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ENERGY FINANCE

Suncor launches second billion-dollar stock buyback

Suncor has filed notice that it plans to buy back up to $1.0 billion of its stock over the next year, the Canadian major's second big stock repurchase as it reevaluates its growth plans. In its notice to the Toronto Stock Exchange, Suncor said it would repurchase up to 38.4 million shares through September 19, 2013, with all shares to be cancelled. The company recently wrapped up the purchase of $1.5 billion worth of its common shares (~50.2 million shares) at a weighted average price of $29.90 per share. Suncor stock closed at $34.02 the day before the September 17 announcement.

New $1.0 billion program comes on heels of completed $1.5 billion buyback.

"Suncor believes that, depending on the trading price of its common shares and other relevant factors, purchasing its own shares represents an attractive investment opportunity and is in the best interests of the company and its shareholders," the company said in a statement.

CIBC World Markets analyst Andrew Potter said he expects "the same general story over the next 12 months with continued share buybacks and another dividend increase in the 2.0% range," according to a Globe & Mail story. Continues On Pg 4

Niko stock rebounds after rough September ride

Shares in **Niko Resources Ltd.** took a hit September 19 to close at $10.05 after the company's lenders cut its borrowing base to $100 million from $250 million previously. The move was based partly on a reduction in the company's estimated net 2P reserves to 377 Bcfe from the 855 Bcfe that had been announced in June, primarily on a decline in reserves at Niko's D6 gas field offshore India. Net 2P reserves at D6 were cut to 193 Bcfe.

Niko saw a one-day drop of 33% on September 12 to $9.00 per share.

Niko shares which were trading above $100 in April 2010, had fallen 33% September 12 to close at $9.00 after the company reported disappointing results from its **Eni**-operated Lebah-1 well, located on the North Ganal production sharing contract in the Makassar Strait of Indonesia. The company also suspended its $0.06 per share quarterly dividend. Since then, however, Niko's stock has rebounded.

The Lebah well targeted a series of Upper Miocene to Pliocene deepwater channel sands analogous to discoveries by Eni and other partners. Continues On Pg 12

ShawCor stock jumps 20% as company sale put on the table

Shares of oilfield pipeline services company **ShawCor** jumped 20% on September 6 after chairwoman Virginia Shaw told the company's board that she would consider a sale of her shares as part of a sale of the company. Shaw is the controlling shareholder through a holding company. The board has hired **Credit Suisse Canada** as financial advisors. ShawCor has not yet received a proposal and is not involved in any discussions concerning a sale, it said in a statement.

ShawCor stock rose as high as $44.50 on September 6 in the wake of the statement before closing at $42.20, up from a $35.08 close the previous day. The stock has hovered in the low to mid-40s since then, closing at $42.42 on October 9. That price values the company at ~$3.0 billion.

Over the past 12 months, ShawCor has seen its stock rise 77%.

"Given ShawCor's dominant position in the international pipe coating industry, especially in the higher growth offshore market, strong brand name and strong financial track record, we believe that there will be numerous parties interested," Cormark analyst Sarah Hughes said in a note to clients, according to a Reuters report. Continues On Pg 6

CNOOC looks for $6 billion loan to fund Nexen deal

Chinese state oil firm **CNOOC** is seeking a US$6 billion one-year loan to help fund its buy of **Nexen,** according to sources close to the deal. The company has invited ~15 US, European and Chinese banks to participate.

CNOOC is offering to pay an upfront 25-basis-point fee for the 12-month facility with no limits on commitment size, according to a report from Bloomberg. The margin on the loan begins at 80 basis points above Libor for the first six months, increases to 100 basis points for the next three months and 120 basis points for the final three months. **Citigroup** is the company's financial adviser in the deal. The banks have been asked to respond by October 16.

CNOOC could refinance the bridge loan with proceeds from a bond sale.

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Capital News & Budgets

Charger slices capital program to $35 million on gas prices

Charger Energy Corp. cut its 2012 capital program to ~ $35 million (prior to dispositions), from a projected $60 million previously, primarily due to lower gas prices. Spending will be focused mainly on Viking light oil development in its Halkirk-Provost core area in east central Alberta. Charger, formerly Seaview Energy, was formed earlier this year from the merger of **Seaview,** Charger Energy, **Silverback Energy** and **Sirius Energy.**

Production in Q2 averaged 3,172 boepd (34% oil and NGLs), up 46% sequentially, with Q2 2011 production at 48 boepd. As a result of the planned spending reduction, exit production for the year is expected to be between 3,300 boepd and 3,600 boepd (~40% oil and NGLs).

Charger's net loss for the quarter was $2.0 million vs. a loss of $2.1 million in Q1 and a loss of $1.3 million in Q2 2011. Petroleum and natural gas sales were $9.6 million vs. $123,000 last year.

Top five stock winners & losers

Cequence Energy was the biggest mover of the past 30 days, gaining 51% to close at $1.80 per share on October 9. The company said in early September that its operated well (65% WI) at Simonette/Resthaven flowed at a final rate of 14 MMcfd, validating a 20-section geological prospect previously defined by well control.

Paramount Resources was up 25% for the period, closing at $30.80 per share on October 9. The company closed a ~$70 million flow-through share offering during the month and raised an additional ~$55 million though the sale of flow-through shares to CEO Clayton Riddell.

Vero Energy was up 24% for the past 30 days to $2.49 per share. Privately held **TORC Oil & Gas** plans to buy Vero in a stock-and-debt deal valued at $177 million.

On the losing side, **Gasfrac Energy Services** was down 35% to $1.82 after CEO Zeke Zeringue and COO Steve Batchelor left the company. The company has missed its targets for more than a year.

Petrominerales fell 19% to $7.72 per share over the month in the wake of the company reporting that production had declined in August and tests at a Colombian exploration well showed only water.

And **Arcan Resources** was down 17% to $1.12 per share. Several analysts trimmed their target price or downgraded their rating on Arcan over the course of the month. **BMO Capital Markets,** for example, dropped their target price on shares of Arcan to $1.00 from $1.25 and now rates the stock as "underperform."

Canadian Oil & Gas Stock Movers—Last 30 Days

Source: **Capital IQ**

	Company	Ticker	$/Share 9/9/12	$/Share 10/9/12	% Change
Top 5	Cequence Energy	CQE	$1.19	$1.80	51%
	Lone Pine Resources	LPR	$1.25	$1.58	26%
	Paramount Resources	POU	$24.60	$30.80	25%
	Trilogy Energy	TET	$22.34	$27.68	24%
	Vero Energy	VRO	$2.01	$2.49	24%
Bottom 5	Gasfrac Energy Services	GFS	$2.78	$1.82	-35%
	Petrominerales	PMG	$9.48	$7.72	-19%
	Arcan Resources	ARN	$1.35	$1.12	-17%
	Forbes Energy Services	FES	$3.96	$3.38	-15%
	Valeura Energy	VLE	$1.37	$1.18	-14%

Note: Data includes public, Canadian-based companies operating in the oil & gas space, limited to companies >$100MM market cap & >$1.00/share.

Keyera to invest $210 million in Rimbey gas plant

Keyera is planning to spend $210 million to enhance recoveries of ethane and other NGLs from the raw gas stream at its Rimbey gas plant (97% WI, operator) in west central Alberta. The project includes installation of a new 400 MMcfd turbo expander unit and construction of a 34 km ethane pipeline to connect to the Alberta Ethane Gathering System.

