Transaction update

Saturn Oil & Gas Inc.

Transformative transaction increasing oil production from 350 boe/d to over 7,200

Target Price: 0.46 CAD

Rating: buy

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 14

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "I. Research under MiFID II"

Date and time of completion of this research: 21/05/2021 (03:25 pm)
Date and time of first distribution: 21/05/2021 (04:15 pm)
Target price valid until: max. 31/12/2021

Saturn Oil & Gas Inc.*5a,6a,7,11

Rating: BUY
Target price: 0.46 CAD

Current price: 0.17
20/05/2021 TSX / 19:30
Currency: CAD

Key Data:

ISIN: CA80412L1076
WKN: A2DJV8
TSX.V: SOIL
FSE: SMK

Number of shares³:
Pre transaction fully diluted 234.50
Post transaction diluted estimation: 530.00

Marketcap³:
Pre transaction: 39.88
Post transaction: 90.10

³ in m / in m CAD /

Primary listing: TSX-Venture
Secondary listing: Frankfurt

Accounting Standard:
IFRS

FY End: 31/12/

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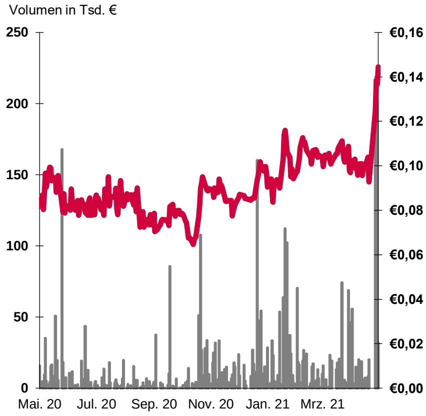
Company Profile

Sector: Energy
Focus: Oil & Gas

Headquartered in Calgary, Alberta

Management: John Jeffrey (CEO), Justin Kaufmann (VP Exploration), Stuart Houle (VP Engineering)



Saturn Oil & Gas is a Canadian exploration and development company. The Company holds licenses for oil and gas exploration in west-central, Saskatchewan. Saturn Oil & Gas Inc. is an energy company focused on the acquisition and development of undervalued, low-risk assets. Saturn plans to build strong cashflow through strategic land positions and acquisitions.

Saturn Oil & Gas has entered into an agreement to purchase the Oxbow assets for approximately $93M CAD. The Oxbow's assets are located in Southeast Saskatchewan and consist of 450 sections of land which currently produce nearly 6,700 boe/d. The Oxbow property is a mature asset that has extensive infrastructure and facilities with direct pipeline connections to the global sales network.

Through the transition Saturn will also be hiring all the employees who are currently working on the properties, thus ensuring a smooth transition in daily production and operations. Saturn Oil & Gas, after the closing of the transaction, will become a major player in the southeast Saskatchewan oilfield.

More importantly, Saturn Oil & Gas 2021e production will consist of 95% liquid oil and only 5% gas.

P&L in CAD m FY	FY 2020	FY 2021e	FY 2022e	FY 2023e
Sales	7.55	146.58	180.61	178.15
EBITDA	-1.31	102.96	117.44	112.25
EBIT	-1.311	77.958	89.940	82.004
Net Income	-3.310	51.304	69.012	66.303

Executive Summary

- **Prime assets with proven low depletion rates.** The company is currently completing the Oxbow assets acquisition, which is located in the Williston Basin oil field. The company's new inventory will consist of low decline oil wells with very low gas volumes (5%), thus providing them a stable foundation to maintain and grow their operations.

- **Over 2,000% increase in daily boe production.** The company produced 375 boe/d before the transaction and will produce just over 7,500 boe/d once the transaction is finalized. With the increased cash flow and reinvestment in the field, we expect the company to be able to maintain post transaction production levels for at least 24 to 36 months.

- **Lean and cost efficiency structure.** The company will scale up their operations by a significant magnitude to accommodate their increase in production. Being a larger producer, the company will benefit from possible economies of scale and we expect them to maximize the Oxbow assets with the same efficiency as their other assets.

- **Pipeline to international markets.** In a time of struggling transportation capacities in Canada, Saturn will acquire multiple pipelines and facilities that will allow them easier access to the international market.

- **Significant reduction in debt leverage of the company.** These assets will generate a massive positive cashflow for the company, which will allow them to maintain current oil production levels and initiate an aggressive debt pay-back program.

- **From net loss to a 53.21% positive Margin.** Following the completion of the transaction, we forecast that the company will achieve revenues of over $146M CAD in 2021 with an EBIT margin of 53.21%.

- **Hedging to secure the future.** The company have entered into hedging agreements of up to 85% of their declining production acquired with the Oxbow assets, thus securing debt repayment for the next 3 years.

