

What Crown Land Sales Tell Us About the State of the Industry

Introducing Seaton-Jordan

- ❖ The only Canadian company specializing in non-reserve Land evaluations
- ❖ Established in 1971, merged with Independent Land Evaluations in 2012
- ❖ SJ evaluates over 10 million acres of undeveloped mineral rights every year
 - ❖ **2016-17: 13.5 million acres valued at \$3.1B**
 - ❖ Financial Reporting
 - ❖ A&D
 - ❖ IPO's
 - ❖ Mineral Title Evaluations
- ❖ In 2016, our firm appraised over 6 million acres of Fee Lands in the WCSB

“We live and breathe Land evaluations”

How is 2017 shaping up?

- ❖ British Columbia – There have been a few significant Land sales after two years of collecting very little in bonuses.
- ❖ Saskatchewan – Values are up slightly, is exploration back on the rise?
- ❖ Manitoba – Needle is not moving much compared to the other provinces
- ❖ Alberta – Acreage and bonus values are on the rise after five years of steady decline

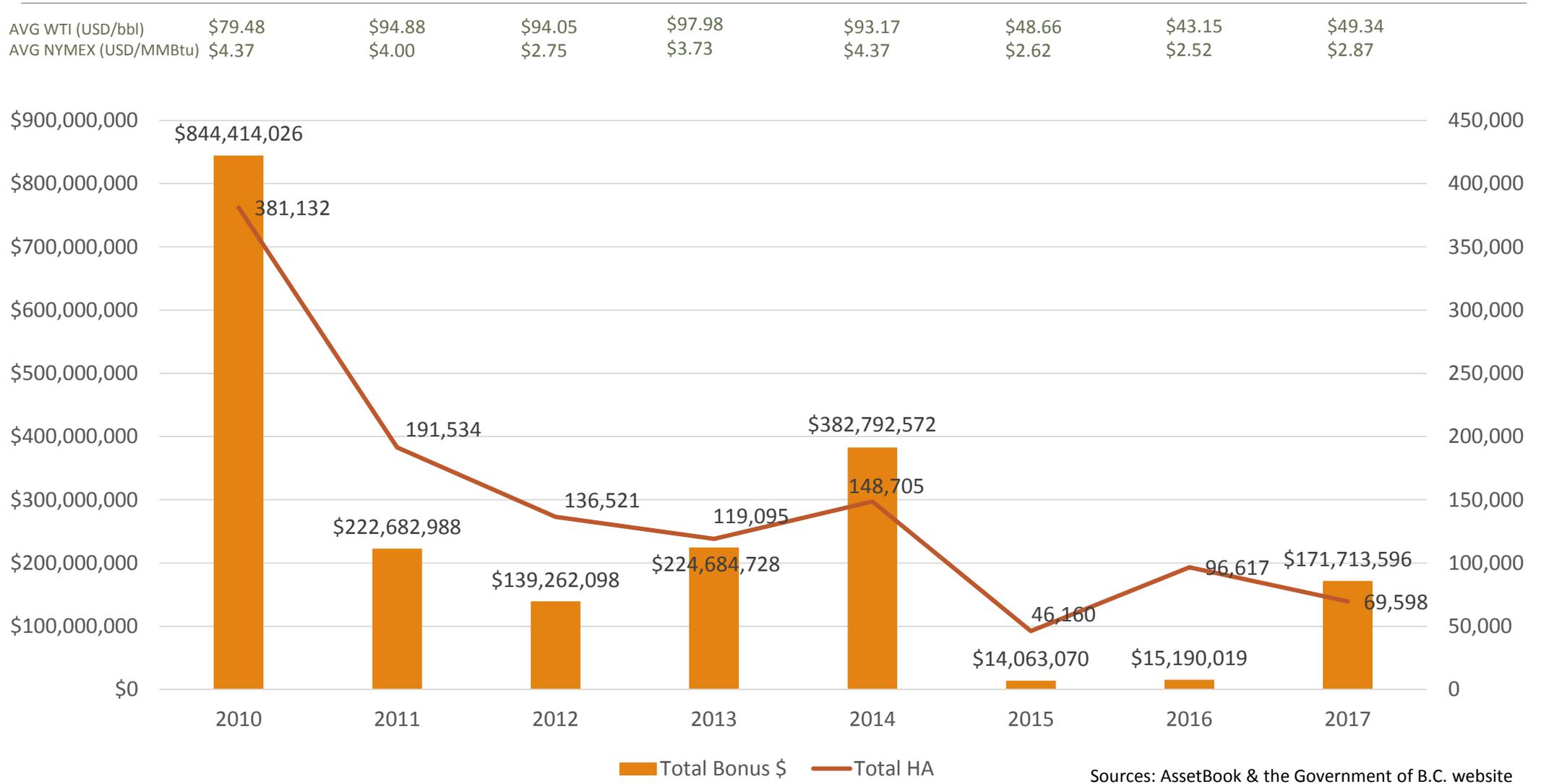
British Columbia – Yearly Comparison

	Total Bonus \$	Total HA	\$/HA AVG
*2016 (12 sales)	\$17.7 MM	87,992	\$201
**2017 (12 sales)	\$176 MM	97,418	\$1,807
% Change	+894.0%	+10.7%	+797.9%

*Oct. 1/15 – Oct. 1/16

** Oct. 1/16 – Oct. 1/17

British Columbia – Annual Bonus by Year



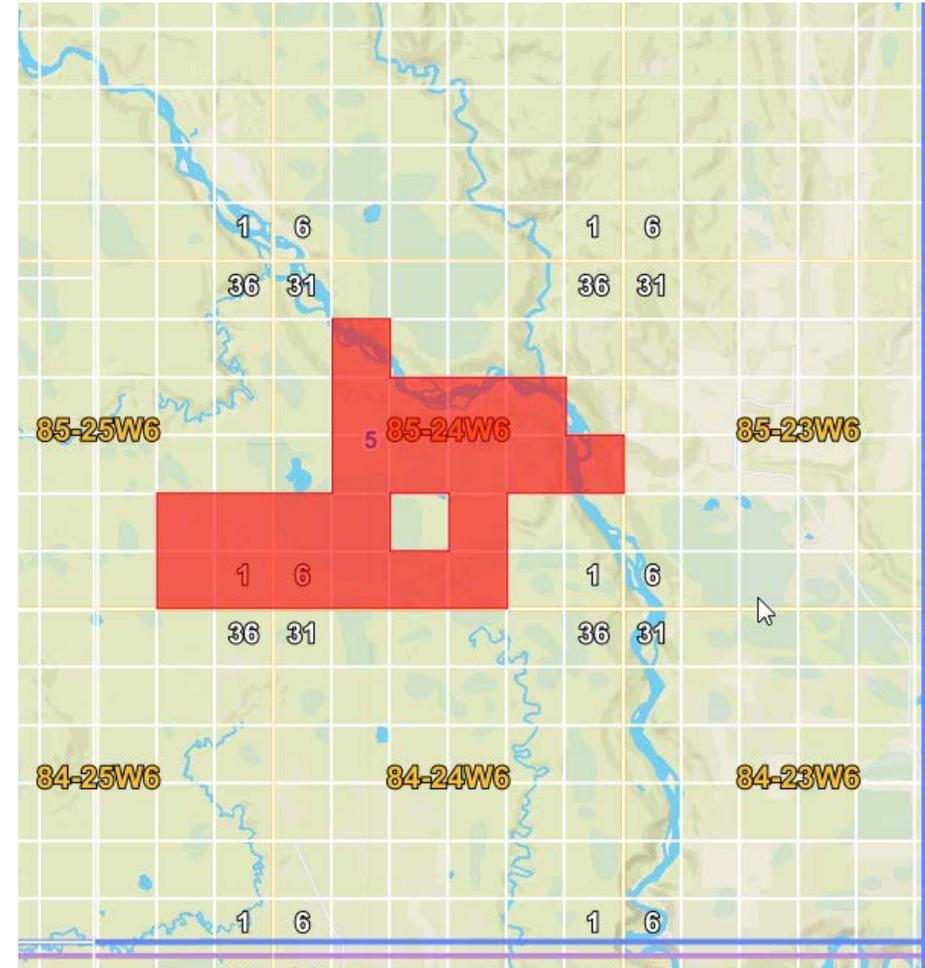
Sources: AssetBook & the Government of B.C. website

