

# Cuda Oil & Gas Inc.

(CUDA-V: C\$0.415)

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**BUY**

Target: C\$1.85 (from C\$2.05)

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## Post Financing Update - Over Two Catalysts with Positive Outcome on Quebec

| CUDA-T                             | New                          | Last          |          |        |
|------------------------------------|------------------------------|---------------|----------|--------|
| Rating                             | --                           | BUY           |          |        |
| Target Price                       | \$1.85                       | \$2.05        |          |        |
| Projected Return (Incl. Dividends) | 394%                         | 314%          |          |        |
| Current Price                      |                              | \$0.42        |          |        |
| 52 Week L/H                        |                              | \$0.38-\$5.00 |          |        |
| Market Cap. (\$MM)                 |                              | \$9           |          |        |
| Enterprise Value (\$MM)            |                              | \$50          |          |        |
| Shares Outstanding - Basic (MM)    |                              | 22.0          |          |        |
| Shares Outstanding - Diluted (MM)  |                              | 22.0          |          |        |
| Avg Daily Volume (1 Mth)           |                              | 6,188         |          |        |
| Current Net Debt (\$MM)            |                              | \$41          |          |        |
| Annual Dividend per Share/Yield    |                              | \$0.00 / 0.0% |          |        |
| Fiscal Year End                    |                              | Dec 31        |          |        |
| FORECAST                           |                              |               |          |        |
| Pricing                            | 2018A                        | 2019E         | 2020E    |        |
| WTI (US\$/Bbl)                     | \$64.95                      | \$56.85       | \$58.00  |        |
| AECO Gas (\$/Mcf)                  | \$1.53                       | \$1.63        | \$1.85   |        |
| FX Rate (C\$/US)                   | \$0.77                       | \$0.76        | \$0.76   |        |
| Production                         |                              |               |          |        |
| Liquids (Bbl/d)                    | 192                          | 470           | 1,248    |        |
| Gas (Boe/d)                        | 381                          | 253           | 420      |        |
| Boe/d (6/1)                        | 573                          | 722           | 1,668    |        |
| % Oil & Liquids                    | 33%                          | 65%           | 75%      |        |
| FINANCIALS                         |                              |               |          |        |
|                                    | 2018A                        | 2019E         | 2020E    |        |
| Cash Flow (\$MM)                   | (\$4)                        | \$0           | \$14     |        |
| Free CF (\$MM)                     | (\$56)                       | (\$13)        | (\$11)   |        |
| CFPS (dil)                         | (\$0.29)                     | \$0.01        | \$0.29   |        |
| VALUATION                          |                              |               |          |        |
|                                    | 2018A                        | 2019E         | 2020E    |        |
| EV/DACF                            | -60.0x                       | 12.3x         | 3.5x     |        |
| EV/Boe/d                           | \$76,520                     | \$78,722      | \$37,824 |        |
| Net Debt/CF                        | nmf                          | 190.4x        | 3.1x     |        |
| 2P NAV (\$/sh)                     |                              |               | -\$0.95  |        |
| Riskd NAV (\$/sh)                  |                              |               | \$3.20   |        |
| P/2P NAV                           |                              |               | -2.0x    |        |
| P/Riskd NAV                        |                              |               | 0.6x     |        |
| EV/boe 2P Reserves (2018)          |                              |               | \$0.00   |        |
| Target Valuation Parameter         | 50/50 NAV & Historic EV/DACF |               |          |        |
| 2019 Estimates                     |                              |               |          |        |
|                                    | Q1E                          | Q2E           | Q3E      | Q4E    |
| Liquids (Bbl/d)                    | 418                          | 365           | 365      | 728    |
| Gas (Boe/d)                        | 534                          | 15            | 36       | 429    |
| Boe/d (6/1)                        | 952                          | 380           | 402      | 1,157  |
| CFPS (dil)                         | -\$0.02                      | -\$0.02       | -\$0.01  | \$0.04 |

Source: Eight Capital

### CUDA: Price/Volume Chart



Source: Factset

### Company Description

Cuda is a junior producer focused on oil production development in the Power River Basin, with conventional oil opportunities in Southern Alberta.