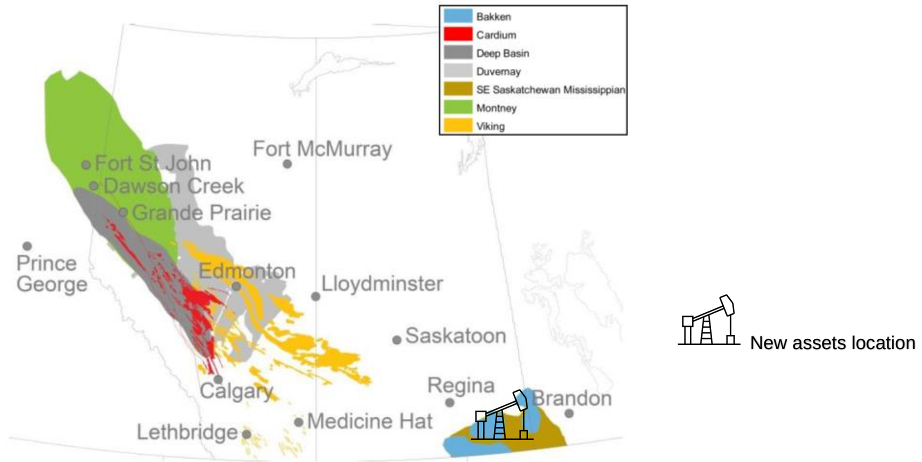
- **Asset's integration.** We expect the company to add key members to their executives and board of directors. This will strengthen their governance and ensure a smooth transition from a junior oil company with $7,549M CAD revenues in 2020 to a major player in SE Saskatchewan with over $146,580M CAD in revenues in 2021e.

Based on our DCF model we have determine a price target of 0.46 CAD per share

SATURN OIL & GAS – THE TRANSACTION

Saturn Oil & Gas is completing the acquisition of the Oxbow assets located in the Saskatchewan Williston Basin in the Greater Manor and Glen Ewan fields for $93M CAD. This is a “white map” acquisition, meaning that Saturn Oil & Gas will take over all associated assets including land, infrastructure, geological information, lease and active or inactive wells located within the defined geographic boundaries.

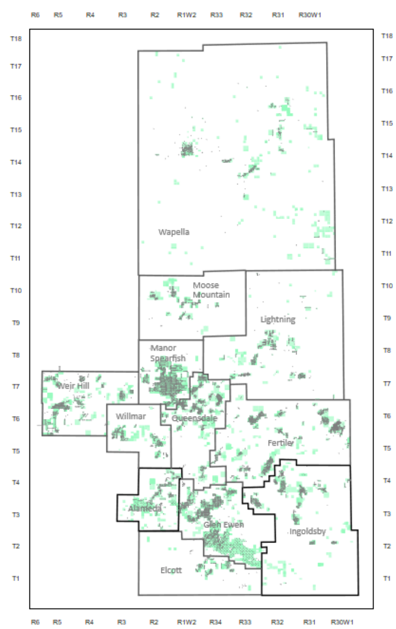
Canada’s oil fields map



Source: BMO capital markets, GBC AG

As shown on the map below, the size of the transaction is considerable and extends over 11,484 sq km’s of land. The company is specifically acquiring, over 1,000 producing wells, 60 key facilities, 2,500 kilometers of connected pipelines, and 244 ready to drill wells locations.

Oxbow Assets location



Source: Scotia bank, Saturn Oil & Gas, GBC AG

The transaction has a great deal of soft value that adds to the total value of the assets acquired by Saturn Oil & Gas.

From undeveloped land to multi drill pad locations and pipelines, the company is acquiring assets totalizing a replacement value of approximately $1 billion CAD**. The infrastructure that will be acquired by Saturn has a strong history of upkeep and maintenance by the previous owner** and is does not require any major upgrades or refurbishments.

Additionally, the company plans to acquire all the operating staff that currently run the Oxbow asset in the field. Therefore, Saturn Oil & Gas does not need to invest time, capital, and human resources on a learning curve to maximize the potential of their new operations but rather they can apply their lean and efficient business model to ensure an optimized return on their investment.