British Columbia - 2017 Sales by Month

Date	Ha/Sale	Total Ha	Bonus \$/Sale	Total \$	\$/Ha	Total \$/Ha
18-Jan-17	7,764	7,764	\$39,621,805	\$39,621,805	\$5,103	\$5,103
22-Feb-17	8,177	15,941	\$3,690,533	\$43,312,338	\$451	\$2,717
22-Mar-17	8,201	24,142	\$4,825,618	\$48,137,956	\$588	\$1,994
19-Apr-17	4,759	28,901	\$14,922,984	\$63,060,940	\$3,136	\$2,182
17-May-17	3,143	32,044	\$3,411,483	\$66,472,423	\$1,085	\$2,074
21-Jun-17	3,147	35,191	\$3,811,155	\$70,283,577	\$1,211	\$1,997
26-Jul-17	17,009	52,200	\$84,726,599	\$155,010,176	\$4,981	\$2,970
23-Aug-17	6,218	58,418	\$3,421,139	\$158,431,315	\$550	\$2,712
20-Sep-17	5,632	64,050	\$10,743,813	\$169,175,129	\$1,908	\$2,641
18-Oct-17	5,548	69,598	\$2,538,468	\$171,713,596	\$458	\$2,467

July 26 B.C. Land Sale

- ❖ 5,500 ha drilling licence sold for \$77 MM or \$13,890/ha
- ❖ 2 other parcels in 87-24W6 sold for \$4.1MM or \$7,700/ha
- ❖ In May 17th sale, 2 sections sold for \$2.8MM or \$5,280/ha in 87-24W6



Sources: AssetBook and the Government of B.C. website

Saskatchewan – Yearly Comparison

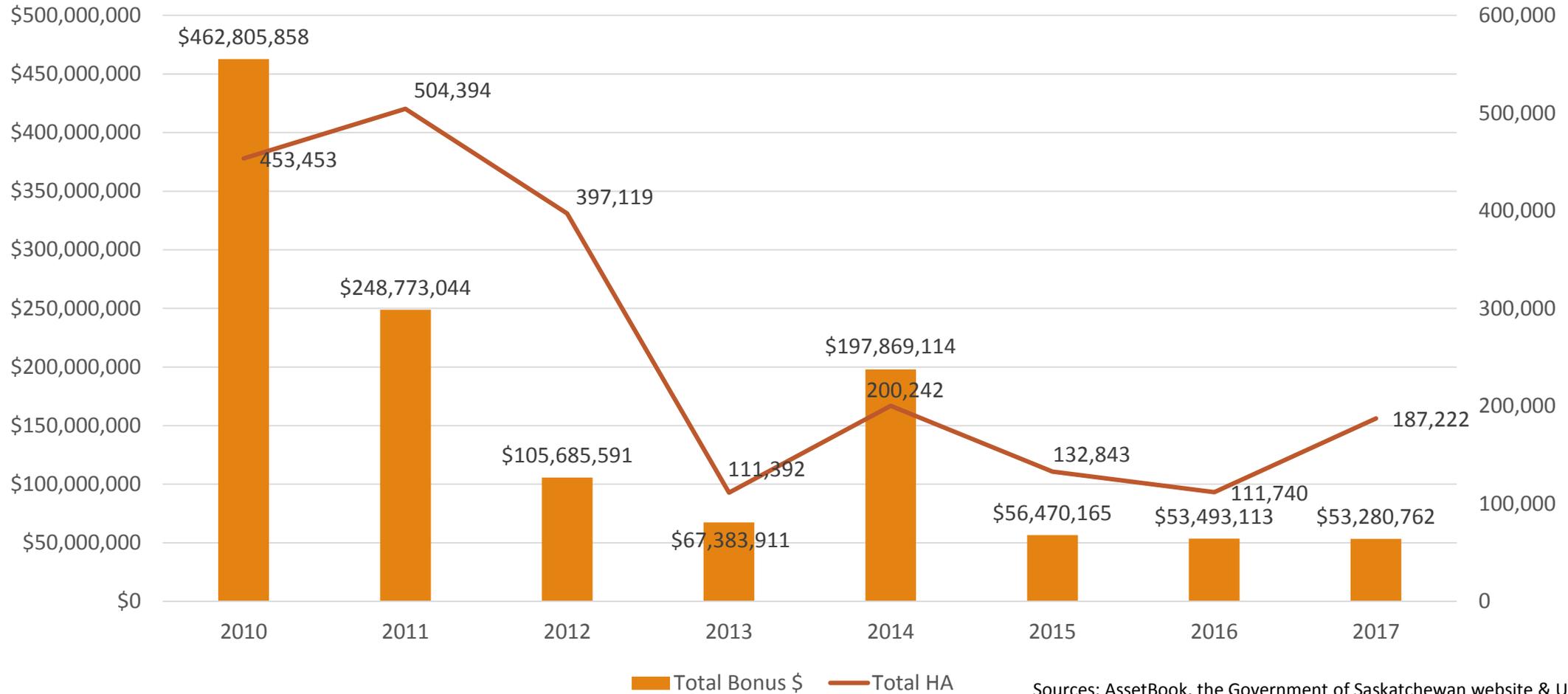
	Total Bonus \$	Total Hectares	\$/Ha Average
*2016 (6 sales)	\$60.9 MM	159,410	\$382
**2017 (6 sales)	\$65.3 MM	122,214	\$534
% Change	+7.1%	-23.3%	+39.7%

