

Long-Term Perspective

April 30, 2018

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.

COMMENT: *Well, I did not do what I said I was going to do in the last update, which was ages ago, on March 9. I intended to prune the Portfolio a bit. Just as well that I didn't as the Portfolio since gained about 18%. For the stock portion only, the Portfolio is up 1.7%; including dividends and trading profits, yes profits, the Portfolio is ahead 4.1%. On a seasonal basis, both oil and gas are strong until around the end of June. So, we will stick with the current portfolio for now.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 30-Apr-18 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 | \$14.32 | \$18.75 | \$20.30 | \$21.85 | 30.9% | 41.8% | 52.6% |
| 2 Baytex Energy Corp. | BTE | \$3.15 | \$5.75 | \$6.25 | \$6.65 | \$7.00 | 8.7% | 15.7% | 21.7% |
| 3 Birchcliff Energy | BIR | \$6.11 | \$4.65 | \$7.00 | \$7.80 | \$8.60 | 50.5% | 67.7% | 84.9% |
| 4 Bonavista Energy | BNP | \$2.71 | \$1.58 | \$3.13 | \$3.52 | \$3.90 | 98.1% | 122.8% | 146.8% |
| 5 Bonterra Energy | BNE | \$16.74 | \$15.80 | \$18.75 | \$21.88 | \$25.00 | 18.7% | 38.5% | 58.2% |
| 6 Canadian Natural Resources | CNQ | \$37.42 | \$46.32 | \$45.30 | \$46.88 | \$48.45 | -2.2% | 1.2% | 4.6% |
| 7 Cenovus Energy | CVE | \$9.56 | \$12.86 | \$12.50 | \$13.30 | \$14.00 | -2.8% | 3.4% | 8.9% |
| 8 Crescent Point Energy | CPG | \$9.92 | \$11.25 | \$11.00 | \$12.50 | \$14.00 | -2.2% | 11.1% | 24.4% |
| 9 Encana Corp. | ECA | \$11.41 | \$15.99 | \$17.20 | \$18.00 | \$18.80 | 7.6% | 12.6% | 17.6% |
| 10 Freehold Royalties | FRU | \$13.05 | \$13.01 | \$15.25 | \$15.63 | \$16.00 | 17.2% | 20.1% | 23.0% |
| 11 Husky Energy | HSE | \$14.72 | \$17.96 | \$18.00 | \$18.40 | \$18.80 | 0.2% | 2.4% | 4.7% |
| 12 Imperial Oil | IMO | \$37.80 | \$39.93 | \$40.63 | \$42.20 | \$43.80 | 1.8% | 5.7% | 9.7% |
| 13 Painted Pony Energy | PONY | \$3.17 | \$2.81 | \$3.52 | \$3.90 | \$4.30 | 25.3% | 38.8% | 53.0% |
| 14 Peyto Exploration | PEY | \$23.52 | \$12.14 | \$25.00 | \$26.55 | \$28.13 | 105.9% | 118.7% | 131.7% |
| 15 PrairieSky Royalties | PSK | \$29.53 | \$28.47 | \$32.00 | \$32.80 | \$33.60 | 12.4% | 15.2% | 18.0% |
| 16 Raging River Exploration | RRX | \$8.09 | \$7.14 | \$8.60 | \$9.00 | \$9.40 | 20.4% | 26.1% | 31.7% |
| 17 Seven Generations Energy | VII | \$22.21 | \$18.32 | \$23.45 | \$25.00 | \$26.55 | 28.0% | 36.5% | 44.9% |
| 18 Tourmaline Oil | TOU | \$27.88 | \$24.15 | \$29.70 | \$31.25 | \$32.80 | 23.0% | 29.4% | 35.8% |
| 19 Vermilion Energy | VET | \$41.14 | \$43.40 | \$43.75 | \$46.88 | \$50.00 | 0.8% | 8.0% | 15.2% |
| 20 Whitecap Resources | WCP | \$9.26 | \$9.30 | \$9.75 | \$10.15 | \$10.55 | 4.8% | 9.1% | 13.4% |

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**, **Cenovus Energy**, and **Painted Pony Energy**.