Furthermore, the strategic value of this transaction lies in its geographic location as the land holdings are now close to the US border and connected directly to the major distribution pipelines. **This ensures Saturn Oil & Gas a long-lasting strategic position in the Williston Basin oil fields that the company will be able to grow upon for years.**

Transaction key elements

	Before	Oxbow Assets	After transaction	Performance
Approx. Production (boe/d)	375	6,700	7,500	+2,000%
Reserve PDP (mmboe)	0.67	24.19	24.86	+3,710%
Ready to drill locations	128	444	572	+447%
Wells recompletion potential	2	500	502	+25,000%
Decline rate (%)	14	12	12	-2%
Debt (M)	25	82	102	+408%
Hedging	0%	85% of new Asset production	70% year 1 60% year 2 50% year 3	-
Direct connection to pipeline	None	LACT connected	LACT connect	-
Liabilities (MM)	3.1	180.0	183.1	+5,906%
Liquid Oil Component	100	95	95%	-5%

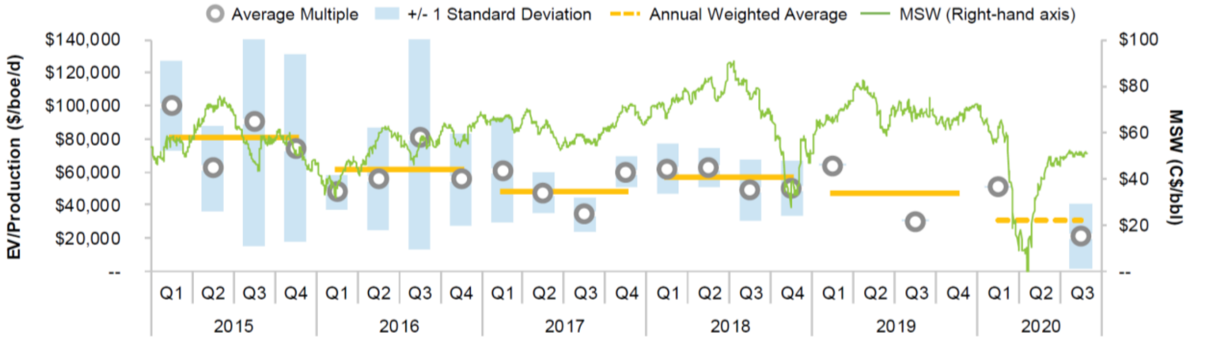
The transaction is transformational for Saturn Oil & Gas and the entity that will arise is well positioned and in a strong financial position.

Transaction value benchmark

The value of Canadian oil & gas assets acquired by transactions has been decreasing in value continuously since Q1 2015. These prices have fallen from over $80,000 per boe/d to $20,000 boe/d in Q3 2020. Saturn Oil & Gas is acquiring the Oxbow assets which produce over 7,100 boe/d for a total sum of $93M CAD, this results in a purchase price of only $14,084 per boe/d.

Based on historical data from BMO Capital, this transaction would be the cheapest EV/Production transaction for any acquisition over $20M CAD that has been seen in the past 5 years within Canada. However, this is not an indication of the quality of the asset but shows how Saturn was positively able to take advantage of the historical declines on the Canadian energy sector.

Merger and acquisition trend in Canadian oil assets over $20M CAD

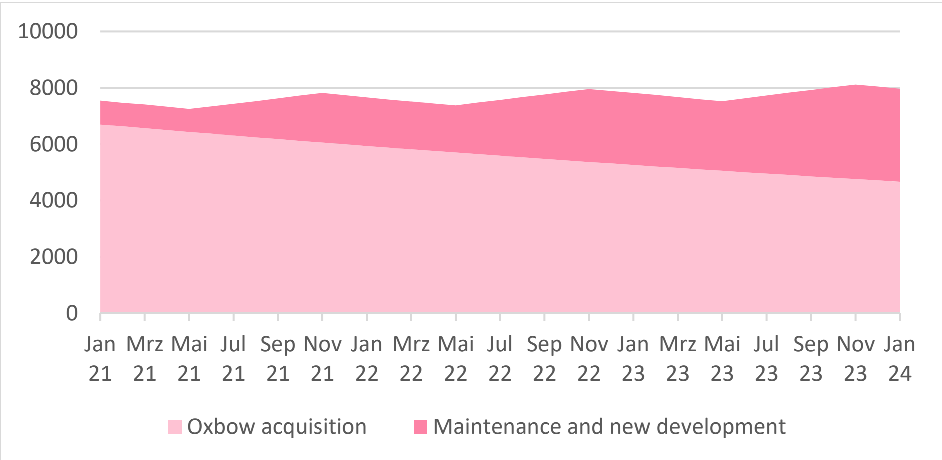


Source: BMO capital markets, GBC-AG

Oil Production

As seen in the previous table, we estimate the yearly production to decline at an average of 12% rate. We estimate that the combination of both new wells and maintenance on existing wells will allow Saturn Oil & Gas to maintain its current level of production of over 7,500 boe/d while commanding a yearly capital expenditure of $5M CAD.

