capital returned to shareholders up to $280M since the start of 2022, and the Company shows no signs of decline as they recently increased their monthly dividend to $0.01275, resulting in monthly dividends now being up ~54% since 2022. We believe Tamarack will continue prioritizing paying back their debt at an accelerated pace above expectations, as their strong past focus on excess funds allocation between targeted debt reduction and return to shareholders highlights the Company's commitment to efficient capital management.

# Valuation

## Net Asset Value (NAV) Assumptions

**Revenue Forecast**

When forecasting revenues, we used a weighted average benchmark exposure to calculate the final price realized for oil and gas. For instance, Tamarack's Natural Gas Liquids (NGLs) have a 60/30/10 split between Edmonton Propane, Edmonton Butane, and Edmonton Condensate. As a result, the final price used to calculate NGLs revenue is 60% of the price of Propane, 30% of the price of Butane, and 10% of the price of Condensate.




**Decline and Production Growth Rate**

The decline rates of 22% used for Light and Heavy Oil, 20% for Natural Gas, and 23% for NGLs were chosen based on management's own forecasts and the rates of comparable companies. The production growth rates starting at 15% in 2025 and ending at 5% in 2030 were chosen using Tamarack's historical data.

# Catalysts

## Future Acquisitions

Tamarack has completed numerous acquisitions to expand their operations over the past few years. Their Clearwater assets were built up by acquiring Crestwynd, Deltastream, and Rolling Hills Energy in 2022, and their Charlie Lake Assets were primarily secured from acquiring Anegada in 2021. Given the Company's history of acquisitions, combined with their focus on acquiring strong assets that fit well within their existing portfolio, it is likely that Tamarack will continue to acquire strategic players moving forward.

# Risks

## Concentration of Assets

With all of Tamarack's assets being located in Alberta, the Company's operations are heavily dependent on the energy regulations imposed by the Alberta Energy Regulator. Regulatory approval is required for drilling wells, constructing facilities, abandoning well-sites, and general day-to-day operations. Compliance with such regulations can be expensive, and failure to do so may result in sanctions. Should unfavourable orders be implemented, Tamarack may incur more consequential losses compared to an operator with only partial exposure to Alberta.

## Waterflood Uncertainties

Tamarack's waterflood initiatives involve numerous uncertainties which may affect the success of the programs. For instance, the Company may undertake waterflood programs that fail to increase production from a reservoir, resulting in an inefficient use of time and capital. Additionally, undertaking the waterflooding activities requires access to appropriate volumes of water. Inability to access necessary volumes may reduce the amount of oil and natural gas that can ultimately be recovered, resulting in adverse impacts to the viability of the programs.

# Recommendation

## Buy

We are initiating a BUY rating for Tamarack. We have derived a target price of $5.67, reflecting a base case upside of 25.6%. This was calculated by applying a 70% weight to the NAV model and a 30% weight to the Comparable Company analysis. The Comparable Company analysis weighting was further split between the EV/DACF and EV/EBITDA multiples, where each multiple received an equal overall weight of 15%. The Company has a clear strategy for how they wish to achieve growth moving forward, and their past acquisitions have set them up to benefit from cost synergies and integrated infrastructure. By being the largest public Clearwater producer, Tamarack has solidified themselves as a significant player within the Western Canadian Sedimentary Basin, and has simultaneously put themselves in a position to continue benefitting from an increase in production and size.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# Appendix 1: Net Asset Value Model Output

| Case: | Bull | Case: | Base | Case: | Bear |
|---|---|---|---|---|---|
| NPV of reserves (Enterprise Value) | $5,205 | NPV of reserves (Enterprise Value) | $3,883 | NPV of reserves (Enterprise Value) | $3,222 |
| Undeveloped Land | $180 | Undeveloped Land | $180 | Undeveloped Land | $180 |
| Other assets | | Other assets | | Other assets | |
| Cash & Investments | $0 | Cash & Investments | $0 | Cash & Investments | $0 |
| Working Capital | -$61 | Working Capital | -$61 | Working Capital | -$61 |
| Total Assets | $5,324 | Total Assets | $4,001 | Total Assets | $3,340 |
| Debt | $807 | Debt | $807 | Debt | $807 |
| NAV | $4,516 | NAV | $3,194 | NAV | $2,533 |
| Shares outstanding | 545 | Shares outstanding | 545 | Shares outstanding | 545 |
| NAV/share | $8.28 | NAV/share | $5.86 | NAV/share | $4.65 |
| Current Share Price | 4.51 | Current Share Price | 4.51 | Current Share Price | 4.51 |
| Premium | 84% | Premium | 30% | Premium | 3% |