Cuda has completed two key catalysts we were expecting, being the refinancing of the \$35 MM bridge loan (with additional \$8 MM demand facility) and a \$7.1 MM/14.3 MM share equity financing.

In addition, the company successfully disposed of their Quebec assets. Overall, we see the deal as a big positive for the company given the removal of \$6.3 MM in associated liabilities (abandonment and dissenting shareholder) as well as bringing in \$4.3 MM of cash. We gave these assets no value in modeling so nothing but upside from this transaction.

**Some Catalysts Done, Some Still to Come:** There are a number of key catalysts that we are watching in this early stage development story, and two were completed through July, with the company refinancing their \$35 MM / 10.5% bridge facility (with an additional \$8 MM / 10.75% demand facility) and an equity financing which raised \$7.1 MM at \$0.50/share. With these closed, we see the company in a good funding position for the next 12 months.

The next catalysts coming for the story are the approval of unitization of the gas flood area at Barron Flats (hearing on Aug. 13) and the drilling of their first horizontal Frontier well at Cole Creek, which if successful (there is vertical production in the area) would be the biggest potential event to drive value for the company.

**Positive Disposition of Quebec Assets:** One significant development that happened during the financing was the sale of the Quebec assets, which brought in \$4.3 MM of funds (\$0.195/share pre financing / \$0.118 post financing) and removed \$6.3 MM of liabilities from the books (\$0.287/share pre financing / \$0.174 post financing).

Given we gave ZERO value for these assets in our model (the regulatory environment likely challenging most development) we see this as the best outcome for the company.

### Investment Thesis and Target Price

With this report, we are reducing our target price to \$1.85/share (from \$2.05) based on a bit more dilution than we initially modeled with the financing given the drop in equity market valuations for Jr./Int. E&Ps. Our target is based on a 3.5x 2020E EV/DACF multiple and our riskd NAV (75% of total value - up from 50% following key financing activities), weighted 50/50.

We continue to see significant upside in the stock based on the horizontal development potential in the Power River basin. Our riskd NAVPS is \$3.20 per share while we get to a minimum value of \$1.76/share based on M&A precedents in the PRB and \$2.54/share based on median acreage metrics - many angles to see significant upside in this stock.

Figure 1 on page 3 highlights our land valuation approach to the story while Figure 2 has our detailed model changes with the update.

## Cuda Oil & Gas Inc. (CUDA.CA)

All figures in \$C unless otherwise noted

| Production (Boe/d) | 2017A | 2018A | 2019E | 2020E |
|--------------------|-------|-------|-------|-------|
| Q1                 | 0     | 0     | 952   | 1,615 |
| Q2                 | 0     | 0     | 380   | 1,458 |
| Q3                 | 54    | 268   | 402   | 1,561 |
| Q4                 | 0     | 896   | 1,157 | 2,035 |
| FY                 | 14    | 573   | 722   | 1,668 |
| % Gas              | 0%    | 67%   | 35%   | 25%   |
| PPSG               | -34%  | 2675% | -44%  | 31%   |
| DAPPSG             | 3%    | 1033% | -53%  | 27%   |

### EIGHT CAPITAL BASE PRICING

| Commodity Prices          | 2017A   | 2018A   | 2019E   | 2020E   |
|---------------------------|---------|---------|---------|---------|
| WTI Crude Oil (US\$/Bbl)  | \$50.81 | \$64.95 | \$56.85 | \$58.00 |
| AECO Natural Gas (\$/Mcf) | \$2.18  | \$1.53  | \$1.63  | \$1.85  |
| Forex (C\$/US\$)          | \$0.77  | \$0.77  | \$0.76  | \$0.76  |