*Oct. 1/15 – Oct. 1/16

** Oct. 1/16 – Oct. 1/17

Saskatchewan – Annual Bonus by Year

AVG WTI (USD/bbl)	\$79.48	\$94.88	\$94.05	\$97.98	\$93.17	\$50.13	\$48.66	\$49.34
AVG NYMEX (USD/MMBtu)	\$4.37	\$4.00	\$2.75	\$3.73	\$4.37	\$2.82	\$2.62	\$2.87



Sources: AssetBook, the Government of Saskatchewan website & U.S Energy Information Administration

Saskatchewan - 2017 Sales by Month

Date	Ha/Sale	Total Ha	Bonus \$/Sale	Total \$	\$/Ha	Total \$/Ha
7-Feb-17	5,633	5,633	\$1,730,866	\$1,730,866	\$307	\$307
11--Apr-17	5,973	11,606	\$1,372,078	\$3,102,944	\$230	\$267
6-Jun-17	23,239	34,845	\$22,839,181	\$25,942,125	\$983	\$744
1-Aug-17	29,898	64,744	\$7,867,305	\$33,809,430	\$263	\$522
3-Oct-17	122,478	187,222	\$19,471,332	\$53,280,762	\$159	\$285

Manitoba – Yearly Comparison

	Total Bonus \$	Total Hectares	\$/Ha Average
2016 (4 sales)	\$978,194	3,029	\$323
2017 (4 sales)	\$734,862	4,618	\$159
% Change	-24.9%	+52.5%	-50.7%

Is Alberta back in business?

“February 8 Alberta Land Sale Result is Best in Over 2 Years”

- BOE Report, Feb. 9th, 2017

“Alberta Land sales surge as producers rush into new shale pocket”

- BNN, May 25th, 2017

“Prices paid in Alberta Land sales climb higher than when oil was last at \$100”

