

Long-Term Perspective

July 12, 2017

Model Oil Portfolio

We have created a high-quality portfolio of oil stocks with a focus on recovery and growth.

NOTE: *The Model Oil Portfolio has a longer-term perspective. As such, we will update it once a week, using Friday's closing prices. Also, it will be essentially a Buy-and-Hold portfolio, with minimal trading involved. The portfolio will always be fully invested.*

The initial investment will be a total of \$500,000. To begin with, each of the twenty stocks has an equal weighting, meaning the dollar amount of each holding will be approximately \$25,000. If a stock is sold, the replacement stock will begin with the amount of the closing proceeds of the stock sold. Any residual will be put into "Cash".

We will conduct a portfolio assessment at the end of each month when we will decide whether changes should be made.

INITIAL COMMENT: *We have four positive stocks! Enough to update the portfolio.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 12-Jul Portfolio initiated: July 1, 2017

<u>Company</u>	<u>Symbol</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>First Target</u>	<u>Second Target</u>	<u>Third Target</u>	<u>% Inc. to 1st Target</u>	<u>% Inc. to 2nd Target</u>	<u>% Inc. to 3rd Target</u>
1 ARC Resources	ARX	\$16.96	\$16.82	\$18.75	\$20.30	\$21.85	11.5%	20.7%	29.9%
2 Baytex Energy Corp.	BTE	\$3.15	\$2.97	\$3.50	\$3.90	\$4.30	17.8%	31.3%	44.8%
3 Birchcliff Energy	BIR	\$6.11	\$5.86	\$7.00	\$7.80	\$8.60	19.5%	33.1%	46.8%
4 Bonavista Energy	BNP	\$2.71	\$2.83	\$3.13	\$3.52	\$3.90	10.6%	24.4%	37.8%
5 Bonterra Energy	BNE	\$16.74	\$16.34	\$18.75	\$21.88	\$25.00	14.7%	33.9%	53.0%
6 Canadian Natural Resources	CNQ	\$37.42	\$37.33	\$39.00	\$40.63	\$42.20	4.5%	8.8%	13.0%
7 Cenovus Energy	CVE	\$9.56	\$9.22	\$11.00	\$12.50	\$14.00	19.3%	35.6%	51.8%
8 Crescent Point Energy	CPG	\$9.92	\$9.17	\$11.00	\$12.50	\$14.00	20.0%	36.3%	52.7%
9 Encana Corp.	ECA	\$11.41	\$11.65	\$12.50	\$14.00	\$15.63	7.3%	20.2%	34.2%
10 Freehold Royalties	FRU	\$13.05	\$13.29	\$13.67	\$14.05	\$14.45	2.9%	5.7%	8.7%
11 Husky Energy	HSE	\$14.72	\$14.25	\$15.25	\$15.63	\$16.00	7.0%	9.7%	12.3%
12 Imperial Oil	IMO	\$37.80	\$37.35	\$39.00	\$40.63	\$42.20	4.4%	8.8%	13.0%
13 Peyto Exploration	PEY	\$23.52	\$23.14	\$25.00	\$26.55	\$28.13	8.0%	14.7%	21.6%
14 PrairieSky Royalties	PSK	\$29.53	\$28.33	\$30.50	\$31.25	\$32.00	7.7%	10.3%	13.0%
15 Raging River Exploration	RRX	\$8.09	\$7.76	\$8.60	\$9.00	\$9.40	10.8%	16.0%	21.1%
16 Seven Generations Energy	VII	\$22.21	\$21.06	\$23.45	\$25.00	\$26.55	11.3%	18.7%	26.1%
17 Suncor Energy	SU	\$37.89	\$37.30	\$39.00	\$39.85	\$40.63	4.6%	6.8%	8.9%
18 Tourmaline Oil	TOU	\$27.88	\$26.30	\$29.70	\$31.25	\$32.80	12.9%	18.8%	24.7%
19 Vermilion Energy	VET	\$41.14	\$39.55	\$43.75	\$46.88	\$50.00	10.6%	18.5%	26.4%
20 Whitecap Resources	WCP	\$9.26	\$9.16	\$9.75	\$10.15	\$10.55	6.4%	10.8%	15.2%

NB: **Green** negative percentage numbers denote a stock price that has exceeded the Price Target.

NB: The Analyst, either **directly** or **indirectly**, currently owns shares in **Bonavista Energy** and **Cenovus Energy**.

The performance of these stocks is provided in the table on the next page.