### Financials (\$MM)

|                                |                |                |                |               |
|--------------------------------|----------------|----------------|----------------|---------------|
| Revenue (Production + Other)   | \$0.0          | \$6.7          | \$13.1         | \$34.9        |
| Royalty                        | \$0.0          | (\$1.5)        | (\$2.8)        | (\$7.6)       |
| Hedging                        | \$0.0          | \$0.0          | \$0.0          | \$0.0         |
| Operating/Transportation Costs | \$0.0          | (\$2.0)        | (\$3.1)        | (\$6.4)       |
| G&A                            | (\$2.1)        | (\$4.7)        | (\$3.2)        | (\$3.0)       |
| Interest                       | (\$0.3)        | (\$2.8)        | (\$4.4)        | (\$3.9)       |
| Other Costs                    | (\$0.7)        | (\$3.2)        | (\$5.0)        | (\$7.5)       |
| Net Income Before Tax          | (\$3.1)        | (\$7.6)        | (\$5.3)        | \$6.5         |
| Taxes (Current/Deferred)       | (\$0.1)        | \$0.0          | \$4.3          | (\$7.1)       |
| Net Income After Tax           | (\$3.2)        | (\$7.6)        | (\$1.0)        | (\$0.5)       |
| Total Non-Cash Items           | \$0.7          | \$4.1          | \$0.3          | \$14.6        |
| Cash Flow                      | <b>(\$2.6)</b> | <b>(\$3.6)</b> | <b>(\$0.7)</b> | <b>\$14.0</b> |
| Net Debt (Surplus)             | (\$24.0)       | \$34.8         | \$41.8         | \$43.9        |
| Average D/CF                   | <b>nmf</b>     | <b>nmf</b>     | <b>190.4x</b>  | <b>3.1x</b>   |
| Net Capital Spending           | \$6.6          | (\$52.8)       | (\$13.4)       | (\$25.5)      |
| Free Cash Flow                 | \$4.1          | (\$56.3)       | (\$14.0)       | (\$11.5)      |
| Free Cash Flow Yield           | 10%            | -139%          | -37%           | -20%          |

### Per Share Values

|                               |                 |                 |               |               |
|-------------------------------|-----------------|-----------------|---------------|---------------|
| CFPS (\$/sh dil)              | <b>(\$0.31)</b> | <b>(\$0.29)</b> | <b>\$0.01</b> | <b>\$0.29</b> |
| Basic Shares Outstanding (MM) | 8.8             | 21.9            | 36.2          | 46.2          |
| FD Shares Outstanding (MM)    | 11.3            | 17.5            | 41.1          | 54.5          |

### \$/Boe Values

|                                |                   |                  |                |                |
|--------------------------------|-------------------|------------------|----------------|----------------|
| Revenue (Production + Other)   | \$18.41           | \$31.20          | \$49.57        | \$57.16        |
| Hedging Gains (Losses)         | \$0.00            | \$0.00           | \$0.00         | \$0.00         |
| Royalties                      | \$0.00            | (\$7.21)         | (\$10.68)      | (\$12.48)      |
| Operating/Transportation Costs | \$0.00            | (\$9.75)         | (\$11.58)      | (\$10.43)      |
| Operating Netback              | <b>\$1.88</b>     | <b>\$14.82</b>   | <b>\$27.38</b> | <b>\$34.26</b> |
| G&A                            | (\$414.38)        | (\$22.44)        | (\$12.12)      | (\$4.91)       |
| Interest                       | (\$69.76)         | (\$13.53)        | (\$16.66)      | (\$6.36)       |
| Cash Taxes/Other               | (\$33.04)         | \$4.13           | \$2.23         | (\$0.00)       |
| Cash Flow Netback              | <b>(\$515.29)</b> | <b>(\$17.02)</b> | <b>\$0.83</b>  | <b>\$22.98</b> |

### Valuation and Performance

|                      |          |
|----------------------|----------|
| 2019E EV/DACF        | 12.3x    |
| 2020E EV/DACF        | 3.5x     |
| Target 2020E EV/DACF | 3.6x     |
| 2019E PPSG           | -44%     |
| P/2P NAV             | -196%    |
| P/Upside NAV         | 43%      |
| 2019E EV/Boe/d       | \$78,722 |
| 2018A EV/Boe P+P     | \$3.90   |