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

<continued>

MODEL OIL PORTFOLIO Portfolio Performance
As at: 30-Apr-18
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 | \$14.32 | \$25,000 | \$21,108 | -\$3,892 | -15.6% |
| 2 Baytex Energy Corp. | BTE | 7,937 | \$3.15 | \$5.75 | \$25,000 | \$45,635 | \$20,635 | 82.5% |
| 3 Birchcliff Energy | BIR | 4,092 | \$6.11 | \$4.65 | \$25,000 | \$19,026 | -\$5,974 | -23.9% |
| 4 Bonavista Energy | BNP | 9,225 | \$2.71 | \$1.58 | \$25,000 | \$14,576 | -\$10,424 | -41.7% |
| 5 Bonterra Energy | BNE | 1,493 | \$16.74 | \$15.80 | \$25,000 | \$23,596 | -\$1,404 | -5.6% |
| 6 Canadian Natural Resources | CNQ | 668 | \$37.42 | \$46.32 | \$25,000 | \$30,946 | \$5,946 | 23.8% |
| 7 Cenovus Energy | CVE | 2,615 | \$9.56 | \$12.86 | \$25,000 | \$33,630 | \$8,630 | 34.5% |
| 8 Crescent Point Energy | CPG | 2,520 | \$9.92 | \$11.25 | \$25,000 | \$28,352 | \$3,352 | 13.4% |
| 9 Encana Corp. | ECA | 2,191 | \$11.41 | \$15.99 | \$25,000 | \$35,035 | \$10,035 | 40.1% |
| 10 Freehold Royalties | FRU | 1,916 | \$13.05 | \$13.01 | \$25,000 | \$24,923 | -\$77 | -0.3% |
| 11 Husky Energy | HSE | 1,698 | \$14.72 | \$17.96 | \$25,000 | \$30,503 | \$5,503 | 22.0% |
| 12 Imperial Oil | IMO | 661 | \$37.80 | \$39.93 | \$25,000 | \$26,409 | \$1,409 | 5.6% |
| 13 Painted Pony Energy | PONY | 7,886 | \$3.17 | \$2.81 | \$25,000 | \$22,160 | -\$2,840 | -11.4% |
| 14 Peyto Exploration | PEY | 1,063 | \$23.52 | \$12.14 | \$25,000 | \$12,904 | -\$12,096 | -48.4% |
| 15 PrairieSky Royalties | PSK | 847 | \$29.53 | \$28.47 | \$25,000 | \$24,103 | -\$897 | -3.6% |
| 16 Raging River Exploration | RRX | 3,090 | \$8.09 | \$7.14 | \$25,000 | \$22,064 | -\$2,936 | -11.7% |
| 17 Seven Generations Energy | VII | 1,126 | \$22.21 | \$18.32 | \$25,000 | \$20,621 | -\$4,379 | -17.5% |
| 18 Tourmaline Oil | TOU | 897 | \$27.88 | \$24.15 | \$25,000 | \$21,655 | -\$3,345 | -13.4% |
| 19 Vermilion Energy | VET | 608 | \$41.14 | \$43.40 | \$25,000 | \$26,373 | \$1,373 | 5.5% |
| 20 Whitecap Resources | WCP | 2,700 | \$9.26 | \$9.30 | \$25,000 | \$25,108 | \$108 | 0.4% |
| Stock Totals | | | | | \$500,000 | \$508,727 | \$8,728 | 1.7% |
| | | | | | Stock Annualized Return: | | | 2.0% |
| Cash | | | | | | \$0 | | |
| Dividends | | | | | | \$9,757 | | |
| Net Trading Profits | | | | | | \$2,138 | | |
| Portfolio Totals | | | | | \$500,000 | \$520,623 | | 4.1% |
| | | | | | Portfolio Annualized Return: | | | 4.8% |
| S&P/TSX ENERGY INDEX | | | | | 172.10 | 199.13 | 27.03 | 15.7% |
| (.SPTTEN-ut) | | | | | S&P/TSX Energy Annualized Return: | | | 18.2% |
| | | | | | Initial Value | Current Value | Change | % Change |
| Crude Oil (SWTIC-sc) | | | | | \$46.04 | \$68.04 | \$22.00 | 47.8% |
| Canadian Crude Oil Index (CCX-bc) | | | | | \$8.18 | \$11.31 | \$3.13 | 38.3% |
| Crude Oil Bull 2X ETF (HOU-bc) | | | | | \$5.49 | \$10.62 | \$5.13 | 93.4% |
| Energy Index ETF (XEG-bc) | | | | | \$10.94 | \$12.67 | \$1.73 | 15.8% |
| Energy Bull 2X ETF (HEU-bc) | | | | | \$7.90 | \$10.32 | \$2.42 | 30.6% |
| U.S. Oil Fund ETF (USO-bc) | | | | | \$9.50 | \$13.80 | \$4.30 | 45.3% |
| S&P/TSX Composite Index | | | | | 15,182.19 | 15,607.88 | 425.69 | 2.8% |