Services at plant include pipeline to the Edmonton/Fort Saskatchewan NGL hub.

The project will allow Keyera to recover more than 90% of the ethane at the plant, or up to 20,000 bpd. The extracted ethane will be sold to a customer in Alberta under a long-term sales agreement. Construction is slated to begin in Q4 with start-up expected in late 2014. Keyera has also secured a long-term, fee-for-service processing agreement with a large producer and is currently in talks with other producers interested in contracting processing capacity at the plant.

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Capital News & Budgets

Bonavista ups capex to $410 million on Deep Basin buy

Bonavista Energy increased its capital budget for the year to $410 million, with $10 million of that allocated to properties the company acquired in August from **Fairborne Energy.** The change comes just a month after the company said it was lowering the capital budget to $245 million. The lower figure—reported in the company's Q2 earnings report—consisted of a $375 million exploration and development program offset by net divestiture proceeds of $130 million.

Bonavista acquired gas-weighted assets in the Deep Basin of west central Alberta from Fairborne for $155 million. The 133,000-acre acquisition in the Marlboro area is adjacent to Bonavista's current ~3.0 million net acres and is producing 40.2 MMcfed (94% gas, operated) equivalent to ~10% of Bonavista's current production of ~408 MMcfed.

Bonavista acquired $155 milllion of gas-weighted assets from Fairborne.

The company closed a bought deal financing in connection with the acquisition, raising gross proceeds of ~$345 million. The company issued ~20.9 million common shares at $16.50 per share, including ~2.7 million shares issued in connection with the full exercise of the underwriter's over-allotment option. The offering was co-led by **TD Securities** and **CIBC World Markets.**

Capital budget was originally around $410 million for 2012, but Bonavista said in March it was cutting the annual budget to between $340 million and $360 million.

Cheniere LNG deals could threaten Kitimat economics

The prospect of shipping LNG from the coast of British Columbia to markets in Asia has been touted as the future of the province, enabling it to cash in on vast gas reserves despite the rock-bottom prices producers are getting in North America. What made the numbers work was the fact that Canadian producers planned to sell contracts tied to oil prices as opposed to much cheaper gas.

U.S. firm **Cheniere Energy,** however, is selling LNG from its Sabine Pass terminal on the U.S. Gulf Coast at prices linked to Henry Hub gas prices rather than oil-linked prices. That could set the stage for Asian buyers to expect gas much cheaper than what those behind the proposed B.C. terminals are hoping for.

Kitimat plans oil-linked pricing vs. Cheniere gas-linked pricing.

Last October, UK-based **BG** signed a 20-year contract with Cheniere for LNG from the Sabine Pass terminal based on Henry Hub prices. **Korea Gas,** Spain's **Gas Natural Fenosa** and state-owned Indian company **Gail** followed suit. Those deals represent ~90% of the facility's capacity.

At least three LNG terminals have been proposed for Kitimat, B.C., including Kitimat LNG, by partners **Apache, Encana** and **EOG Resources.** The partners have already been prepping a site near Kitimat for its own terminal. The price uncertainty has left Kitimat LNG working to sell capacity from its terminal.

"We could have sold this thing out a year ago. But we're not prepared to sell it out for dollars that don't make sense. We won't do it," said David Calvert, vice-president of Kitimat LNG, according to a Globe and Mail story. "This pricing thing, and the expectation around that after Cheniere did a deal at Henry Hub, has created some – I'll call it unrealistic – expectations."

Unconventional capital spending up 31.9% in 2011

Capital spending for the unconventional oil and gas sector in Canada rose 31.9% to $23.3 billion in 2011 vs. the previous year, according to information released by Statistics Canada in September. Operating expenses for the unconventional sector increased 32.4% to $22.8 billion, mainly a result of higher royalty payments and operating costs.

Capital spending by the conventional sector also rose, moving higher by 12.7% to $39.6 billion vs. the previous year. Operating expenses for the conventional sector rose 9.6% from 2010 to $27.7 billion, mainly the result of higher royalty payments.

Conventional capital expenditures were also up, although by a more modest 12.7%.

Crude oil and equivalent production increased 4.8% from 2010 to 1.11 Bboe in 2011. Marketable production of natural gas byproducts increased by 2.2% to 1.01 Tcf while natural gas was unchanged at 5.1 Tcf.

The value of crude oil and equivalent hydrocarbons produced totaled $95.8 billion in 2011, up 25.8% from $76.2 billion the previous year, mainly due to higher wellhead prices. The value of natural gas marketable production decreased 8.7% from 2010 to $18.0 billion, as a result of lower wellhead prices in 2011.

Oil & Gas Extraction Industry: Capital & Operating Expenditures

	2010 ($ millions)	2011 ($ millions)	2010-2011 % Change
Capital			
Conventional	$35,165.2	$36,639.2	12.7%
Non-Conventional	$17,695.4	$23,344.3	31.9%
Operating			
Conventional	$25,249.6	$27,664.1	9.6%
Non-Conventional	$17,235.1	$22,821.2	32.4%

Source: Statistics Canada

Capital News & Budgets

Raging River boosts capital budget 22% to $82 million

Raging River Exploration Inc. upped its capital budget to $82 million from $67 million previously on well results and production volumes from the company's Viking light oil properties in the Kindersley area of Saskatchewan. The increased spending will be used to drill an additional 10-12 net horizontal wells as well as pre-drilling several locations in preparation for its 2013 program. The company now expects to drill 41-43 net wells this year.

Raging River's average drilling & completion cost per well was $800,000.

Raging River was spun out in March when **Crescent Point** acquired **Wild Stream Exploration** in a deal valued at $611 million. That deal included 1,000 boepd of production in the Dodsland area along with 2P reserves of 5.4 MMbo. In April, Raging River acquired Viking light oil assets at Dodsland from an undisclosed company for $30.5 million (cash and stock). The assets consist of 13,400 net undeveloped acres, with 2P reserves of ~1.1 MMbbl (100% light oil).

Next CanadianExplorer

Check out additional reporting on Raging River.

Suncor launches billion-dollar buyback

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"Suncor continues to like the balance of both tools to return cash to shareholders," he said.

The company's Q2 earnings were down 75% to $333 million, due largely to a $694 million writedown of its Syrian assets as well as lower crude prices, higher royalties and operating expenses. Output was down 3.6% sequentially but up 18% YOY to 542,000 boepd. Cash flow from operations dipped 3.3% from Q1 to $2.3 billion, while revenues dropped 22% to $2.5 billion.

Suncor entered into a pre-defined plan with a broker for the share repurchase.

Suncor CEO Steve Williams, who took over in May from Rick George, has backed off the company's goal of 1.0 MMbpd of production by 2020. Production in Q2 averaged 542,400 bpd, down 2% sequentially an up 18% YOY. During a conference call to discuss Q2 earnings, Williams said Suncor was reevaluating its growth strategy, with some projects possibly being pushed back in a move to reduce costs and use capital more effectively. The company plans to review its Fort Hills oil sands and Joslyn Mines development, as well as the Voyageur oil sands upgrader at Fort McMurray in northern Alberta. The three projects are part of a $1.75 billion JV with French major **Total** slated for completion by mid-2013. He also hinted that withdrawal from those projects was a possibility.