Estimated future production (boe/d)

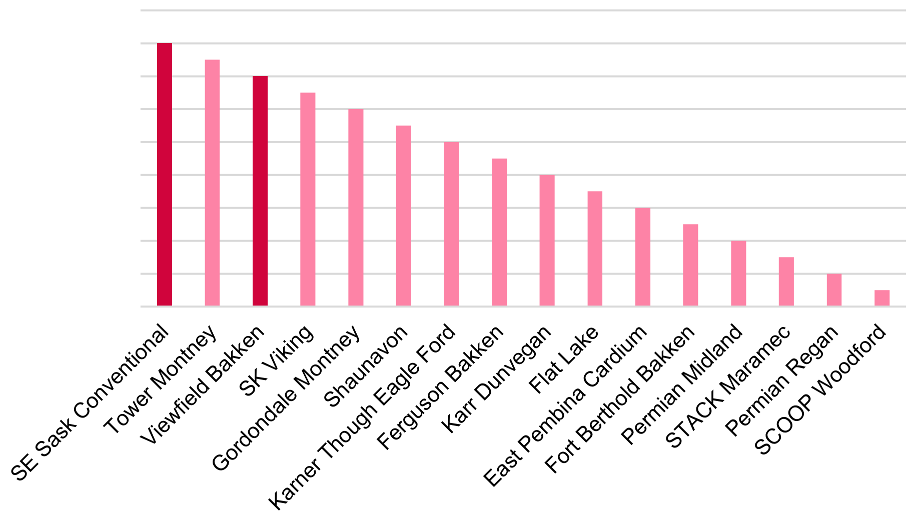


The newly acquired assets allow the company to continuously have two options to maintain current level of production: recompletion of existing wells and drilling of new wells and inventory.

Oxbow new well drilling economics

Saturn Oil & Gas' new assets in the south eastern part of Saskatchewan, in the Williston Basin oil fields are known for their advantageous economics. The assets acquired have historically provided top tier IRR in Canada and consequently, the highest recycle ratio throughout the region. The company expects recycle ratios of 2.3x for each new well drilled. The small gas-to-oil ratio, specific to the region combined with Saturn Oil & Gas' low operational costs imply the highest returns for each new well. The success rate for conventional wells is also higher, leading to less misused capex spending.

Independent ranking of North American Light/Medium Oil plays



Source: Scotia bank, GBC AG

Scotia Bank has ranked all the Saskatchewan oil basin plays based on their IRR. Economically the SE Saskatchewan assets rank the highest among all relevant oil plays. The wells located in this area provides the highest IRR and fastest payback of all the plays in North America. For comparison, the Viewfield Bakken assets rank third, and it is important to note that all of the acquired assets are contained within the SE Sask conventional region. This clearly defines the top tier parameter of this acquisition. The exact numbers behind the ranking are not made publicly available by Scotia Bank.

Based on Saturn Oil & Gas estimates, new wells drilled during the next three year are projected to have strong economics during their lifetime:

New wells economics	
capital costs	$0.92M
royalties	$7 to $8/boe
operating costs	$5 to $7/boe
operating netbacks	$28/boe

Source: Saturn Oil & Gas, GBC-AG

Saturn Oil & Gas will acquire 450 sections of land and increase their land base by 775%. The company identified 444 new drill targets (244 booked & 200 un-booked). At current oil prices, and according to our estimates, the capital expenditure for these new drill wells would be paid off in 7 months and generate over half a million CAD in profits during their lifetime.

There is a large potential for multiple well recompletions on existing wellbores that will require very little capital expense, thus allowing Saturn to extract the full potential of pre-maturely shut-in wells. There are currently 420 suspended wellbores which are identified to be worked over in the next 3 years.

Financing term sheet

Financing will be completed in 3 parts; previous earned cash flow, debt and capital raised.

The effective date of the acquisition is April 1, 2021, meaning from this date forward all profits made from the production of the acquired assets are transferred to Saturn Oil & Gas. This amount is estimated at 14.7M CAD.

The second part is a senior debt of 82M CAD which will be secured by Saturn Oil & Gas assets. This debt runs at an interest rate of 11% + Prime adjusted quarterly for three (3) years, therefore corresponding to a 12.50% annual interest rate. The third part of the financing will be raised capital, which is currently underway.

Saturn Oil & Gas is intending to complete a private placement of 16M CAD, with a second capital raise undertaken simultaneously with Echelon Wealth Partners Inc. to complete a 12M CAD best effort private placement.