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MODEL OIL PORTFOLIO Portfolio Performance As at: 12-Jul Initiation: July 1, 2017

<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Purchase Cost</u>	<u>Current Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.82	\$25,000	\$24,794	-\$206	-0.8%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$2.97	\$25,000	\$23,571	-\$1,429	-5.7%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.86	\$25,000	\$23,977	-\$1,023	-4.1%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.83	\$25,000	\$26,107	\$1,107	4.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.34	\$25,000	\$24,403	-\$597	-2.4%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.33	\$25,000	\$24,940	-\$60	-0.2%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.22	\$25,000	\$24,111	-\$889	-3.6%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.17	\$25,000	\$23,110	-\$1,890	-7.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.65	\$25,000	\$25,526	\$526	2.1%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.29	\$25,000	\$25,460	\$460	1.8%
11 Husky Energy	HSE	1,698	\$14.72	\$14.25	\$25,000	\$24,202	-\$798	-3.2%
12 Imperial Oil	IMO	661	\$37.80	\$37.35	\$25,000	\$24,702	-\$298	-1.2%
13 Peyto Exploration	PEY	1,063	\$23.52	\$23.14	\$25,000	\$24,596	-\$404	-1.6%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.33	\$25,000	\$23,984	-\$1,016	-4.1%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.76	\$25,000	\$23,980	-\$1,020	-4.1%
16 Seven Generations Energy	VII	1,126	\$22.21	\$21.06	\$25,000	\$23,706	-\$1,294	-5.2%
17 Suncor Energy	SU	660	\$37.89	\$37.30	\$25,000	\$24,611	-\$389	-1.6%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.30	\$25,000	\$23,583	-\$1,417	-5.7%
19 Vermilion Energy	VET	608	\$41.14	\$39.55	\$25,000	\$24,034	-\$966	-3.9%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.16	\$25,000	\$24,730	-\$270	-1.1%
Stock Totals					\$500,000	\$488,126	-\$11,874	-2.4%
					Stock Annualized Return:			-55.1%
Cash							\$0	
Dividends							\$0	
Net Trading Profits							\$0	
Portfolio Totals					\$500,000	\$488,126	-\$11,874	-2.4%
					Portfolio Annualized Return:			-55.1%
S&P/TSX COMPOSITE INDEX					15,182.19	15,143.99	-38.20	-0.3%
					S&P/TSX Annualized Return:			-5.8%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$45.07	-\$0.97	-2.1%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.10	-\$0.08	-1.0%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.29	-\$0.20	-3.6%
Energy Index (SPTTEN-ut)					172.10	169.04	-3.06	-1.8%
Energy Index ETF (XEG-bc)					\$10.94	\$10.75	-\$0.19	-1.7%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.61	-\$0.29	-3.7%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.33	-\$0.17	-1.8%

The table on the next page shows the change in the portfolio in terms of \$ and %.

MODEL OIL PORTFOLIO S and % Change

As at: 12-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Bonavista Energy	\$1,107	4.4%
2 Encana Corp.	\$526	2.1%
3 Freehold Royalties	\$460	1.8%
4 Canadian Natural Resources	-\$60	-0.2%
5 ARC Resources	-\$206	-0.8%
6 Whitecap Resources	-\$270	-1.1%
7 Imperial Oil	-\$298	-1.2%
8 Suncor Energy	-\$389	-1.6%
9 Peyto Exploration	-\$404	-1.6%
10 Bonterra Energy	-\$597	-2.4%
11 Husky Energy	-\$798	-3.2%
12 Cenovus Energy	-\$889	-3.6%
13 Vermilion Energy	-\$966	-3.9%
14 PrairieSky Royalties	-\$1,016	-4.1%
15 Raging River Exploration	-\$1,020	-4.1%
16 Birchcliff Energy	-\$1,023	-4.1%
17 Seven Generations Energy	-\$1,294	-5.2%
18 Tourmaline Oil	-\$1,417	-5.7%
19 Baytex Energy Corp.	-\$1,429	-5.7%
20 Crescent Point Energy	-\$1,890	-7.6%

The table below indicates the annual dividend and corresponding annual income and yields.

MODEL OIL PORTFOLIO Annual Income/Yield

<u>Company</u>	<u>Symbol</u>	<u>Number</u> <u>of Shares</u>	<u>Purchase</u> <u>Price</u>	<u>Current</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Annual</u> <u>Income</u>	<u>Purchase</u> <u>Yield</u>	<u>Current</u> <u>Yield</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.82	\$0.60	\$884	3.5%	3.6%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$2.97	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.86	\$0.10	\$409	1.6%	1.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.83	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.34	\$1.20	\$1,792	7.2%	7.3%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.33	\$1.10	\$735	2.9%	2.9%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.22	\$0.20	\$523	2.1%	2.2%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.17	\$0.36	\$907	3.6%	3.9%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.65	\$0.08	\$168	0.7%	0.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.29	\$0.60	\$1,149	4.6%	4.5%
11 Husky Energy	HSE	1,698	\$14.72	\$14.25	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$37.35	\$0.64	\$423	1.7%	1.7%
13 Peyto Exploration	PEY	1,063	\$23.52	\$23.14	\$1.32	\$1,403	5.6%	5.7%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.33	\$0.76	\$640	2.6%	2.7%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.76	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$21.06	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$37.30	\$1.28	\$845	3.4%	3.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.30	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$39.55	\$2.58	\$1,568	6.3%	6.5%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.16	\$0.28	\$745	3.0%	3.0%
Portfolio Totals						\$12,561	2.5%	2.6%

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