Suncor's 2012 Capital Spending Plans

	2012 Outlook ($MM)	Sustaining Capital (Base $MM)	Growth Capital ($MM)
Oil Sands	$5,085	$2,885	$2,200
Oil Sands Base	$1,780	$1,555	$225
In Situ	$1,830	$860	$970
Oil Sands Ventures	$1,475	$470	$1,005
E&P	$1,400	$255	$1,145
Refining & Marketing	$600	$590	$10
Corporate	$415	$140	$275
Total	**$7,500**	**$3,870**	**$3,630**

Source: Suncor August 8 Presentation via **PLS docFinder www.plsx.com/finder**

Financing Briefs

• **Altima Resources Ltd.** expects to close the final tranche of its $15 million private placement of convertible debentures by December 15. The company closes the first tranche at the end of August, raising $4 million, and hopes to raise $11 million in the final tranche.

• **BNP Resources Inc.** completed a share-for-debt deal with three of its creditors totaling ~$24 million. Under the deal, BNP will issue ~400,721 Class A shares valued at $.06 per share, satisfying all debts owed to those creditors.

• **Doxa Energy Ltd.** sub **Doxa Energy** US entered into a $5 million revolving loan agreement with **Meridian Bank Texas.** The revolver is secured by an interest in Doxa's producing properties

• **Genoil Inc.,** a provider of oil and water separation technologies, plans to raise up to $966,000 through a non-brokered private placement of up 13.8 million units at $0.07 per unit. Each unit consists of one common share and one common share purchase warrant exercisable at $0.10 per share for 60 months following the closing. Proceeds will be used for general working capital and to pay down debt. The company also completed a shares-for-debt deal, issuing ~10.3 million shares at a price of $.07 per share as part of a settlement for ~$721,000 in unpaid salaries and other debts.

Financing Briefs

• **RockBridge Resources Inc.** closed the final small tranche of its offering of up to $3 million in flow-through and non flow-through units at $0.05 each, issuing 610,000 non flow-through units. Proceeds will be used to fund the company's 2012 drilling operations, including participation in five horizontal Cardium wells on its East Pembina land block and for general corporate purposes. The company expects to proceed with a new financing in the coming weeks.

• Service company **Precision Drilling Corp.** has amended its secured credit facility with a syndicate of lenders and Royal Bank of Canada as the administrative agent. The amendment increases the amount available under the facility to US$850 million from US$550million and extends the maturity date from November 17, 2015 to November 17, 2017. Borrowings under the facility may be used for general corporate purposes.

• **SilverWillow Energy Corp.** entered into a bought deal private placement flow-through common share financing agreement with a syndicate of underwriters led by **National Bank Financial Inc.** The company plans to issue 3.2 million flow-through shares at $1.25 per share for gross proceeds of $4 million. The company plans to use the net proceeds to fund a portion of its seismic program and exploration drilling on its Audet property in the Athabasca oil sands.

Financing

Peyto expands borrowing base after Open Range buy

Peyto Exploration & Development's lenders—led by **Bank of Montreal**—have expanded the company's borrowing base to $880 million of total borrowing capacity from $800 million previously following the closing of its acquisition of Open Range Energy.

Peyto is currently the most active deep gas driller in Alberta.

Peyto issued $50 million of senior secured notes in a note purchase and private shelf agreement with Prudential Investment Management, bringing the total of senior secured notes under the private shelf agreement to $150 million. The notes have a coupon rate of 4.88% and mature on September 6, 2022. Peyto's revolving bank facility has been increased to $730 million from $700 million. The company's September dividend of $0.06 per common share will be paid on October 15 for shareholders of record on September 30.

3MV working with lenders to cure $4 milllion debt default

3MV Energy Corp.'s senior lender under its secured credit facility is demanding repayment of ~$4 million due under the facility. The company is in breach of certain covenants under the facility as a result of its working capital deficiency. Management is working with the lenders to come up with a repayment plan. The lenders involved weren't identified.

Viking operator 3MV expects staff cuts to save $50,000 per month.

3MV operates in the Viking oil play of west-central Saskatchewan. The company has cut back on head office staff in an effort to save money. The company lost $1.3 million in Q2 vs. losses of $2.1 million in Q1 and $955,000 in 2Q11. Oil and gas sales were $1.1 million, down 21% sequentially and down 8% YOY.

Entrec boosts credit facilities to $140 million

Entrec Corp. increased its senior credit facilities to a $20 million operating facility (via account overdraft) and a $120 million revolving term facility (up from $75 million previously). The operating facility requires interest payments only, while individual draws under the revolver are repayable over a five-year amortization period.

Plans to expand fleet of cranes & heavy haul transport equipment in 2013.

The company's syndicate of lenders is led by **Canadian Western Bank.** Entrec plans to use the increased credit facilities to fund its capital program and for acquisitions. Amounts borrowed under the credit facilities bear interest at the bank's prime rate plus a credit spread based on a sliding scale, currently 4.25%. The company currently has $64.3 million drawn under the revolver, while the $20 million operating facility is undrawn.

Meranex Energy Trust preps for IPO to fund Texas buy

Meranex Energy Trust filed a restated preliminary prospectus with securities regulators in each province in connection with a proposed IPO of its trust units. Net proceeds of the offering together with an advance under a planned credit facility will be used to indirectly acquire operated interests in South and East Texas assets that were producing ~1,800 boepd (79% light oil and NGLs). Assets include inventory of exploitation opportunities that could help grow production.

Meranex will be a mutual fund trust under Canada's Income Tax Act.

The offering is being made through a syndicate of underwriters co-led by **Scotia Capital, RBC Dominion Securities** and **CIBC World Markets.** Meranex is led by CEO Steve Cloutier, who co-founded **APF Energy Trust.**

Financing

Alberta Oilsands to hold rights offering

Alberta Oilsands has filed a preliminary prospectus for a rights offering that would issue shareholders one right for each common share held. Each right would entitle the holder to buy one AOS unit, consisting of one common share and one common share purchase warrant, at $0.10 per unit.

AOS hired GMFB Communications as its investor relations firm.

Each warrant would entitle the holder to buy one additional AOS common share at $0.30 per share for two years. The company has applied to list the rights and warrants on the TSX Venture Exchange. The company did not say how much it hopes to raise in the offering.

AOS has also refiled its Q2 unaudited interim financial statements, amending them to remove the notice that the company's auditors have not reviewed the statements and to reflect corrections to the presentation of the 2011 statement of changes in equity to comply with accounting regulation IAS 34, Interim Financial Reporting.

ShawCor stock jumps 20% on sale plans

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Virginia Shaw controls ~92% of the company's class B shares, which have 10 times the voting power of the class A stock. She took over as chair in 2007 after her father passed away. The Shaw family founded the business in the 1930s. It's not clear why she is interested in selling.

Hughes set a target price of $50 per share for ShawCor as a result of the sale talk. Potential buyers include **General Electric, National Oilwell Varco, Cameron International** and **FMC Technologies,** said Hughes.

ShawCor operates through seven subsidiaries in more than 20 countries.

"All these players have been active in the M&A space over the past few years, have completed or announced large transactions, and have the financial capacity to take a run at ShawCor," Hughes said. "In addition, we believe that private equity could also have an interest in the company." Others have cited **Schlumberger** and **Halliburton** as possible buyers.

ShawCor had a $749 million backlog & no bank debt at the end of Q2.

ShawCor had an order backlog of $749 million as of June 30—a company record. The company's backlog level has more than doubled over the past 12 months as a result of a number of significant new pipe coating contracts.