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# Appendix 2: Net Asset Value Model – Production and Revenue Forecast

| | Light Oil | | | Heavy Oil | | | NGLs | | | Natural Gas | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year # | Reserves Mbbls | Production Mbbls | Price $/bbl | Reserves Mbbls | Production Mbbls | Price $/bbl | Reserves Mbbls | Production Mbbls | Price $/bbl | Reserves MMcf | Production MMcf | Production Mbbls | Price $/Mcf |
| 2023 | 77,015 | | | 104,368 | | | 9,417 | | | 200,868 | | | |
| 2024 | 71,890 | 5,125 | $103.12 | 90,391 | 13,977.00 | $83.11 | 8,423 | 993.79 | $49.86 | 184,663 | 16,204.65 | 2,700.77 | $2.24 |
| 2025 | 65,997 | 5,893 | $93.35 | 74,317 | 16,073.55 | $89.26 | 7,280 | 1,142.86 | $46.46 | 166,028 | 18,635.35 | 3,105.89 | $2.63 |
| 2026 | 59,219 | 6,777 | $89.49 | 55,833 | 18,484.59 | $89.53 | 5,966 | 1,314.29 | $41.85 | 144,597 | 21,430.65 | 3,571.77 | $3.11 |
| 2027 | 51,900 | 7,320 | $86.95 | 35,870 | 19,963.35 | $89.74 | 4,547 | 1,419.43 | $42.70 | 121,452 | 23,145.10 | 3,857.52 | $3.18 |
| 2028 | 43,994 | 7,905 | $85.13 | 14,309 | 21,560.42 | $89.93 | 3,014 | 1,532.99 | $43.56 | 96,456 | 24,996.71 | 4,166.12 | $3.24 |
| 2029 | 35,694 | 8,300 | $83.71 | - | 14,309.08 | $90.20 | - | 3,013.63 | $44.43 | - | 96,455.54 | 16,076 | $3.32 |
| 2030 | 26,978 | 8,716 | $82.62 | - | - | | - | - | | - | - | - | |
| 2031 | 17,827 | 9,151 | $82.62 | - | - | | - | - | | - | - | - | |
| 2032 | - | 17,827 | $82.62 | - | - | | - | - | | - | - | - | |

| | Total Production | Revenue | | | | |
|---|---|---|---|---|---|---|
| Year # | Production Mbbls | Light Oil $MM | Heavy Oil $MM | NGLs $MM | Natural Gas $MM | Total $MM |
| 2023 | | | | | | |
| 2024 | 22,796.30 | $528.47 | $1,161.60 | $49.55 | $36.30 | $1,775.92 |
| 2025 | 26,215.75 | $550.13 | $1,434.74 | $53.09 | $49.10 | $2,087.06 |
| 2026 | 30,148.11 | $606.52 | $1,654.96 | $55.00 | $66.66 | $2,383.14 |
| 2027 | 32,559.96 | $636.46 | $1,791.53 | $60.60 | $73.52 | $2,562.11 |
| 2028 | 35,164.76 | $673.00 | $1,938.91 | $66.77 | $81.02 | $2,759.69 |
| 2029 | 41,699.12 | $694.88 | $1,290.74 | $133.90 | $319.91 | $2,439.42 |
| 2030 | 8,715.51 | $720.10 | - | - | - | $720.10 |
| 2031 | 9,151.29 | $756.11 | - | - | - | $756.11 |
| 2032 | 17,827.20 | $1,472.94 | - | - | - | $1,472.94 |