- BOE Report, Oct. 13th, 2017

Alberta – Yearly Comparison

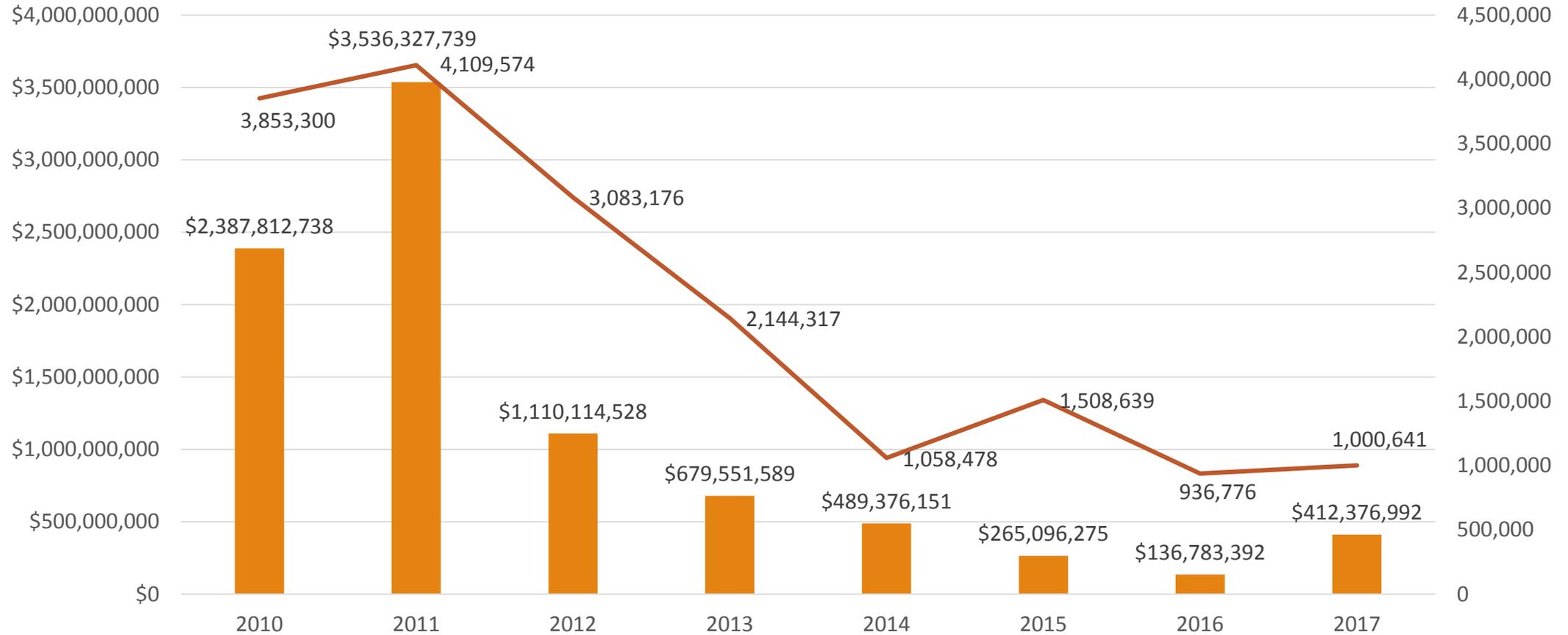
	Total Bonus \$	Total Hectares	\$/Ha Average
*2016 (23 sales)	\$152.8 MM	851,507	\$180
**2017 (23 sales)	\$314.2 MM	1,053,298	\$298
% Change	+105.5%	+23.7%	+66.1%

*Oct. 1/15 – Oct. 1/16

** Oct. 1/16 – Oct. 1/17

Alberta – Annual Bonus by Year

AVG WTI (USD/bbl)	\$79.48	\$94.88	\$94.05	\$97.98	\$93.17	\$48.66	\$43.15	\$49.34
AVG NYMEX (USD/MMBtu)	\$4.37	\$4.00	\$2.75	\$3.73	\$4.37	\$2.62	\$2.52	\$2.87



■ Total Bonus \$
 — Total HA

Sources: AssetBook, the Alberta Energy website & U.S Energy Information Administration