The company's Q2 revenue was $326.9 million, up 5% sequentially and up 24% YOY. Net income for the quarter was $21.4 million vs. net income of $15.7 million in the same period last year.

ShawCor Major Project Awards

Project	Client	Region	Value
Chevron Wheatstone	Chevron	Asia Pacific	>$170MM
Inpex Ichthys GEP	Mitsui	Asia Pacific	>$400MM
Inpex Ichthys URF	McDermott	Asia Pacific	>$100MM
Exxon Mobil Barzan	Hyundai	EMAR	>$45MM
Technip, Trinidad	Technip	Americas	>$80MM
Pearl Energy Ruby	PEARLOIL	Asia Pacific	>$30MM
Apache Julima	Apache	Asia Pacific	>$45MM
Linea 5	Tubacero/Swiber	Americas	>$40MM

Total Value In Excess Of US$900 Million To Date

Generated Record Backlog In 2012

Source: ShawCor August 23 Presentation via **PLS docFinder www.plsx.com/finder**

Southern Pacific Resources closes $75 million offering

Southern Pacific Resource closed a bought deal financing—co-led by **BMO Capital Markets, RBC Capital Markets, FirstEnergy Capital** and **TD Securities**—issuing ~55.6 million common shares at $1.45 each for gross proceeds of ~$80.6 million. The total includes 3.9 million shares under an over-allotment option granted to the underwriters.

STP's thermal project at McKay slated to begin producing bitumen in Q4.

The underwriters can still acquire an additional 3.9 million shares at the same price under the over-allotment option. That would bring the proceeds raised under the offering to ~$86.1 million. The company plans to use the net proceeds for equipment orders and engineering on the STP-McKay Phase 1 expansion for working capital including its rail marketing arrangement and for its 2012/13 exploration program.

Paramount raises $70 million in two share offerings

Paramount Resources completed its public offering of ~1.9 million Class A flow-through common shares related to Canadian exploration expenses at $31 per share, raising gross proceeds of ~$60 million. Also, the company issued 356,000 flow-through common shares related to Canadian development expenses at $28.15 per share for gross proceeds of ~$10 million. The offering was led by **BMO Capital Markets.**

Paramount plans to issue to CEO Clayton H. Riddell or companies he controls 646,000 flow-through common shares related to CEE and ~1.2 million flow-through common shares related to CDE at the same prices as the public offering for total gross proceeds of ~$55 million. Paramount's offerings will help monetize eligible CEEs and CDEs.

Financing Briefs

• **Strata-X Ltd.** will offer both unsecured convertible debentures and units as part of its $7 million private placement. Each unit, priced at $0.25 each, will be made up of one common share and one-half of a common share purchase warrant entitling the holder to buy one common share at $0.60. The debentures will have a one-year term and will pay interest at 5% per year. Proceeds will be used for the company's existing properties, the completion of an acquisition in Texas and for general working capital.

• **Tourmaline Oil Corp.** issued an additional 600,000 common shares at $29.00 per share for gross proceeds of $17.4 million due to the exercise in full of the underwriters' over-allotment option in connection with its recently completed public offering. The company raised $134.5 million in the public offering and the concurrent private placement.

• **Valeura Energy Inc.,** which operates in Turkey and western Canada, entered into an agreement with a syndicate of underwriters for a bought deal financing of 11.5 million common shares at $1.30 per share for gross proceeds of ~$15.0 million. The underwriters are led by Cormark Securities Inc. Valeura granted the underwriters an over-allotment option to acquire up to an additional ~1.7 million common shares at $1.30, which would bring the total gross proceeds to ~$17.2 million. Proceeds will fund the company's capital program and for general corporate purposes.

• **Xtreme Drilling and Coil Services** closed a bought deal equity offering with Peters & Co. Ltd. , selling ~15 million common shares at $1.15 per share, including ~2 million shares issued in the full exercise of an over-allotment option granted to the underwriters, for gross proceeds of ~$17.3 million. As part of the deal certain insiders, directors and officers of Xtreme will subscribe for a minimum of $3.0 million and up to a maximum of $5.0 million. Proceeds will be used to pay down debt and for general corporate purposes.

Financing

TORC to fund Vero buy with $120 million private placement

Privately held **TORC Oil & Gas** is buying **Vero Energy** in a stock-and-debt deal valued at $177 million. TORC—which has operations in the Cardium light oil trend and the southern Alberta Bakken—will gain access to Vero's Cardium light oil assets in the deal. The new company plans to list on the Toronto Stock Exchange under the ticker "TOG."

To finance to acquisition, TORC has entered into a ~$120 million bought deal private placement financing with a syndicate of underwriters led by **Macquarie Capital Markets Canada,** a 20% increase over earlier plans for a $100 million financing. The offering consists of ~30.8 million subscription receipts at $2.60 each to raise gross proceeds of ~$80.1 million and ~12.9 million flow-through subscription receipts at $3.10 each to raise gross proceeds of $40 million. TORC is granting the underwriters an option to buy an additional ~4.3 million subscription receipts under the same terms.

TORC will exit the year with more than $20 million of working capital.

TORC shareholders will receive 0.87 common shares of the new TORC for each common share of TORC held, while Vero shareholders will received one common share of the new TORC for each Vero common share held. The implied price per Vero share is $3.00, a 48% premium to Vero's 10-day weighted average trading price prior to the deal announcement. The new company will be led by TORC's existing board and management team. Each side has agreed to pay the other a $6.5 million break fee in certain circumstances. The new TORC expects to exit the year with production of more than 3,900 boepd (75% oil and NGLs).

Canbriam gets $150MM investment via Ontario pension plan

Privately held **Canbriam Energy** closed a $150-million equity financing with **Teachers' Private Capital,** the private equity arm of **Ontario Teachers' Pension Plan.** The company currently controls 60,270 net acres in the Montney gas fairway in northeast B.C. and 122,494 net acres in Quebec in the Utica shale gas fairway. Proceeds will be used to grow its existing Montney assets as well as consolidate its land position.

The Ontario Teachers' Pension Plan holds $117.1 billion in assets.

The Ontario Teachers' Pension Plan is the largest single-profession pension plan in Canada with $117.1 billion in assets as of the beginning of 2012. Other investors in Canbriam include **Warburg Pincus, ARC Financial, GE Asset Management** and **Blackrock.**

After an exploration and appraisal program delineated ~44 Tcf of original gas-in-place on its B.C. lands, Canbriam built a 100% owned-and-operated 50 MMcfd refrigeration facility. The company is producing ~42 MMcfed (30% NGLs) through the facility.

Financing

Sunshine Oilsands to buy back up to $50 million in shares

Sunshine Oilsands plans to buy back up to $50 million of its Class A common voting shares for cancellation. Sunshine's stock trades on the Stock Exchange of Hong Kong. The company doesn't believe that the current price of its shares reflect their underlying value, Sunshine said in a statement. The number of shares to be repurchased isn't likely to exceed 5% of the total outstanding shares, although the company is authorized to buy back 10% of its outstanding shares. Sunshine's stock closed at HK$3.23 (C$0.40) on October 1.

Sunshine doesn't believe current stock price reflects underlying value.

Sunshine is one of the largest non-partnered holders of oil sands leases by area in the Athabasca region. Its main operations are located at West Ells, Thickwood, Legend Lake, Harper, Muskwa, Goffer, Pelican and Portage. The company controls ~1.1 million acres in the region, or ~7% of all the granted leases in the area.

