Sproule

MOSAIC PRICE FILE - RELEASE NOTES

Enclosed within this .zip are files for Mosaic 2016 and prior. These files contain all tax, royalty, par/reference pricing, benchmark pricing and exchange rate information relevant to the most recent month end. It is important to load all four (4) decks for the associated forecast month.

These files also contain Alberta Modernized Royalty Framework (MRF) data. These files may be imported into either MRF or pre-MRF versions of the program.

If you encounter any difficulties, please do not hesitate to contact Sproule.

New This Month (2017-08-31):

Changes for this month's release include those made to incorporate updates to pricing, exchange rate assumptions and inflation as of August 31, 2017. Please note that these files now include pricing forecasts needed for the MRF and there are certain assumptions that have been made regarding the MRF pricing forecasts. These assumptions include forecasts of hydrocarbon par pricing for oil, natural gas, natural gas liquids and the C* Capital Cost Index (C* CCI). These values may require updating once the AER releases more clarifying details regarding the MRF calculations.

Price Forecast Adjustment Notice – August 31, 2017

Sproule has adjusted its August 31, 2017 price forecast as outlined in the table below:

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	WTI (USD/bbl)		Brent (USD/bbl)		Henry Hub (USD/MMBtu)		Edmonton Condensate Differential to WTI (USD/bbl)	
	July 31, 2017 Forecast	August 31, 2017 Forecast	July 31, 2017 Forecast	August 31, 2017 Forecast	July 31, 2017 Forecast	August 31, 2017 Forecast	July 31, 2017 Forecast	August 31, 2017 Forecast
2017	55.00	51.50	57.00	53.50	3.50	3.10	-2.00	0.00
2018	55.00	55.00	57.00	57.00	3.50	3.25	-3.00	-1.50
2019	65.00	65.00	67.00	67.00	3.50	3.50	-3.00	-3.00
2020	70.00	780.00	72.00	72.00	4.00	4.00	-3.00	-3.00

Sproule has adjusted our 2017 WTI and Brent forecasts to 51.50 and 53.50 USD/bbl respectively due to the expectation for sustained lower prices throughout the remainder of the year. On the gas side, we have revised our 2017 and 2018 Henry Hub price forecast down to $3.10US/MMBtu and $3.25US/MMBtu, respectively. Our anticipation of a prolonged gas price recovery is underpinned by a combination of high existing inventories, a decrease in US gas demand, and strong production from the Marcellus and Utica as well as high associated gas volumes from tight oil plays such as the Permian. Edmonton condensate prices have been strong in 2017 due to increased diluent demand. We have revised our forecast for the Edmonton Condensate differential to WTI to $0.00 US/bbl for the remainder of 2017, and -$1.50 US/bbl for 2018. Our long-term differential of -$3.00 US/bbl to WTI remains unchanged.

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