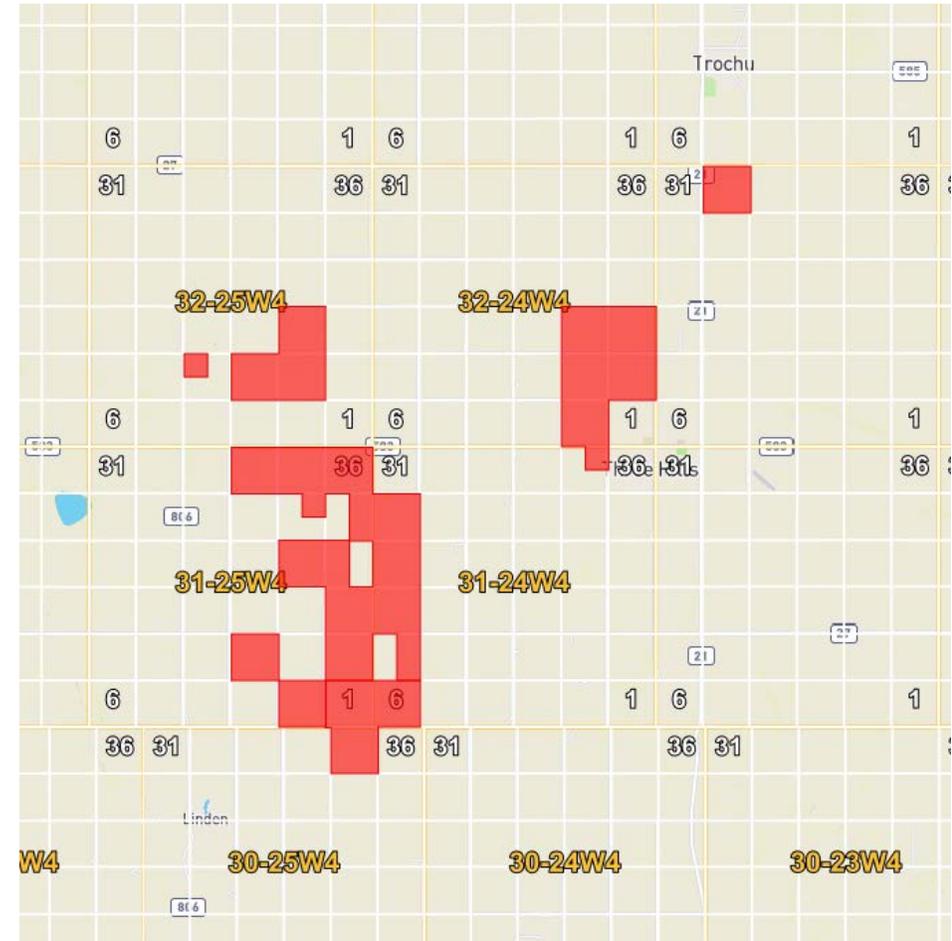
Alberta - 2017 Sales by Month

Month	Ha/Month	Total Ha	Bonus \$/Month	Total \$	\$/Ha	Total \$/Ha
JAN (2)	88,293	88,293	\$17,615,315	\$17,615,315	\$199	\$199
FEB (1)	86,964	175,257	\$35,067,580	\$52,682,897	\$403	\$300
MAR (2)	101,600	276,856	\$28,521,565	\$81,204,461	\$280	\$293
APR (2)	81,587	358,444	\$37,706,850	\$118,911,312	\$462	\$332
MAY (2)	83,689	442,132	\$40,090,808	\$159,002,120	\$479	\$360
JUN (2)	66,241	508,374	\$17,632,317	\$176,634,438	\$266	\$347
JUL (2)	111,185	619,559	\$32,422,960	\$209,057,397	\$292	\$337
AUG (3)	78,220	697,779	\$33,139,642	\$242,197,039	\$424	\$347
SEP (2)	120,624	818,403	\$45,939,881	\$288,136,921	\$442	\$352
OCT (1)	182,238	1,000,641	\$124,240,071	\$412,376,992	\$682	\$412