Donnycreek Energy ups private placement to $29 million

Donnycreek Energy is planning a brokered private placement of up to $29 million of its common shares, an increase from a planned $25 million placement. Of that total, $25 million will be in the form of common shares at $1.60 per share, with the additional $4.0 million in the form of flow-through common shares at $1.90 per share. The company is working with a syndicate of agents led by **RBC Capital Markets.**

Donnycreek expects to drill three wells in the Kakwa block during 1H13.

Donnycreek has also entered into a purchase and sale agreement with privately held **Deventa Land** to buy interests in ~133.5 gross sections (59,600 net acres) of undeveloped lands in the Deep Basin of west central Alberta for $3.0 million in cash and 2.0 million Donnycreek shares. Donnycreek will acquire a 75% WI in 113.5 gross sections at Wapiti and a 40% WI in 20 gross sections at Chicken (south of Wapiti). Operations on both properties will target the Montney with Donnycreek as the operator.

The offering is conditional in part on the closing of the acquisition. Proceeds from the offering will be used for drilling the company's Kakwa block, developing the Wapiti assets to be acquired in the deal with Deventa and for general corporate purposes. Both transactions are slated to close by mid-October.

Manitok upsizes bought deal financing 15% to $17.2 million

Thanks to strong demand, **Manitok Energy** increased the size of its planned bought deal financing to $17.2 million from $15 million previously. Under the terms of the financing, the syndicate of underwriters co-led by **Integral Wealth Securities, National Bank Financial** and **Dundee Securities** have agreed to buy ~2.6 million Manitok common shares at $1.90 per share, ~1.4 million flow through common shares in respect of Canadian development expenses at $2.10 per share and 4.0 million flow-through common in respect of Canadian exploration expenses at $2.30 per share.

Manitok could also offer shares in the US on a private placement basis.

The company has also granted the underwriters an over-allotment option of 15% of the total number of share issued.

Manitok plans to use the net proceeds from the common share issuance to fund exploration and development and for general corporate purposes. Proceeds from the issuance of flow-through shares will be used for Canadian development and exploration expenses on Manitok's existing Canadian properties prior to December 31, 2013. The offering is slated to close by October 17.

DeeThree equity offering to raise $20 million

DeeThree Exploration entered into a bought-deal financing agreement with a syndicate of underwriters co-led by **Macquarie Capital Markets Canada, Cormark Securities** and **Dundee Securities** to buy ~2.7 million common shares of the company at $5.50 per common share and 770,000 flow-through common shares at $6.50 per flow-through share for total gross proceeds of ~$20 million.

DeeThree increased capex ~34% to $110 million on Alberta Bakken success.

The company also granted the underwriters an over-allotment option of up to an additional 409,500 common shares under the same terms. Closing is slated to take place by October 18. Proceeds from the common shares will be used to fund ongoing capital spending and for general corporate purposes. Proceeds from the flow-through shares will be used for eligible Canadian exploration expenses.

Exall to offer $10 million in flow-through shares

Exall Energy Corp. filed a preliminary short-form prospectus with securities authorities in all provinces except Quebec for an offering of up to $10 million in flow-through shares. The offering will consist of Canadian exploration expense flow-through shares at $1.00 share and Canadian development expense flow-through shares at $0.95 per share.

Exall's early estimates see Q3 ouptut of 1,100 boepd, on par with Q2 production.

Proceeds will be used to pay for qualifying expenses at Exall's core Marten Mountain, Alberta, property. **Stonecap Securities Inc.** and **Emerging Equities Inc.** are acting as co-lead agents. The company also granted the agents an option to buy an additional 15% of shares for additional proceeds of $1.5 million. Closing is slated to take place by October 15.

Closing Briefs

• **CYGAM Energy Inc.,** sold ~9.6 million common shares of the company at $0.25 per share in a non-brokered private placement for gross proceeds of ~$2.4 million. Insiders bought 600,000 common shares in the deal. The company plans to use the net proceeds of the private placement to fund ongoing development drilling expenditures at the TT Field in Tunisia and for general working capital purposes.

• **Divestco Inc.** closed its secured subordinated debenture offering in the amount of ~$1.2 million with a royalty interest. The company's directors subscribed for $1.1 million. The debentures bear interest at 8% per year, payable quarterly. Upon repayment of the principal and all accrued interest, the royalty interest will become effective, with 25% of the net revenues generated by the company's seismic data will be paid as a royalty indefinitely.

• **FairWest Energy Corp.** closed a private placement of common shares, issuing 10 million shares at $0.05 for proceeds of $500,000. The subscriber was a company controlled by John Leder, a significant FairWest shareholder.

• **PetroFrontier Corp.** closed the first and second tranches of a $10 million non-brokered private placement. The company issued ~7.5 million units at $0.65 per unit, consisting of one common share and one common share purchase warrant, for gross proceeds of ~$4.9 million in the first tranche, and issued ~7.9 million units at $0.65 per unit for gross proceeds of ~$5.1 million in the second tranche. Each warrant entitles the holder to acquire one additional share at $0.90. Proceeds will be used to fund the remainder of PetroFrontier's 2012 joint capital program with **Statoil** and for general corporate purposes.

Earnings Briefs

• Argentina-focused **Crown Point Energy Inc.** changed its financial year-end from August 31 to December 31. The company's transition year will be the four months ending December 31. The move allows the company to align its annual budgeting and operations with the calendar year.

Closings

AltaGas closes $350 million medium-term note offering

AltaGas closed a $350 million offering of senior unsecured medium-term notes. The notes carry a coupon rate of 3.72% and mature on September 28, 2021. The offering is being made through a syndicate of investment dealers co-led by **TD Securities** and **National Bank Financial.** Net proceeds will be used to pay down debt and for general corporate purposes.

AltaGas increased its annual dividend to $1.44/share from $1.38 previously.

In August, the company closed its ~US$1.13 billion acquisition of **Semco Holding.** Semco owns **Enstar Natural Gas** in Alaska and an interest in a regulated gas storage utility called **Cook Inlet Natural Gas Storage Alaska,** plus a gas distribution utility and stake in a storage facility in Michigan.

Enbridge closes $400 million preferred share offering

Enbridge closed its public offering of Series P preferred shares by a syndicate of underwriters led by **TD Securities, CIBC World Markets, RBC Capital Markets** and **Scotiabank.** The company issued 16 million shares for gross proceeds of $400 million.

Holders of the shares will be entitled to receive fixed cumulative dividends at an annual rate of $1.00 per share, payable quarterly. The dividend rate will reset on March 1, 2019 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 2.5%.

Enbridge has closed ~$2.1 billion in equity offerings so far this year.

The shares are trading on the TSX under ENB.PR.P. Net proceeds will be used to partially fund capital projects and pay down debt. Enbridge's funding requirements over the next four years are $14.5-14.7 billion, of which $10.9 billion will be sourced from debt and up to $3.8 billion from equity.

TriOil closes $29 million equity offering to speed drilling

TriOil Resources Ltd. closed its offering of ~7.8 million class A shares at $2.55 per share and ~2.9 million flow-through common shares at $3.00 per share for gross proceeds of ~$28.8 million. The company plans to use the proceeds to speed up development of its Cardium light oil drilling program at Lochend and the Dunvegan light oil resource play at Kaybob, as well as for general corporate purposes.

The offering was led by **Canaccord Genuity Corp.** and **GMP Securities LP.** TriOil had originally planned a $25 million offering, but increased that shortly afterward, upping the number of flow-through shares from ~1.7 million.