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# Appendix 3: Net Asset Value Model – Cost and Cash Flow Forecast

| Year # | Royalties | | Operating Costs | | Transportation Costs | | Abandonment & Development Costs | |
|---|---|---|---|---|---|---|---|---|
| | % Revenue | $MM | $/boe | $MM | $/boe | $MM | $MM | $MM |
| 2023 | | | | | | | | |
| 2024 | 19% | $337.61 | $8.90 | $202.89 | $3.90 | $88.91 | $189.97 | $402.13 |
| 2025 | 19% | $396.76 | $8.90 | $233.32 | $3.90 | $102.24 | $189.97 | $434.71 |
| 2026 | 19% | $453.04 | $8.90 | $268.32 | $3.90 | $117.58 | $189.97 | $410.35 |
| 2027 | 19% | $487.06 | $8.65 | $281.64 | $3.83 | $124.54 | - | $427.66 |
| 2028 | 19% | $524.63 | $8.65 | $304.18 | $3.83 | $134.51 | - | $191.08 |
| 2029 | 19% | $463.74 | $8.40 | $350.27 | $3.75 | $156.37 | - | - |
| 2030 | 19% | $136.89 | $8.40 | $73.21 | $3.75 | $32.68 | - | - |
| 2031 | 19% | $143.74 | $8.40 | $76.87 | $3.75 | $34.32 | - | - |
| 2032 | 19% | $280.01 | $8.40 | $149.75 | $3.75 | $66.85 | - | - |

| Year # | Total Pre-Tax Cash Flows | Corporate Tax Rate | Total After-Tax Cash Flows |
|---|---|---|---|
| | $MM | % | $MM |
| 2023 | | | |
| 2024 | $554.42 | 28% | $399.92 |
| 2025 | $730.06 | 28% | $526.61 |
| 2026 | $943.88 | 28% | $680.84 |
| 2027 | $1,241.20 | 28% | $895.31 |
| 2028 | $1,605.31 | 28% | $1,157.95 |
| 2029 | $1,469.04 | 28% | $1,059.65 |
| 2030 | $477.32 | 28% | $344.30 |
| 2031 | $501.18 | 28% | $361.51 |
| 2032 | $976.33 | 28% | $704.25 |


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# Appendix 4: Reserves Assumptions

| PDP, 1P, & 2P Reserves Breakdown (Gross) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Active Case** | | **2P** | | | | | | | | |
| | Light Oil (Mbbl) | | Heavy Oil (Mbbl) | | NGLs (Mbbl) | | Natural Gas (MMcf) | | Total Oil Equivalent (Mboe) | |
| | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| **Proved Reserves** | | | | | | | | | | |
| Developed Producing | 25,098 | 19,543 | 24,266 | 31,980 | 7,069 | 2,535 | 115,876 | 58,966 | 75,746 | 63,886 |
| Developed Non-Producing | 797 | 761 | 1,313 | 925 | 109 | 124 | 3,686 | 2,972 | 2,833 | 2,305 |
| Undeveloped | 23,246 | 21,732 | 18,557 | 29,120 | 4,001 | 2,436 | 64,100 | 50,108 | 56,487 | 61,639 |
| **Total Proved Reserves** | **49,141** | **42,036** | **44,136** | **62,025** | **11,179** | **5,095** | **183,662** | **112,046** | **135,066** | **127,830** |
| **Probable Reserves** | | | | | | | | | | |
| Probable | 38,169 | 34,979 | 39,035 | 42,343 | 8,164 | 4,322 | 130,545 | 88,822 | 107,126 | 96,448 |
| **Total Probable Reserves** | **38,169** | **34,979** | **39,035** | **42,343** | **8,164** | **4,322** | **130,545** | **88,822** | **107,126** | **96,448** |
| **Total Reserves** | | | | | | | | | | |
| **Total Proved plus Probable** | **87,310** | **77,015** | **83,171** | **104,368** | **19,343** | **9,417** | **314,207** | **200,868** | **242,192** | **224,278** |
| **Developed Reserves** | **25,895** | **20,304** | **25,579** | **32,905** | **7,178** | **2,659** | **119,562** | **61,938** | **78,579** | **66,191** |
| *Percent Developed* | *53%* | *48%* | *58%* | *53%* | *64%* | *52%* | *65%* | *55%* | *58%* | *52%* |