Source: Eight Capital

| Reserves                  | 2015A | 2016A | 2017A | 2018A |
|---------------------------|-------|-------|-------|-------|
| Proven (MMBoe)            | 0.01  | 0.01  | 0.02  | 4.94  |
| Proven + Probable (MMBoe) | 0.02  | 0.09  | 0.09  | 14.58 |

### STRIP PRICING

| Commodity Prices          | 2017A   | 2018A   | 2019E   | 2020E   |
|---------------------------|---------|---------|---------|---------|
| WTI Crude Oil (US\$/Bbl)  | \$50.81 | \$64.95 | \$56.83 | \$54.60 |
| AECO Natural Gas (\$/Mcf) | \$2.18  | \$1.53  | \$1.63  | \$1.58  |
| Forex (C\$/US\$)          | \$0.77  | \$0.77  | \$0.76  | \$0.77  |

### Financials (\$MM)

|                                |                |                |                |               |
|--------------------------------|----------------|----------------|----------------|---------------|
| Revenue (Production + Other)   | \$0.0          | \$6.7          | \$13.1         | \$32.0        |
| Royalty                        | \$0.0          | (\$1.5)        | (\$2.8)        | (\$7.0)       |
| Hedging                        | \$0.0          | \$0.0          | \$0.0          | \$0.0         |
| Operating/Transportation Costs | \$0.0          | (\$2.0)        | (\$3.1)        | (\$6.3)       |
| G&A                            | (\$2.1)        | (\$4.7)        | (\$3.2)        | (\$3.0)       |
| Interest                       | (\$0.3)        | (\$2.8)        | (\$4.4)        | (\$4.0)       |
| Other Costs                    | (\$0.7)        | (\$3.2)        | (\$5.0)        | (\$7.5)       |
| Net Income Before Tax          | (\$3.1)        | (\$7.6)        | (\$5.4)        | \$4.2         |
| Taxes (Current/Deferred)       | (\$0.1)        | \$0.0          | \$4.3          | (\$4.6)       |
| Net Income After Tax           | (\$3.2)        | (\$7.6)        | (\$1.0)        | (\$0.3)       |
| Total Non-Cash Items           | \$0.7          | \$4.1          | \$0.3          | \$12.1        |
| Cash Flow                      | <b>(\$2.6)</b> | <b>(\$3.6)</b> | <b>(\$0.7)</b> | <b>\$11.7</b> |
| Net Debt (Surplus)             | (\$24.0)       | \$34.8         | \$41.8         | \$45.9        |
| Average D/CF                   | <b>nmf</b>     | <b>nmf</b>     | <b>203.0x</b>  | <b>3.9x</b>   |
| Net Capital Spending           | \$6.6          | (\$52.8)       | (\$13.4)       | (\$25.2)      |
| Free Cash Flow                 | \$4.1          | (\$56.3)       | (\$14.1)       | (\$13.5)      |
| Free Cash Flow Yield           | 10%            | -139%          | -37%           | -24%          |

### Per Share Values

|                               |                 |                 |               |               |
|-------------------------------|-----------------|-----------------|---------------|---------------|
| CFPS (\$/sh dil)              | <b>(\$0.31)</b> | <b>(\$0.29)</b> | <b>\$0.01</b> | <b>\$0.24</b> |
| Basic Shares Outstanding (MM) | 8.8             | 21.9            | 36.2          | 46.2          |
| FD Shares Outstanding (MM)    | 11.3            | 17.5            | 41.1          | 54.5          |

### \$/Boe Values

|                                |                   |                  |                |                |
|--------------------------------|-------------------|------------------|----------------|----------------|
| Revenue (Production + Other)   | \$18.41           | \$31.20          | \$49.51        | \$52.41        |
| Hedging Gains (Losses)         | \$0.00            | \$0.00           | \$0.00         | \$0.00         |
| Royalties                      | \$0.00            | (\$7.21)         | (\$10.67)      | (\$11.46)      |
| Operating/Transportation Costs | \$0.00            | (\$9.75)         | (\$11.58)      | (\$10.32)      |
| Operating Netback              | <b>\$1.88</b>     | <b>\$14.82</b>   | <b>\$27.33</b> | <b>\$30.63</b> |
| G&A                            | (\$414.38)        | (\$22.44)        | (\$12.12)      | (\$4.91)       |
| Interest                       | (\$69.76)         | (\$13.53)        | (\$16.66)      | (\$6.51)       |
| Cash Taxes/Other               | (\$33.04)         | \$4.13           | \$2.23         | (\$0.00)       |
| Cash Flow Netback              | <b>(\$515.29)</b> | <b>(\$17.02)</b> | <b>\$0.78</b>  | <b>\$19.21</b> |