TriOil's Q2 net income was $7 million vs. $376,000 a year earlier.

TriOil's Q2 production averaged a company record 2,091 boepd, up 30% sequentially and up 49% YOY. The results were all due to the company's drilling programs at Lochend and Kaybob.

Border Petroleum closes $18 million bought-deal financing

Border Petroleum closed a bought deal financing, issuing ~48.3 million common shares at $0.15 per share, ~4.6 million Canadian development expenses flow-through shares at $0.165 per share and ~55.6 million Canadian exploration expenses flow-through shares at $0.18 per share, for total gross proceeds of ~$18 million. The syndicate of underwriters was led by **Dundee Securities.** Proceeds will be used for E&P and general corporate purposes.

Border's stock has fallen ~67% since March to $0.13 per share.

Border has re-filed its management discussion and analysis for the company's fiscal year ended March 31 to provide further details regarding the impairment of its non-core Leduc and Cardiff assets. In addition, the company re-filed its statement of reserves data for the year to provide additional details regarding the reconciliation of its reserves.

Closings

Canacol profit falls 79% YOY on lower volumes

Canacol Energy's net income for its fiscal 4Q12 was $3.8 million, up slightly sequentially but down 79% YOY. Net income for the year was $18.6 million vs. a $27.4 million net loss in fiscal 2011. Canacol operates in in Colombia, Brazil, Guyana and Ecuador.

Average daily sales volumes for the quarter fell 15 % sequentially and fell 7.0% YOY to 10,814 bopd. The decrease was mainly due to operational problems (electro-submersible and injection pump failures and increased water handling requirements) and higher-than-anticipated decline rates for production in the Mirador formation in Colombia. Revenue for the quarter was $45.7 million, down 6% sequentially and down 3% YOY. Funds from operations fell 45% to $9.6 million.

Canacol spent $186.1 million on capital projects in fiscal 2012.

Canacol plans to drill its first light oil exploration well on the LLA-23 block to the north of the Rancho Hermoso field in Colombia in early October. The company plans to drill four new development wells and complete the workover by end of the year.

CNOOC looks for loan to fund Nexen deal Continued From Pg 1

CNOOC made its move on Nexen in July, agreeing to acquire the company for $27.50 per share in cash—a 61% premium to the prior day's closing price. Including $2.8 billion in assumed debt, the deal comes to $17.9 billion.

Since then, Nexen shares have been trading significantly lower than the $27.50 per share offer on concerns that the government might block the deal with the stock closing at $25.30 on October 1. Under the Investment Canada Act, the government has 45 days to decide if the deal is in Canada's benefit, with an option to extend the deadline an additional 30 days. T hat puts the deadline for a decision at November 9.

Nexen shareholders have already voted to approve the deal. CNOOC said it would retain all of Nexen's 3,000-plus employees and would make Calgary the headquarters of its American operations. The company also plans to seek a secondary listing of its stock on the Toronto Stock Exchange. If approved, CNOOC expects the deal to close in Q4.

Canada can quash deals not deemed to provide a 'net benefit' to the economy.

Prime Minister Stephen Harper traveled to Beijing earlier this year to encourage Chinese investment in Canada. A rejection of the deal would run counter to those efforts. A delegation of provincial leaders, including Alberta premier Alison Redford, traveled to Beijing in September to meet with CNOOC executives. CEO Li Fanrong stressed to the group that the deal had been designed to win Canadian approval. None of the premiers expressed concerns about the deal, according to a Reuters report. Although provincial leaders don't have direct approval of the deal, they are influential in the process.

The governments of the US, China & the UK also need to approve the deal.

Others familiar with the deal said CNOOC will likely have to accept additional conditions to win government approval for the deal. Areas ripe for negotiation include employment and capital spending. Nexen has projected its 2012 capital spending to range between $2.7 billion and $3.2 billion.

"I think it gets approved, but the decision goes right to the wire and Canada uses it to leverage stuff out of the Chinese," said Simon Powell, head of Asian Oil and Gas Research at brokerage and investment group **CLSA**, according to a Reuters report.

Stock Briefs

• **Bellatrix Exploration Ltd.** has begun trading on the NYSE MKT under the symbol "BXE."

• **Blacksteel Energy Inc.** granted a total of ~1.7 million stock options to directors of the company. The options are exercisable at $0.10 for 10 years from the date of the grant.

• **Canadian Phoenix Resources Corp.** plans to make a normal course issuer bid beginning September 25 to buy for cancellation up to ~3.8 million of its common shares, or 10% of its public float. The company plans to fund the purchases out of available cash. Between September 23, 2011, and September 18, 2012, the company repurchased ~1.5 million of its common shares at a weighted average price of $1.17 per share.

• **East West Petroleum Corp.,** which has assets in India, Romania, Morocco and Canada, changed the term of an existing stock option for the purchase of up to 225,000 shares at $0.45 per share from three years to five years.

• **Petrichor Energy Inc.** granted options pursuant to its 10% rolling stock option plan to certain eligible participants for the purchase of a total of 550,000 common shares at $0.33 per share, exercisable by September 10, 2015.

• **PetroBakken Energy Ltd.** is planning a normal course issuer bid to purchase and cancel up to ~8.7 million Class A shares, representing ~5% percent of Class A shares outstanding. The company acquired ~3.8 million Class A shares at an average price of $13.75 per share under its previous NCIB as of September 13.

• **Petrobank Energy** and **Resources Ltd.** has renewed its normal course issuer bid and has entered into a pre-defined plan with a designated broker for the repurchase of up to ~7.8 million common shares representing 10% of the public float. Any shares repurchased will be cancelled. The company completed its prior NCIB in July, buying back its limit of ~7.3 million shares at an average cost of $12.09 per share.

People Briefs

• **Blacksteel Energy Inc.** appointed *Derek Batorowski* CFO.

• **Mooncor Oil & Gas Corp.** said director *Richard Patricio* resigned to focus on other responsibilities.

• **Painted Pony Petroleum Ltd.** appointed *Barry McNamara* VP of corporate development. McNamara will fill the spot vacated by *Bruce Hall,* who is moving to the position of VP of land. Hall replaces *James Thomson,* who is retiring.

• **Shoreline Energy Corp.** appointed *Gary Lobb* CFO. Lobb replaces *Dan Grisdale,* who left the company to pursue other opportunities. In addition, VP of operations *David Bell* has left the company to pursue other opportunities. Shoreline does not intend to fill the position.

• **Sunridge Energy Corp.** said *Scott Fleurie* has joined its board.

• **Vanoil Energy Ltd.** appointed *Aaron D'Este* CEO and a member of the board. *James Passin* has resigned as interim CEO and will assume the role of non-executive chairman.

Service Company News

NAEP amends credit facility to $75 million

Construction and pipeline services provider **North American Energy Partners** has entered into an amended and restated credit agreement with its syndicate of lenders, extending the maturity date of the existing credit agreement to October 31, 2014 and easing EBITDA-related covenant requirements.

The amended facility includes restrictions on NAEP's capital spending.

Under the terms of the new agreement, NAEP will be able to increase its capital leasing capacity from $30 million to $75 million. The change will support the company's planned conversion of up to $50 million of existing operating leases into capital leases.

The company plans to use proceeds from recent and future asset sales to pay down the existing $35.9 million Term B portion of its current credit facility agreement. After that, half of the proceeds from any future assets sales will be used to reduce the existing Term A facility, with the remaining proceeds available for working capital.