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# Appendix 5: Production Schedule

| Production Schedule | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| *Decline Rate* | | | *22.0%* | *22.0%* | *22.0%* | *22.0%* | *22.0%* | *22.0%* | *22.0%* | *22.0%* |
| Declined Production | - | | 3,833 | 3,592 | 3,089 | 3,552 | 4,085 | 4,412 | 4,765 | 5,003 |
| Added Production | - | | 2,736 | 1,306 | 5,195 | 5,974 | 5,571 | 6,016 | 5,848 | 6,140 |
| Light Oil (bbl/d) | | 17,423 | 16,326 | 14,040 | 16,146 | 18,568 | 20,054 | 21,658 | 22,741 | 23,878 |
| Light Oil (mbbl) | | 6,359 | 5,959 | 5,125 | 5,893 | 6,777 | 7,320 | 7,905 | 8,300 | 8,716 |
| (Decline) Growth | - | | -6% | -14% | 15% | 15% | 8% | 8% | 5% | 5% |
| % Total | | 36% | 24% | 22% | 22% | 22% | 22% | 22% | 22% | 22% |
| *Decline Rate* | | | *22.0%* | *22.0%* | *22.0%* | *21.0%* | *20.0%* | *19.0%* | *18.0%* | *18.0%* |
| Declined Production | - | | 3,469 | 7,873 | 8,424 | 9,248 | 10,129 | 10,392 | 10,633 | 11,164 |
| Added Production | - | | 23,489 | 10,379 | 14,168 | 15,853 | 14,180 | 14,767 | 13,586 | 14,265 |
| Heavy Oil (bbl/d) | | 15,768 | 35,788 | 38,293 | 44,037 | 50,643 | 54,694 | 59,070 | 62,023 | 65,124 |
| Heavy Oil (mbbl) | | 5,755 | 13,063 | 13,977 | 16,074 | 18,485 | 19,963 | 21,560 | 22,638 | 23,770 |
| (Decline) Growth | - | | 127% | 7% | 15% | 15% | 8% | 8% | 5% | 5% |
| % Total | | *33%* | *53%* | *61%* | *61%* | *61%* | *61%* | *61%* | *61%* | *61%* |
| *Decline Rate* | | | *20.0%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* |
| Declined Production | - | | 13 | 14 | 9 | 10 | 12 | 13 | 14 | 14 |
| Added Production | - | | 15 | (10) | 16 | 18 | 16 | 18 | 17 | 18 |
| Natural Gas (MMcf/d) | | 67 | 68 | 44 | 51 | 59 | 63 | 68 | 72 | 76 |
| Natural Gas (boe/d) | | 11,204 | 11,384 | 7,399 | 8,509 | 9,786 | 10,569 | 11,414 | 11,985 | 12,584 |
| Natural Gas (mboe) | | 4,089 | 4,155 | 2,701 | 3,106 | 3,572 | 3,858 | 4,166 | 4,374 | 4,593 |
| (Decline) Growth | - | | 2% | -35% | 15% | 15% | 8% | 8% | 5% | 5% |
| % Total | | 23% | 17% | 12% | 12% | 12% | 12% | 12% | 12% | 12% |
| *Decline Rate* | | | *23.0%* | *23.0%* | *23.0%* | *23.0%* | *23.0%* | *23.0%* | *23.0%* | *23.0%* |
| Declined Production | - | | 894 | 813 | 626 | 720 | 828 | 894 | 966 | 1,014 |
| Added Production | - | | 542 | - | 1,035 | 1,190 | 1,116 | 1,206 | 1,176 | 1,235 |
| NGLs (bbl/d) | | 3,888 | 3,536 | 2,723 | 3,131 | 3,601 | 3,889 | 4,200 | 4,410 | 4,630 |
| NGLs (mbbl) | | 1,419 | 1,291 | 994 | 1,143 | 1,314 | 1,419 | 1,533 | 1,610 | 1,690 |
| (Decline) Growth | - | | -9% | -23% | 15% | 15% | 8% | 8% | 5% | 5% |
| % Total | | 8% | 5% | 4% | 4% | 4% | 4% | 4% | 4% | 4% |
| Total Production (boe/d) | | 48,283 | 67,034 | 62,456 | 71,824 | 82,598 | 89,205 | 96,342 | 101,159 | 106,217 |
| Total Production (boe) | | 17,623,113 | 24,467,288 | 22,796,303 | 26,215,748 | 30,148,110 | 32,559,959 | 35,164,756 | 36,922,993 | 38,769,143 |
| Total Production (mboe) | | 17,623 | 24,467 | 22,796 | 26,216 | 30,148 | 32,560 | 35,165 | 36,923 | 38,769 |