### Valuation and Performance

|                      |          |
|----------------------|----------|
| 2019E EV/DACF        | 12.6x    |
| 2020E EV/DACF        | 4.2x     |
| Target 2020E EV/DACF | 3.6x     |
| 2019E PPSG           | -44%     |
| P/2P NAV             | -132%    |
| P/Upside NAV         | 41%      |
| 2019E EV/Boe/d       | \$80,497 |
| 2018A EV/Boe P+P     | \$3.99   |

**Figure 1: Powder River Basin Transaction Metrics & Implied Cuda Valuation**

| Date Announced | Buyer                       | Seller                   | Transaction Value (US\$ MM) | Production Acquired (Boe/d) | Acreage Acquired (Net) | \$ per Acre (Headline) | \$ per Acre (Adjusted) |                |
|----------------|-----------------------------|--------------------------|-----------------------------|-----------------------------|------------------------|------------------------|------------------------|----------------|
| 28-Aug-18      | Vermillion Energy           | Massif Oil & Gas         | \$143.0                     | 2,527                       | 55,000                 | \$2,601                | \$1,429                |                |
| 28-Aug-18      | Rebellion Energy II LLC     | Liberty Resources II LLC | \$100.0                     | na                          | 19,000                 | \$5,263                | \$5,263                |                |
| 28-Aug-18      | Navigation Powder River LLC | Undisclosed              | \$10.0                      | na                          | 3,000                  | \$3,333                | \$3,333                |                |
| 30-Jun-18      | Anadarko                    | Undisclosed              | \$100.0                     | na                          | 40,000                 | \$2,500                | \$2,500                |                |
| 11-Jun-18      | Cuda Oil and Gas Inc.       | Undisclosed              | \$37.0                      | 300                         | 7,000                  | \$5,286                | \$4,193                |                |
| 9-May-18       | Undisclosed Buyer           | Samson Resources II LLC  | \$44.4                      | na                          | 7000*                  | \$6,343                | \$6,343                |                |
| 17-Jan-18      | Undisclosed Buyer           | BXP Partners IV LP       | \$10.0                      | na                          | 3,393                  | \$2,947                | \$2,947                |                |
| 9-Jan-18       | Northwoods Energy LLC       | SM Energy                | \$500.0                     | 2,200                       | 112,200                | \$4,456                | \$3,956                |                |
|                |                             |                          |                             |                             |                        | <b>Minimum:</b>        | <b>\$2,500</b>         | <b>\$1,429</b> |
|                |                             |                          |                             |                             |                        | <b>Median:</b>         | <b>\$3,895</b>         | <b>\$3,645</b> |
|                |                             |                          |                             |                             |                        | <b>Maximum:</b>        | <b>\$6,343</b>         | <b>\$6,343</b> |

\* There was also 15,000 acres exchanged to the seller in another basin as part of this transaction.

**Cuda Acreage Valuation (\$MM)**

|                                     |                |                                       |               |
|-------------------------------------|----------------|---------------------------------------|---------------|
| Net Acreage                         | 12,500         | Minimum Valuation                     | \$108.1       |
|                                     |                | Less YE 2020 Net Debt                 | \$43.9        |
| Minimum Acreage Value (\$1,429/ac.) | \$17.9         | Equity Value                          | \$64.2        |
| Median Acreage Value (\$3,140/ac.)  | \$45.6         | <b>Minimum Equity Value per Share</b> | <b>\$1.76</b> |
| Shannon NPV (gas flood risked 50%)  | \$90.2         | Median Valuation                      | \$135.8       |
|                                     |                | Less YE 2020 Net Debt                 | \$43.9        |
| <b>Total Minimum Value</b>          | <b>\$108.1</b> | Equity Value                          | \$91.9        |
| <b>Total Median Value</b>           | <b>\$135.8</b> | <b>Median Equity Value per Share</b>  | <b>\$2.54</b> |