Total Energy Services ups capital budget to $95.9 million

Total Energy Services increased its 2012 capital spending budget for the second time in a month, to $95.9 million. The company's Q2 earnings release in mid-August stated that the company was upping planned spending to $77.3 million from $58.1 million previously.

Included in the latest increase is $10.6 million for the purchase of the 58,000 sq ft main fabrication facility located in southeast Calgary that is currently leased by Total's Gas Compression Services division, **Bidell Gas Compression.** The remaining $8.0 million increase is earmarked for the construction and equipping of a new 41,000 sq ft fabrication facility for Bidell to be located adjacent to the main fabrication facility. The new facility is slated to be completed by 3Q13. The new facility would increase Bidell's fabrication capacity by ~40%. Total intends to finance its 2012 capital expenditure budget from cash-on-hand, operating cash flow and, if necessary, its undrawn $35 million credit facility.

Revenue per operating day was up 16% vs. 2Q11 on improved pricing.

Total filed a notice with the Toronto Stock Exchange for a normal course issuer bid that will expire on September 27, 2013. Under the bid, the company may buy back ~1.5 million shares, or 5% of shares outstanding. All shares purchased will be cancelled. Total's stock closes at $15.90 on September 27. Under Total's previous normal course issuer bid, which expired September 27, the company bought back ~1.1 million shares at an average price of $15.14 per share.

Government News

BC government struggles with declining gas revenue

Natural resource revenue for British Columbia is down by $1.4 billion over the three-year fiscal plan compared to earlier forecasts, according to Finance Minister Michael de Jong. Of that, $1.1 billion is a result of the drop in natural gas prices and volumes.

In August, Alberta's government said lower oil and gas prices and weak revenue from energy companies could push the budget deficit in that province to as much as $3.0 billion—more than three times initial estimates of $886 million.

The province is facing a $1.14 billion budget deficit this year.

The B.C. government will need to find $241 million in 2012 to2013, $389 million in 2013 to 2014 and $483 million in 2014 to 2015 to cover the impact of falling royalty revenues. Immediate plans to address the issue include a government hiring freeze, cutting travel budgets and discretionary spending and freezing salaries for public sector management—including government, Crown corporations, health authorities and universities and colleges.

The government forecasts B.C.'s real GDP will grow by 2.0% in 2012, 1.8% in 2013 and ~2.4% annually in the following years. Factored into the forecast is continued weakness in Europe, slow US recovery and the potential for slowing demand from Asia.

Government News

Economist calls for rent-based royalty system in Canada

University of Calgary economist Jack Mintz says Alberta's oil sands royalty structure is a model for how governments should collect royalties from energy producers. In a report released by the university's School of Public Policy, Mintz and co-author Duanjie Chen compare tax and royalty systems affecting the oil industry in Brazil, Canada, Norway, the US and the UK, along with Alberta, British Columbia, Saskatchewan, Newfoundland and Labrador, and Nova Scotia as well as four US states.

Alberta collects oil sands royalties via a "rent-based" system that collects on the difference between revenues and costs. Several countries, including Australia, Norway and the U.K., use a similar royalty structure for energy production. Conventional producers in Alberta, however, along with those in Saskatchewan, British Columbia and many U.S. states, pay royalties based on top-line revenues without considering costs. Such a system can discourage investment, Mintz says.

Report holds oil sands royalty structure up as model for overall oil & gas industry.

"Systems could be amazingly complex. Some are, let's say, less competitive than others. Some are more distortionary by having all sorts of differential treatment depending on the type of asset mix that the firm has," Mintz said, according to the Canadian Press.

"But the best kind of system is the rent-based system for royalties and a relatively clean corporate income tax and in the case of Alberta oilsands, the base itself is actually almost a poster child on how to do an appropriate rent-based tax," he said. "I'd like to encourage our Canadian governments and the provinces with significant resources, and are developing new regimes, to put in ones which are rent-based."

Niko stock rebounds after rough September

Continued From Pg 1

Lebah drilled more than 800 ft of reservoir-quality sands over a number of intervals, but only one of the sands was hydrocarbon-bearing and the well was plugged and abandoned. Although Niko stock made a slight recovery from news of the well to close at $10.71 September 14, shares were hit again on September 19 to close at $10.05 after the company's lenders cut its borrowing base to $100 million from $250 million previously.

Lebah-1 was the first of two wells to be drilled on the North Ganal Block.

The move was based partly on a reduction in the company's net 2P reserves to 377 Bcfe from 855 Bcfe previously announced in June, primarily on a decline in reserves at Niko's D6 gas field offshore India. Net 2P reserves at D6 were cut to 193 Bcfe.

Niko has a 10% WI in D6 and associated blocks, with operator **Reliance Industries** of India holding a 60% WI and **BP** with the remaining . Niko said it believes the reserves' value could rebound in 2014 when a contract with the Indian government setting the price of gas at US$4.20 per MMBtu expires. The company could then negotiate a higher price. Niko also has the right to ask its lenders to review its borrowing base if contingent resources are converted to reserves.

Niko has operations in Bangladesh, Kurdistan, Madagascar & Pakistan.

Another issue facing the company is the fact that it has a $310 million convertible debenture maturing at the end of the year. Converting those debentures to shares could further dilute the value of the company's stock.

"We have a contractual right to settle that with shares but of course we don't want to do that," said Niko CFO Murray Hesje, according to the Calgary Herald. "We've indicated to the market we are looking at other options, which include high-yield debt, potentially assets sales and, the third thing, farm-outs with the proceeds upfront."

Stock Briefs

• Europe-focused **PRD Energy Inc.** granted 1.2 million options to acquire common shares at $0.54 per share to certain officers of the company. The options are good for three years and one month and vest in equal installments on the first, second and third anniversaries of the grant date.

• **Renegade Petroleum Ltd.** granted options to purchase ~3 million common shares of the company at $2.86 per share. Of those, directors and officers were granted options to purchase ~1.4 million shares, with 772,800 of those granted to new officers and directors.

• The TSX has informed **Skope Energy Inc.** that it is delisting Skope's common shares at the close of market on October 10 following a delisting review. The drop in price of its common shares is due primarily to the price of natural gas, the company said. Skope plans to seek a listing on another exchange. The company signed an LOI with an arm's length third party for a consensual recapitalization, slated to close by the end of October. Terms have not yet been finalized.

• Construction equipment supplier **Toromont Industries Ltd.** has filed with the Toronto Stock Exchange a notice of intention to make a normal course issuer bid for its common shares. Under the notice, Toromont is entitled to purchase up to ~6.4 million common shares representing 10% of the public float during the 12-month period ending August 30, 2013. Toromont had ~76.3 million common shares outstanding as of August 24. All shares purchased under the bid will be cancelled.

