

VALUE NAVIGATOR PRICE FILE - RELEASE NOTES

Enclosed within this .zip are folders for Value Navigator versions 6.5 and greater. Within each folder is one price file that can be imported into the specified version of Value Navigator. This single price file contains all tax, royalty, par/reference pricing, benchmark pricing and exchange rate information relevant to the most recent month end.

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 (2021-09-30):

Changes for this month's release include those made to incorporate updates to pricing, exchange rate assumptions and inflation as of September 30, 2021. 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). The Alberta government has lowered the ACCI from 0.86 to 0.82 effective January 1, 2022 to adjust for declining drilling and completion costs over 2020. The ACCI is a multiplier in each of the Drilling and Completions C* calculation formulas. For more information, see the Alberta Energy Information Letter 2021-29. Alberta corporate tax rates have been adjusted to 8% effective July 1, 2020.

Note on Inflation:

The inputs for escalation in ValNav Decks have been revised to correctly calculate the annual step inflation increments we have represented in our pricing forecasts. The old inflation input method resulted in a monthly escalation of costs over the period, such that a 2% per annum, for example, was not reached until January of the following year.

Looking to our price forecast we have projected an increase in costs generally in the second year and this is based on inflation in the first year, which actually occurred incrementally over that first year. We should see the full increase in costs in the second year as forecast, not a gradual increase. To accomplish this, we have adjusted our inflation inputs to be applied as an annualized equivalent of the step inflation previously applied (prior to June 30, 2021 release). This adjustment to inflation inputs will result in less than 1% change to OPEX and CAPEX and minimal impact on NPV and reserve volumes.