Hedging

Most importantly, the company will hedge up to 85% of the newly acquired production securing full debt repayment over the next 3 years. This production is expected to decline at a yearly rate of 12% meaning that year two, 74.8% of the production should be hedged, year three 65.8% and the fourth year 57.9% respectively. These hedging estimates are based on a Capex budget of $5 million per year. The corresponding revenues and expected profits can be viewed in the following table:

Estimated Hedging impact on Yearly Debt Repayment

	New asset estimated Production (boe/d)	Hedge (%)	Estimated Hedging price/boe ($ USD)	Estimated Hedging Price/boe ($CAD)	Estimated guaranteed Revenues (MCAD)	Estimated Debt Costs (M CAD)	Estimated Debt Capital Repayment (M CAD)
Year 1	6,700	85%	$60.00	$72.60	$150.91	$11.05	$63.32
Year 2	5,900	85%	$60.00	$72.60	$132.89	$12.75	$52.74
Year 3	5,000	85%	$55.00	$66.55	$103.23	$14.45	Fully Paid in Year 2
Year 4	4,400	85%	$55.00	$66.55	$90.847	$14.45	Fully Paid in Year 2

Source: GBC estimate

POST-TRANSACTION BUSINESS MODEL

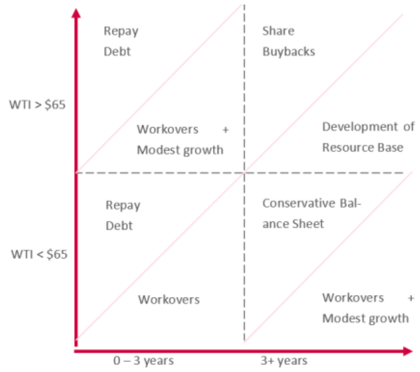
Following the transaction, Saturn Oil & Gas' new business model is to maintain the production level of their newly acquired assets while strengthening their finances in order to hunt for further advantageous M&As. This transaction represents a major increase in the size of the company and the complexity of its operations. With the new assets, the company is also acquiring the human capital necessary to run their operations and we believe the management to be ready for this major expansion. They will rely on their lean operation costs to extract the maximum value of the Oxbow assets.

Saturn Oil & Gas 3 years plan

The company's three years plan is clear. Securing 100% debt repayment over that period through hedging contracts is the pillar of their growth and development strategy.

As for any company in the oil sector, their plans are dependent on the global price of oil. As noted below, the company has a clear understanding of their strategy and have established different set of objectives according to the oil price, currently trading at a price of $76.74 CAD. The company has established a more aggressive strategy if the price is over $65 CAD/boe and a more conservative approach if the price is under $65 CAD/boe.

Saturn Oil & Gas development strategy



Source: Saturn Oil & Gas, GBC-AG

Investors have been provided with a clear roadmap according to the company's development strategy and can rest reassured that the company will not fall into the common traps of the larger oil producers.

For the next three years, if the price of the WTI boe is over $65 CAD, the company will focus on debt repayment and maintaining it's current production through already discussed workovers and modest new drillings. This will allow the company to either shorten their debt repayment schedule or increase their cash reserve in prevision of more capital spending for new wells or acquisitions.

In case of an oil price under $65 CAD, the company plans to repay its debt and focus singularly on workovers. This will limit their capital expenditures and slow the decline of their production while waiting for a rebound in oil prices. However, because of their hedging, even with a lower price of oil, the company debt repayment should not be an issue.

MARKET AND MARKET ENVIRONMENT

Oil sector update

The last year has been one for the history books. From the COVID-19 crisis to oil trading at negative prices on international markets, all predictions, business models and companies' 'survival' scenarios have been tested and not all have survived these difficult times. The equity contraction had already started in the oil sector, but the events of last year's have accelerated this trend. However, the international demand recovery is starting to show sign of encouragement, and with the OPEC+ unity no longer as strong as a few years back, the WTI oil price has found an equilibrium point at just over $70 CAD.

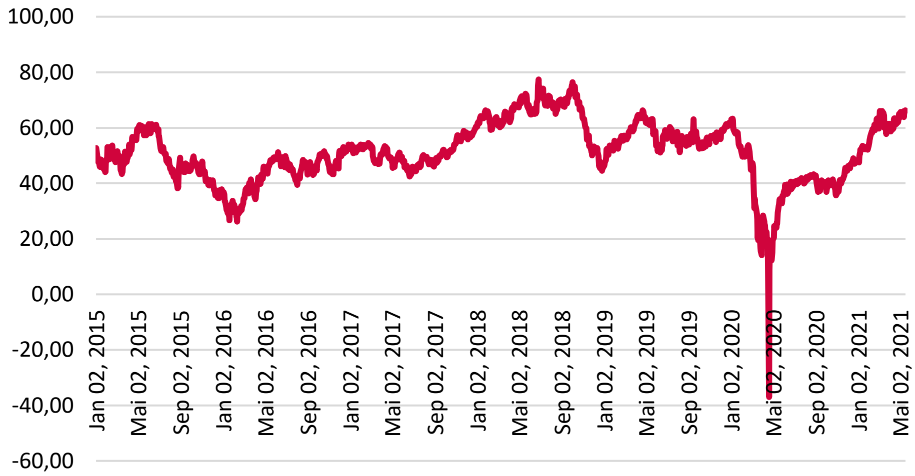
In regards of this context, the M&A scenery has changed considerably from its apogee in 2013 when WTI oil prices hit record levels. With restricted capital available, and change in the energy mix, companies cannot afford to finance green field acquisitions anymore. This results in divestiture of non-core assets by large companies seeking to reduce their debt and acquiring proven economics land package that already have important oil production.