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

MODEL OIL PORTFOLIO \$ and % Change
As at: 30-Apr-18
Since: 1-Jul-17

| <u>Company</u> | <u>\$ Gain or (Loss)</u> | <u>% Gain or (Loss)</u> |
|------------------------------|------------------------------|-----------------------------|
| 1 Baytex Energy Corp. | \$20,635 | 82.5% |
| 2 Encana Corp. | \$10,035 | 40.1% |
| 3 Cenovus Energy | \$8,630 | 34.5% |
| 4 Canadian Natural Resources | \$5,946 | 23.8% |
| 5 Husky Energy | \$5,503 | 22.0% |
| 6 Crescent Point Energy | \$3,352 | 13.4% |
| 7 Imperial Oil | \$1,409 | 5.6% |
| 8 Vermilion Energy | \$1,373 | 5.5% |
| 9 Whitecap Resources | \$108 | 0.4% |
| 10 Freehold Royalties | -\$77 | -0.3% |
| 11 PrairieSky Royalties | -\$897 | -3.6% |
| 12 Bonterra Energy | -\$1,404 | -5.6% |
| 13 Painted Pony Energy | -\$2,840 | -11.4% |
| 14 Raging River Exploration | -\$2,936 | -11.7% |
| 15 Tourmaline Oil | -\$3,345 | -13.4% |
| 16 ARC Resources | -\$3,892 | -15.6% |
| 17 Seven Generations Energy | -\$4,379 | -17.5% |
| 18 Birchcliff Energy | -\$5,974 | -23.9% |
| 19 Bonavista Energy | -\$10,424 | -41.7% |
| 20 Peyto Exploration | -\$12,096 | -48.4% |

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 30-Apr-18 Initiation: July 1, 2017