Source: Company reports, Bloomberg and Eight Capital

## Model Changes

In our modeling, we have made a few adjustments, pushing back some development in 2019 (financing timing and unitization approval have made some minor delays in our drilling assumptions) and moving some gas flood spending from Q1/21 to Q4/2020. Overall we see some compression in our 2019 assumptions but see a 4.4% increase in our 2020 production forecast while our CF estimates increase 10.8% mainly from lower operating cost assumptions. Our unrisks asset value for the company is effectively unchanged at \$241 MM (from \$243 MM) although NAVPS falls to 13.7% given more dilution from the equity financing than we originally assumed and given the compression in the share price before the deal.

**Figure 2: Change in Estimates**

|                                  | 2019E           |                   |              |          | 2020E           |                   |              |          |
|----------------------------------|-----------------|-------------------|--------------|----------|-----------------|-------------------|--------------|----------|
|                                  | Prior Estimates | Current Estimates | Gross Impact | % Impact | Prior Estimates | Current Estimates | Gross Impact | % Impact |
| <b>Production</b>                |                 |                   |              |          |                 |                   |              |          |
| Crude Oil (Bbl/d)                | 591             | 433               | -158         | -26.7%   | 1,156           | 1,136             | -20          | -1.7%    |
| NGLs (Bbl/d)                     | 56              | 36                | -20          | -35.3%   | 120             | 112               | -8           | -6.5%    |
| Total Liquids (Bbl/d)            | 647             | 470               | -178         | -27.4%   | 1,276           | 1,248             | -27          | -2.2%    |
| Natural Gas (MMcf/d)             | 1.9             | 1.5               | -0.4         | -20.2%   | 1.9             | 2.5               | 0.6          | 30.4%    |
| Total Production (Boe/d)         | 964             | 722               | -242         | -25.1%   | 1,598           | 1,668             | 70           | 4.4%     |
| % Gas                            | 33%             | 35%               | 2%           |          | 20%             | 25%               | 5%           |          |
| PPS (MM diluted sh.)             | 36              | 26                | -10          | -28.8%   | 44              | 34                | -11          | -23.8%   |
| <b>Financials</b>                |                 |                   |              |          |                 |                   |              |          |
| Cash Flow (\$MM)                 | \$2.8           | \$0.2             | -\$2.5       | -92.0%   | \$12.7          | \$14.0            | \$1.4        | 10.8%    |
| CFPS (diluted sh.)               | \$0.10          | \$0.01            | -\$0.10      | -92.4%   | \$0.35          | \$0.29            | -\$0.07      | -19.1%   |
| Development Capex                | \$18.5          | \$17.7            | -\$0.8       | -4.4%    | \$21.6          | \$25.5            | \$4.0        | 18.4%    |
| Total Capex                      | \$18.5          | \$13.4            | -\$5.1       | -27.6%   | \$21.6          | \$25.5            | \$4.0        | 18.4%    |
| Dividend                         | \$0.0           | \$0.0             | \$0.0        | nmf      | \$0.0           | \$0.0             | \$0.0        | nmf      |
| NCIB                             | \$0.0           | \$0.0             | \$0.0        | nmf      | \$0.0           | \$0.0             | \$0.0        | nmf      |
| Net Debt                         | \$41.6          | \$41.8            | \$0.2        | 0.5%     | \$41.0          | \$43.9            | \$2.9        | 7.1%     |
| D/CF                             | 15.1x           | 190.4x            | 175.3x       |          | 3.2x            | 3.1x              | -0.1x        |          |
| Q4 Annualized D/CF               | 4.3x            | 7.6x              | 3.3x         |          | 2.4x            | 2.3x              | -0.1x        |          |
| <b>Netback (\$/Boe)</b>          |                 |                   |              |          |                 |                   |              |          |
| Revenue                          | \$49.53         | \$49.57           | \$0.04       | 0.1%     | \$57.27         | \$57.16           | (\$0.11)     | -0.2%    |
| Hedging Gain/(Loss)              | 0.00            | 0.00              | 0.00         | nmf      | 0.00            | 0.00              | 0.00         | nmf      |
| Royalties                        | (10.69)         | (10.68)           | 0.01         | -0.1%    | (12.83)         | (12.48)           | 0.35         | -2.7%    |
| Operating & Transportation Costs | (11.92)         | (11.58)           | 0.34         | -2.9%    | (11.28)         | (10.43)           | 0.86         | -7.6%    |
| Other                            | 0.06            | 0.07              | 0.02         | 33.5%    | 0.00            | 0.00              | 0.00         | nmf      |
| Operating Netback                | \$26.97         | \$27.38           | \$0.41       | 1.5%     | \$33.16         | \$34.26           | \$1.10       | 3.3%     |
| G&A Expenses                     | (7.97)          | (12.12)           | (4.15)       | 52.0%    | (4.96)          | (4.91)            | 0.05         | -0.9%    |
| Interest Expenses                | (12.85)         | (16.66)           | (3.81)       | 29.7%    | (6.55)          | (6.36)            | 0.19         | -2.9%    |
| Other                            | 1.42            | 2.23              | 0.81         | 56.9%    | (0.00)          | (0.00)            | 0.00         | 0.0%     |
| Cash Netback                     | \$7.57          | \$0.83            | (\$6.74)     | -89.0%   | \$21.65         | \$22.98           | \$1.34       | 6.2%     |
| <b>Valuation</b>                 |                 |                   |              |          |                 |                   |              |          |
| EV/DACF                          | 3.9x            | 3.9x              | 0.0x         |          | 3.1x            | 3.1x              | 0.0x         |          |
| Upside NAVPS                     | \$3.71          | \$3.20            | -\$0.51      | -13.7%   |                 |                   |              |          |
| P/NAVPS                          | 55%             | 55%               | 0%           |          |                 |                   |              |          |