This strategy relies on maintaining lean operating costs and financing the new assets without severely impacting their debt ratio. The majors have been realigning their portfolio, providing the M&A sector with great deals on distressed assets. The non-core assets are subsequently acquired by small, efficient, and operation-focused companies. Several selected small Oil & Gas producers should grow at an impressive rate in the next few quarters mainly due to their capital efficiency and lean cost structure.

Oil price forecast

The WTI oil price has stabilised between $65 and 70$ USD since March 2021, at the point of equilibrium before the COVID-19 crisis. The U.S. Energy Information Administration's (EIA) forecasts that WTI prices will average $59 USD in 2021 and $57 USD in 2022. We based our own estimates on a long term oil price of $71,50 CAD.

Historical WTI spot price (USD)



Source: EIA

COMPANY PERFORMANCE AND FORECAST

Post-transaction forecast

Key (rounded) figures in $ m CAD	FY 2020	FY 2021e	FY 2022e	GJ 2023e
Revenues	7,55	146,58	180,61	178,15
EBITDA	-1,31	102,958	117,440	112,254
EBITDA-Margin	-17,37%	70,24%	65,03%	63,01%
EBIT	-1,311	77,958	89,940	82,004
EBIT-Margin	-17,40%	53,21%	49,86%	46,03%
Net income	-3,310	51,304	69,012	66,303

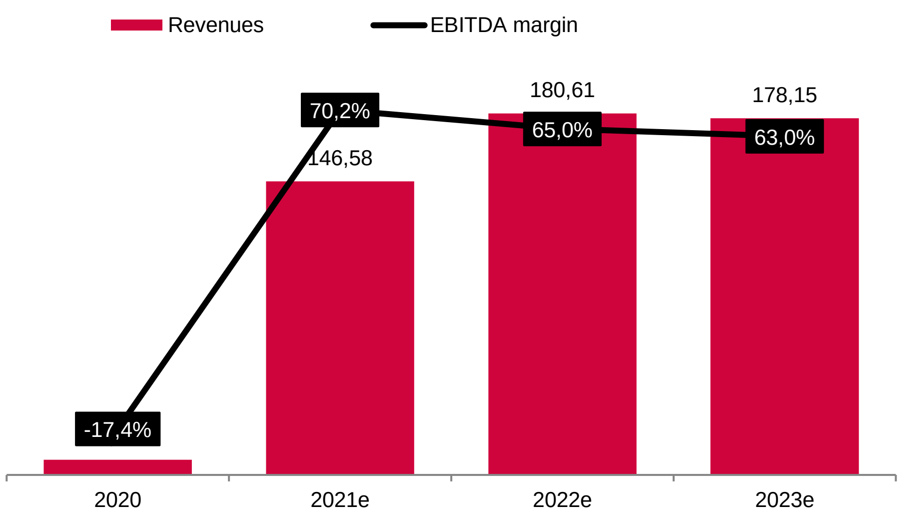
Source: Saturn Oil & Gas, GBC AG

The additional production assets acquired through the Oxbow transaction will prove instrumental in orchestrating the company's next consolidation and development phase. The transaction is effective starting April 1st, 2021 and will be closing on May 31st, 2021.

Even through low commodity prices, Saturn Oil & Gas has been able to grow their revenues, from $4.522M CAD in 2018 which was their first year of oil production, to $7.55M CAD in 2020. The expansion of their operation through the acquisition will raise significantly their revenues in 2021 to an estimated $146,58M CAD.

The additional increase in revenues between 2021e and 2022e is explained by the effective date of the transaction, April 1st, 2021. Therefore, the first full financial year of the acquisition will be 2022.

Expected development of revenues and EBITDA margin (in M CAD)



Source: GBC AG

More importantly, not only are the Oxbow assets allowing the company to increase their revenues but also to generate large amount of free cash flow. We project a total positive cash flow of over $186,62M for 2021e, 2022e and 2023e inclusively.

Revenue forecasts

Saturn Oil & Gas' future earnings will drastically change with the Oxbow transaction. The company has repositioned itself as an important oil producer in the Williston Basin Oil fields in SE Saskatchewan. The management must now focus on the integration of the new assets and the stabilization of its business operations as well as the unlocking of the full financial benefits from the transaction.