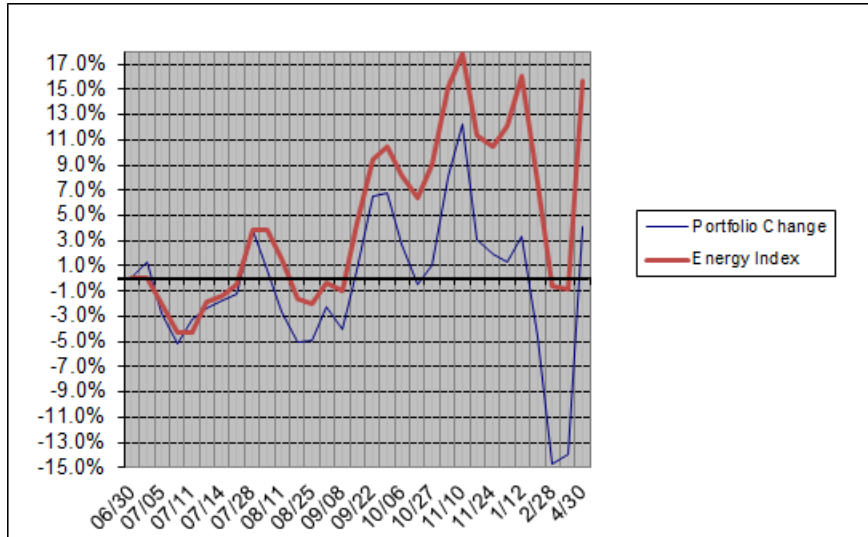
| <u>Company</u> | <u>Symbol</u> | <u>Number of Shares</u> | <u>Purchase Price</u> | <u>Current Price</u> | <u>Annual Dividend</u> | <u>Annual Income</u> | <u>Purchase Yield</u> | <u>Current Yield</u> | <u>Pay-Out To Date</u> |
|----------------------------------|---------------|-----------------------------|---------------------------|--------------------------|----------------------------|--------------------------|---------------------------|--------------------------|----------------------------|
| 1 ARC Resources | ARX | 1,474 | \$16.96 | \$14.32 | \$0.60 | \$884 | 3.5% | 4.2% | \$737 |
| 2 Baytex Energy Corp. | BTE | 7,937 | \$3.15 | \$5.75 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 3 Birchcliff Energy | BIR | 4,092 | \$6.11 | \$4.65 | \$0.10 | \$409 | 1.6% | 2.2% | \$307 |
| 4 Bonavista Energy | BNP | 9,225 | \$2.71 | \$1.58 | \$0.04 | \$369 | 1.5% | 2.5% | \$277 |
| 5 Bonterra Energy | BNE | 1,493 | \$16.74 | \$15.80 | \$1.20 | \$1,792 | 7.2% | 7.6% | \$1,493 |
| 6 Canadian Natural Resources | CNQ | 668 | \$37.42 | \$46.32 | \$1.10 | \$735 | 2.9% | 2.4% | \$551 |
| 7 Cenovus Energy | CVE | 2,615 | \$9.56 | \$12.86 | \$0.20 | \$523 | 2.1% | 1.6% | \$392 |
| 8 Crescent Point Energy | CPG | 2,520 | \$9.92 | \$11.25 | \$0.36 | \$907 | 3.6% | 3.2% | \$756 |
| 9 Encana Corp. | ECA | 2,191 | \$11.41 | \$15.99 | \$0.08 | \$169 | 0.7% | 0.5% | \$127 |
| 10 Freehold Royalties | FRU | 1,916 | \$13.05 | \$13.01 | \$0.60 | \$1,149 | 4.6% | 4.6% | \$958 |
| 11 Husky Energy | HSE | 1,698 | \$14.72 | \$17.96 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 12 Imperial Oil | IMO | 661 | \$37.80 | \$39.93 | \$0.64 | \$423 | 1.7% | 1.6% | \$317 |
| 13 Painted Pony Energy | PONY | 7,886 | \$3.17 | \$2.81 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 14 Peyto Exploration | PEY | 1,063 | \$23.52 | \$12.14 | \$1.32 | \$1,403 | 5.6% | 10.9% | \$1,169 |
| 15 PrairieSky Royalties | PSK | 847 | \$29.53 | \$28.47 | \$0.76 | \$640 | 2.6% | 2.7% | \$533 |
| 16 Raging River Exploration | RRX | 3,090 | \$8.09 | \$7.14 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 17 Seven Generations Energy | VII | 1,126 | \$22.21 | \$18.32 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 18 Tourmaline Oil | TOU | 897 | \$27.88 | \$24.15 | \$0.00 | \$0 | 0.0% | 0.0% | \$0 |
| 19 Vermilion Energy | VET | 608 | \$41.14 | \$43.40 | \$2.58 | \$1,568 | 6.3% | 5.9% | \$1,307 |
| 20 Whitecap Resources | WCP | 2,700 | \$9.26 | \$9.30 | \$0.28 | \$745 | 3.0% | 3.0% | \$621 |
| Portfolio Totals | | | | | | \$11,718 | 2.3% | 2.3% | \$9,546 |
| Dividends, Companies Sold | | | | | | | | | \$211 |
| Total Dividends Received | | | | | | | | | \$9,757 |

STOCKS SOLD

| <u>Company</u> | <u>Purchase Date</u> | <u>Selling Date</u> | <u>Purchase Price</u> | <u>Selling Price</u> | <u>Purchase Cost</u> | <u>Selling Value</u> | <u>\$ Gain or (Loss)</u> | <u>% Gain or (Loss)</u> | <u>Number of Shares</u> | <u>Cum. Gain or (Loss)</u> |
|----------------|----------------------|---------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------|-------------------------|-------------------------|----------------------------|
| Suncor Inc. | 1-Jul | 14-Sep | \$37.89 | \$41.13 | \$25,007 | \$27,146 | \$2,138 | 8.6% | 660 | \$2,138 |

GRAPHIC PERFORMANCE

As at: Apr. 30 → Portfolio = +1.7% (stocks); and +4.1% after dividends and trading profits;
S&P/TSX Energy Index = +15.7%



DISCLAIMER

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