Sources: AssetBook and the Alberta Energy website

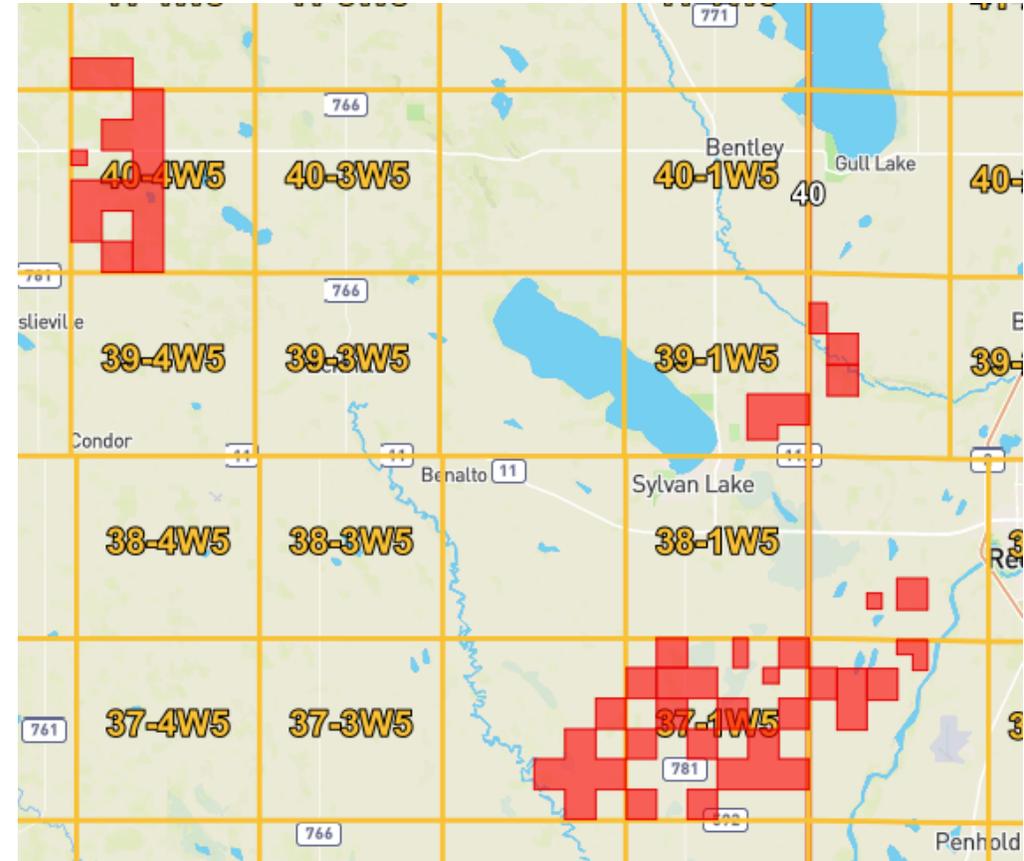
East Duvernay Play (Three Hills)

- ❖ April 26th Land sale:
 - ❖ \$20 MM out of \$26.5 MM total bonus is collected on this map
 - ❖ Average \$/ha for these properties was \$4,025
- ❖ July and August Land sales:
 - ❖ 3 contiguous sections in 31-25W4 sold for \$3,081/ha
 - ❖ 2 sections in same township sold for \$5,109/ha
- ❖ October 11th Land sale:
 - ❖ \$54 MM out of \$124 MM in this area
 - ❖ Licence in 30-24W4 sold for \$22 MM or \$6,180/ha
 - ❖ Licence in 33-22W4 sold for \$11 MM or \$6,010/ha



East Duvernay Play (Sylvan Lake)