Source: Eight Capital

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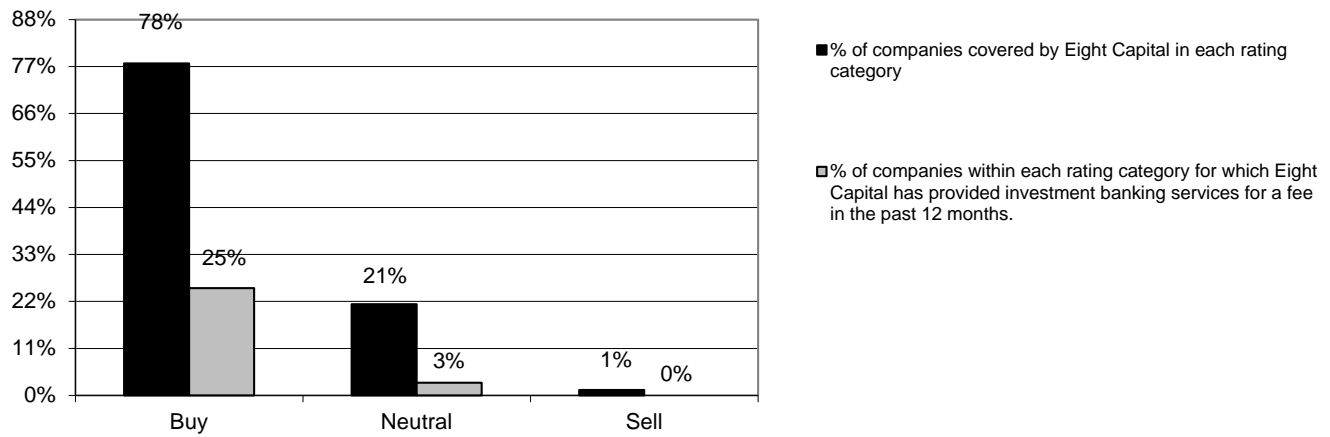
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