This will allow the company to meet their debt obligations. We estimate that the company will be able to reimburse half of their new $82M CAD debt in 2021e. In 2022e we believe the company will also be able to meet their reimbursement obligation of $24.6M CAD and repay the full Prudential debt or payoff the remaining debt from their new lender.

In 2023e, the company will be completely debt free according to our estimates. As discussed earlier, even with a volatile WTI barrel price, the company's hedging strategy will secure enough free cash flow to fulfill their debt obligations.

We believe that Saturn's debt is in a very acceptable range and does not threaten the future of the company. On the contrary, Saturn's debt is very healthy, and repayment is secured through years of hedging.

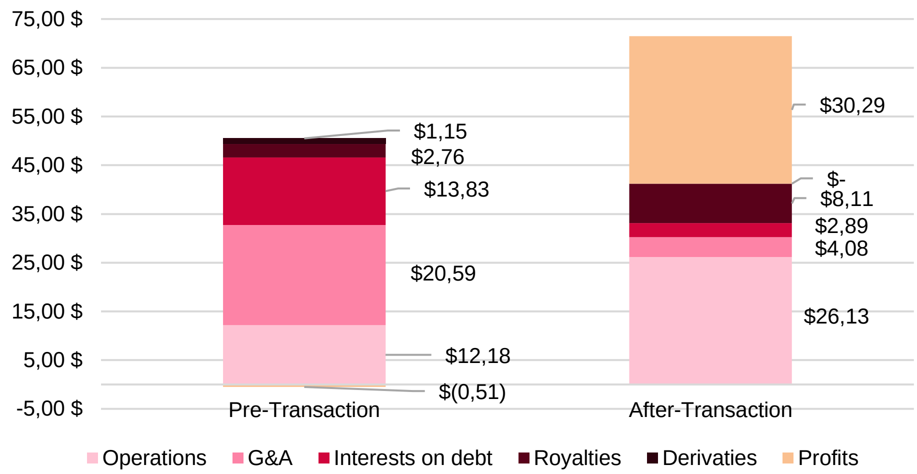
We believe that this acquisition will provide the management the leverage to lower the weight of both the Prudential Capital Group revolving line of credit as well as generate enough positive cash flow to eliminate all debt within four years.

Net cash flow per BOE produced

As it will lower the G&A and debt per boe produced, the Oxbow transaction should unlock massive profits for Saturn Oil & Gas. Even if operation costs will double and royalties increase according to our estimates, the amount of money saved overall per boe is significant and results in profits of just over $30 CAD per boe produced.

This increase in profits would allow the company, as discussed earlier, to both repay debt and invest in capital development to maintain its oil production at an oil price of around $71.50 CAD (using today's exchange rate).

Cost metrics per boe produced



Source: GBC AG, Saturn Oil & Gas

According to our long-term estimate price of $71.50 CAD per boe WTI, the profit generated per boe would be $30.29 CAD. The main difference between pre- and post-transaction stems from the debt repayment and G&A expenses.

It is important to point out that part of the production is hedged at a lower price than our long-term estimates and this makes their economics a little less attractive. However, we view this impact as positive, acting as a premium for debt repayment security.

The company's transaction will be unlocking instant value for shareholders. While the company will be adding a non-negligible number of shares to the current dilution, the value created from the acquisition of the Oxbow assets will more than compensate for it.

Overall, we consider that Saturn Oil & Gas has crossed an important milestone with the Oxbow assets acquisition. After the deal the company should be producing over 7,500 boe/d, for the next 3 years, with a state-of-the-art operational infrastructure.

The company's debt/equity ratio is one of the healthier ones compared to its peers. The company should be generating important positive cash flow and will be constantly reinvesting both in new wells and in debt repayment, ensuring a constant oil production level while getting financially ready for the next transaction.

A launchpad for sustaining economic growth

This transaction is without saying, transformative for the company. Acquiring assets more than 20 times their own size will spark a new life for Saturn Oil & Gas, that we believe can be legitimately considered as a completely new company.

This transaction took time and devotion from the entire team to materialize. The company has been working on this deal since oil prices were under $45 CAD and during very uncertain times.

The most impressive accomplishment of the company is to have secured the acquisition of very profitable assets at a very favorable price and concurrently being able to hedge up to 85% of the new production. This will allow them to repay the financing debt within 2 years. This is key to unlock a new growth phase for the company, as it lets the company focus exclusively on their core values while maximizing oil production and lowering costs.

This transformative transaction will change the face of the company and allow Saturn to overcome a lot of the hardships Canadian oil companies have faced in the past, thus transitioning to a new and improved and highly profitable company.

With the same experienced management staff and a proven record of being one of the best operators in the region, we believe that this transaction unlocks a completely new era in the history of the company. **This transaction, in our opinion, is the launchpad of sustainable and economic growth.**

Saturn Oil & Gas has entered an important growth phase with the acquisition of the Oxbow assets. We believe these assets generate instant value for their shareholders.