CENTRAL ALBERTA

ALBERTA LIGHT OIL PROPERTY

PP

8-Active. 3-Injection Wells. 5 1/4 Sections.
GIROUX LAKE. T-66.
Viking Formation.
Water Injection Facility.
Field Optimization Possible.
Development Drilling Thru Optimization-
-- Current Water Injection Scheme.
100% OPERATED WI AVAILABLE
Net Production: 32 BOPD & 12 MCFDv
OOIP: 5.37 MMBO
Proved Reserves: 118 MBO & 33 MMCF
P+P Reserves: 162 MBO & 45 MMCF
Proved Rsrvs (PV10): $4,001,000
Est Drill/Comp/Tieln Horiz: $2.0 MM/Well
CONTACT AGENT FOR UPDATE
PP 11978HZ

34 BOED

ALBERTA PROPERTY

PP

7-Active Wells. 2-Injection Wells.
GIFT LAKE. T75-79.
Gilwood Formation.
~6.11% NonOperated WI Available
Gross Production: 100-110 BOPD
Net Production: 50 BOPD
Net Cash Flow: $62,500/Mn
Proved Gross Reserves: 72 MBOE
Proved+Prob Gross Rsrvs: 93 MBOE
Proved Net Rsrvs (PV10): $2,740,000
AGENT WANTS OFFERS OCT 25, 2012
PP 11935DV

NONOPERATED

MULTIPLE ALBERTA

ALBERTA PROPERTIES FOR SALE

PP

2-Packages. 32,299-Total Net Acres.
WILD RIVER & HERRONTON
Owned & Operated Infrastructure.
Drilling & Exploitation UpSide Potential.
>70% OPERATED WI AVAILABLE
(Pkg) Production: 3,359 BOED
(Pkg) 2P Reserves: 15,530 MBOE
(Pkg) Net 2P Rsrvs(PV10): $159,900,000
AGENT WANTS OFFERS OCT 16, 2012
PP 15720PKG

3,359 BOED

CANADA CORPORATION FOR SALE

CO

Multiple Active.
ALBERTA & BRITISH COLUMBIA
Majority Of Properties In Alberta.
Incl: Meekwap, Ronalane, Viking-Kinsella
MultiZoned Reactivations & New Drilling.
MultiStage Fracturing of Horizontal --
-- Well In Meekwap Area.
OPERATED WI AVAILABLE
Net Production: 40 BOED
Over 100 BOPD & 1,500 MSCFD Of --
-- Capital Projects On Current Lands.
Net Prov+Prob Reserves: 177 MBOE
Net P+P Reserves (PV10): $1,342,000
CONTACT AGENT
CO 11668PP

FOR SALE

SOUTHERN ALBERTA

SOUTHERN ALBERTA SHALLOW GAS

PP

6-NonCore Property Packages.
INCLUDING: CESSFORD, BANTRY
ATLEE BUFFALO & COUNTESS
Milk River & Medicine Hat Formations.
InFill Development Potential.
OPERATED & NonOperated WI
(Pkg)Net Production: 8,171 MCFD
(Pkg)Prov+Prob Rsrvs:~21, 601 MMCF
(Pkg)P+P Rsrvs (PV10): $5,961,000
AGENT WANTS OFFERS OCT 11, 2012
PP 15110PKG

1,362 BOED

SASKATCHEWAN

SOUTH SASKATCHEWAN PROPERTY

PP

2-Active(Horiz/Verti). 12-Contiguous Sec.
LEON LAKE SHAUNAVON OIL
Shaunavon Rights.
2-Upper Shaunavon Horizontal Locations -
-- OffSet To Existing Well.
97 km2 of 3D Seismic Data Defines --
-- 20 Upper Shaunavon Vertical Drilling.
100% OPERATED WI AVAILABLE
Production:30 BOPD w/Shallow Declines
Avg Initial Rates: 120 BOPD Shallowing --
-- Out At 30 BOPD After 1 Year.
Net Proved Rsrvs: 149 MBO (RLI 7.1 yr)
Net Proved Rsrvs (PV10): $4,786,000
AGENT WANTS OFFERS OCT 16,2012
PP 11936HZ

30 BOPD

MULTIPLE AREAS

CANADA COMPANY FOR SALE

CO

4.25-Sections Plus Other Properties.
STRAWBERRY CREEK
Cardium Halo Lands.
Recent Breakthrough Economics Using--
-- Slick Water Fracturing System.
16-Horizontal Locations.
Significant Opportunities Available.
100% OPERATED WI FOR SALE
Net Production: 30 BOPD & 307 MCFD
IP Rates:>200 BOPD w/Shallow Declines
Current Annualized Cash Flow: ~$530k
Est Net Reserves (PV10): $3.5 - 4.5 MM
Projected Net Rsrvs(PV10)$43,000,000
AGENT WANTS OFFERS OCT 17, 2012
CO 11994PP

81 BOED

CANADA PACKAGE

PP

2-Active. 6-Properties. 10,000-Acres.
ALBERTA & SASKATCHEWAN
Including -- Viewfield (SK)
-- & Carnwood, Barrymore (AB)
Including 1-Suspended Well.
OPERATED WI AVAILABLE
Net Production: 31 BOED
Net Revenue: >$18,000/Mn
CONTACT AGENT FOR UPDATE
PP 11967DV

31 BOED

MULTIPLE AREAS

CANADA PROPERTIES PACKAGE

PP

5-Individual Areas (28-Properties).
ALBERTA & BRITISH COLUMBIA
-- & SASKATCHEWAN
Incl: Monchy, Arabella (SK); Chin Coulee -
-- Sedalia (AB), Halkirk, Duvernay (AB) -
-- Simonette, Lator (PRA), Sunrise (BC).
OPERATED, NonOperated & Royalty WI
(Pkg)Net Prod:1,219 BOPD&~13 MMCFD
(Including NGLs)
(Pkg)P+P Rsrvs: ~4.6 MMBO & ~47 BCF
(Including NGLs)
(Pkg)Net P+P Rsrvs(PV10):$177,400,000
AGENT WANTS OFFERS OCT 18, 2012
PP 16650PKG

3,413 BOED

CANADA PROPERTY

PP

7-Active Wells. 14-Locations.
ALBERTA & BRITISH COLUMBIA
Incl: Wildmit(BC) Majeau, St. Anne --
-- Ferrier, Bruce, Parkland, Bantry(AB)
Leduc Formation.
Wabamun Oil & Gas UpSide.
Potential Nisku Oil.
OPERATED WI AVAILABLE
Current Production: 32 BOED
5-Reactivations Can Add Add'l 18 BOPD
AGENT WANTS OFFERS OCT 18, 2012
PP 11566HZ

BC/AB

CANADA RESOURCE PLAYS

PP

11.5 Quarter Sections. 4-Plays.
SASKATCHEWAN & ALBERTA
Incl: Roncott, Porcupine Hill, Windfall
Manitoba, Bakken, Gething, Barons.
Spearfish Light Oil Reserves.
MultiWell InFill Development Play.
Up To 37 Horizontal Drilling Locations.
50-100% OPERATED WI TO FARMOUT
Exp(Pierson) Net Peak Prod: 500 BOPD
[Assum Staged Develop Over 3 Years.]
(Pierson)1P Rsrvs: 50 MBO (AvgWell)
(Pierson)2P Rsrvs: 70 MBO (AvgWell)
(Pierson)1P NetRsrvs(PV10):$1,300,000
Low Cost of ReEntry For Resource Play.
CAPEX: Drill & Compl - $1,500,000/Well
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PP 11827FO

SK/AB

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Multiple Active. 530,000-Total Net Acres.
BRITISH COLUMBIA & ALBERTA
MONTNEY
Tower, Stoddart & Monias Zones.
Square Creek & Peace River Arch.
>1,000-Horizontal Drilling Locations.
COMPANY ASSETS & OPERATIONS
OPERATED WI AVAILABLE
(Corporate) Production: 5,438 BOED
Exploration Acreage-Untapped Resource.
AGENTS WANT OFFERS OCT 15, 2012
CO 11937PP/DV

5438 BOED

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