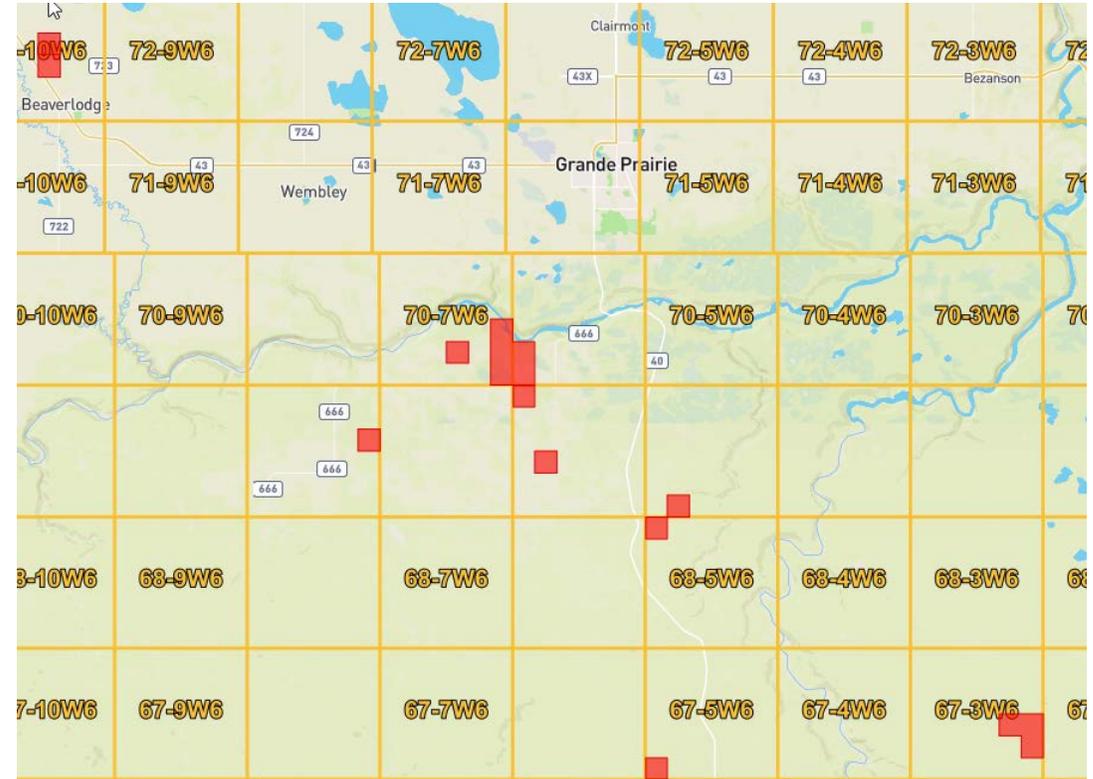
- ❖ February 8th Land Sale:
 - ❖ \$16 MM collected in 37-1W5 at an average of \$2,745/ha
- ❖ March 22nd Land Sale:
 - ❖ \$10 MM collected in 40-4W5 & 39-28W4 at an average of \$3,500/ha
- ❖ June 7th Land Sale:
 - ❖ \$6.8 MM collected in 39-1W5 at an average of \$4,022/ha
- ❖ June 22nd Land Sale:
 - ❖ \$5.2 MM collected in 37-28W4 at an average of \$5,175/ha



Sources: AssetBook and the Alberta Energy website

Honorable Mention – Alberta Montney

- ❖ \$16 MM in 2017 sales but only 3,800 ha has been leased or licenced
- ❖ Average price paid was \$4,200/ha
- ❖ 2 sections in 68-5W6 sold for \$4.1 MM in the Aug. 30th sale at an average of \$8,000/ha
- ❖ Most of the Montney rights in Alberta have been tied up
- ❖ Large transactions for contiguous Land have occurred – POU/PMT sale for \$200 MM



Sources: AssetBook and the Alberta Energy website

What Does 2018 Look Like?

- ❖ More postings in East Duvernay next month. Will prices continue to rise?
- ❖ Private equity is funding exploration versus publicly traded junior companies of the past. Are they quicker to sell? Has the door closed on public exploration companies?
- ❖ Is there money sitting on the sidelines? When do more jump in the water?
- ❖ Improvements in technology has increased efficiency in the field, specifically related to completions. Does this transfer to other plays?
- ❖ At \$50 oil, what are the next emerging plays?

A top-down view of a light-colored wooden desk. In the upper right, a silver laptop is partially visible, showing its keyboard and trackpad. A black pen lies horizontally in the upper center. To the left, a black notebook is open. In the lower right, a white coffee cup filled with dark coffee sits on the desk. The background is a soft-focus view of the desk's surface.

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financial reports with an independent Land evaluation.**

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