Based on our post transaction valuation our target price is $0.46 CAD (previous target: $0.31) and therefor, our rating is: buy.

DCF-Model*

Saturn Oil and Gas" - Discounted Cashflow (DCF)

Value driver of the DCF - after the estimate phase:

consistency - Phase	
Sales growth rate	1,0%
EBITDA-Margin	35,0%
Depreciation of fixed assets	60,0%
Working Capital to Sales ratio	0,0%

final - Phase	
Eternal growth rate	2,0%
Eternal EBITDA-Margin	11,0%
Eternal effective tax rate	15,0%

Three phases Model:

Phase	**estimate**		**consistency**						**termi-nal**
in m CAD	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	Value
Sales	146,58	180,61	178,15	207,72	209,80	211,90	214,02	216,16	
Sales changes	1841,7%	23,2%	-1,4%	16,6%	1,0%	1,0%	1,0%	1,0%	2,0%
Sales of fixed assets	1,26	1,87	2,41	2,42	2,42	2,45	2,47	2,50	
EBITDA	102,96	117,44	112,25	140,38	73,43	74,16	74,91	75,66	
EBITDA-Margin	70,2%	65,0%	63,0%	67,6%	35,0%	35,0%	35,0%	35,0%	
E-BITA	77,96	89,94	82,00	96,02	21,97	22,19	22,93	23,68	
EBITA-Margin	53,2%	49,8%	46,0%	46,2%	10,5%	10,5%	10,7%	11,0%	11,0%
Taxes to EBITA	-11,69	-13,49	-12,30	-14,40	-3,30	-3,33	-3,44	-3,55	
Taxes to EBITA	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
EBI (NOPLAT)	66,26	76,45	69,70	81,62	18,68	18,86	19,49	20,13	
Return of captial	676,4%	75,2%	78,2%	110,4%	21,8%	21,8%	22,5%	23,2%	23,7%
Working Capital (WC)	-15,00	-7,50	0,00	0,00	0,00	0,00	0,00	0,00	
WC to Sales	-10,2%	-4,2%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	
Investment in WC	-16,89	-7,50	-7,50	0,00	0,00	0,00	0,00	0,00	
Operating fixed assets (OAV)	116,69	96,69	73,94	85,76	86,62	86,62	86,62	86,62	
Depreciation on OAV	-25,00	-27,50	-30,25	-44,36	-51,46	-51,97	-51,97	-51,97	
Depreciation on OAV	21,4%	28,4%	40,9%	60,0%	60,0%	60,0%	60,0%	60,0%	
Investment in OAV	-100,00	-7,50	-7,50	-56,19	-52,32	-51,97	-51,97	-51,97	
Capital employed	101,69	89,19	73,94	85,76	86,62	86,62	86,62	86,62	
EBITDA	102,96	117,44	112,25	140,38	73,43	74,16	74,91	75,66	
Taxes on EBITA	-11,69	-13,49	-12,30	-14,40	-3,30	-3,33	-3,44	-3,55	
Total Investment	-116,89	-15,00	-15,00	-56,19	-52,32	-51,97	-51,97	-51,97	
Investment in OAV	-100,00	-7,50	-7,50	-56,19	-52,32	-51,97	-51,97	-51,97	
Investment in WC	-16,89	-7,50	-7,50	0,00	0,00	0,00	0,00	0,00	
Investment in Goodwill	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
Free cash flow	-25,62	88,95	84,95	69,79	17,82	18,86	19,49	20,13	151,89

Value operating business (due date)	285,27	237,34
Net present value explicit free cash flow	225,96	169,50
Net present value of terminal value	59,31	67,84
Net debt	40,20	-40,00
Value of equity	245,07	277,34
Minority interests	0,00	0,00
Value of share capital	245,07	277,34
Outstanding shares in m	530,00	530,00
Fair Value per share in CAD	**0,46**	0,52

Cost of Capital:

Risk free rate	0,3%
Market risk premium	5,5%
Beta	2,57
Cost of Equity	14,4%
Target weight	95,0%
Cost of Debt	15,0%
Traget weight	5,0%
Taxshield	6,1%
WACC	**14,4%**

Return on capital	**WACC**				
	13,8%	**14,1%**	**14,4%**	**14,7%**	**15,0%**
23,2%	0,47	0,46	0,46	0,46	0,45
23,5%	0,47	0,47	0,46	0,46	0,45
23,7%	0,47	0,47	**0,46**	0,46	0,45
24,0%	0,47	0,47	0,46	0,46	0,45
24,2%	0,48	0,47	0,46	0,46	0,46

* Please note that the DCF-Model is shown in a german format.

ANNEX

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