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# Appendix 6: Comparable Company Analysis

## Comparable Company Analysis

| Company | Market Cap ($B) | Net Debt ($B) | TEV ($B) | Total Production 2024E (mboe/d) | Total Production 2025E (mboe/d) | DACF 2024E ($B) | DACF 2025E ($B) | EBTIDA 2024E ($B) | EBTIDA 2025E ($B) | TEV/DACF 2024E (mbbl/d) | TEV/DACF 2025E (mbbl/d) | TEV/EBITDA 2024E ($B) | TEV/EBITDA 2025E ($B) | TEV/Production 2024E ($/mboe/d) | TEV/Production 2025E ($/mboe/d) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Oil-Weighted** | | | | | | | | | | | | | | | |
| Veren | $4.6 | $2.9 | $7.5 | 209 | 192 | $2.4 | $2.4 | $2.5 | $2.4 | 3.1x | 3.1x | 3.0x | 3.1x | $36,051 | $39,258 |
| Strathcona | $6.1 | $2.8 | $9.0 | 183 | 190 | $2.2 | $2.3 | $2.2 | $2.3 | 4.1x | 3.9x | 4.1x | 3.8x | $48,992 | $47,086 |
| Whitecap | $5.8 | $1.2 | $6.9 | 174 | 179 | $1.7 | $1.8 | $2.0 | $2.0 | 4.1x | 3.9x | 3.5x | 3.4x | $39,832 | $38,758 |
| Baytex | $2.9 | $2.3 | $5.2 | 153 | 151 | $2.1 | $2.0 | $2.2 | $2.1 | 2.4x | 2.6x | 2.4x | 2.5x | $33,661 | $34,177 |
| Headwater | $1.6 | ($0.1) | $1.5 | 20 | 22 | $0.3 | $0.3 | $0.4 | $0.4 | 4.6x | 4.7x | 3.9x | 4.0x | $73,690 | $66,790 |
| Atahbasaca | $2.6 | ($0.1) | $2.5 | 37 | 39 | $0.6 | $0.5 | $0.6 | $0.6 | 4.4x | 4.7x | 4.3x | 4.2x | $68,971 | $65,400 |
| Tamarack | $2.4 | $0.8 | $3.1 | 64 | 66 | $0.9 | $0.9 | $1.0 | $1.0 | 3.4x | 3.6x | 3.2x | 3.0x | $48,908 | $50,984 |
| **Mean** | | | | | | $1.6 | $1.6 | $1.6 | $1.6 | 3.8x | 3.8x | 3.5x | 3.5x | $50,199 | $48,578 |
| **Median** | | | | | | $1.9 | $1.9 | $2.1 | $2.0 | 4.1x | 3.9x | 3.7x | 3.6x | $44,412 | $43,172 |
| **High** | | | | | | $2.4 | $2.4 | $2.5 | $2.4 | 4.6x | 4.7x | 4.3x | 4.2x | $73,690 | $66,790 |
| **Low** | | | | | | $0.3 | $0.3 | $0.4 | $0.4 | 2.4x | 2.6x | 2.4x | 2.5x | $33,661 | $34,177 |

| | EV/DACF Implied Price | | EV/EBITDA Implied Price | | EV/Production Implied Price | |
|---|---|---|---|---|---|---|
| Median | $4.80 | $4.59 | $4.83 | $5.12 | $4.40 | $4.39 |
| Mean | $5.32 | $4.74 | $5.10 | $5.37 | $3.72 | $3.74 |
| High | $6.12 | $5.95 | $6.25 | $6.43 | $7.15 | $6.59 |
| Low | $2.58 | $2.64 | $2.75 | $3.22 | $2.46 | $2.65 |


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