

E&P - Canada

Q2/19 Preview: More Free Cash Flow

Bottom Line: We are expecting another relatively strong quarter for Canadian oil and gas producers due to the quarter-over-quarter improvement in commodity prices. The ongoing strength in crude oil prices should also translate to more surplus cash flow that can be used to reduce debt or fund share buybacks and dividend growth. Valuations for many Canadian oil and gas companies do not reflect the growing surplus cash positioned and we continue to recommend that investors increase exposure to companies with the most stable and predictable free cash flow streams.

Key Points

No surprises expected in Q2/19. The prior few quarters have been marred with commodity price volatility in the upstream and accounting gains/losses in the downstream; we are anticipating more predictable and steady results this quarter aside from higher-than-normal maintenance activity for select companies.

Stronger crude, weaker gas. Brent crude oil averaged US\$68.52/bbl in the quarter versus US\$63.68/bbl in the prior quarter and US\$74.97/bbl in the same period last year, while WTI averaged US\$59.96/bbl compared to US\$54.74/bbl in the prior quarter and US\$67.91/bbl in the same period last year. Maya heavy crude oil prices ticked up 6%, while Canadian heavy oil prices increased 8% with the WTI-WCS differential expanding by 18%. Natural gas prices softened in the U.S., decreasing 13% from their Q1/19 average of US\$2.88/mcf. In Canada, gas pricing was bearish with AECO decreasing 39% over the prior quarter and Station 2 prices were down 53%. U.S. refining margins were up 40% over the prior quarter and 4% over the same quarter last year, while Canadian margins rose 10% quarter-over-quarter and are down 5% versus Q2/18.

More surplus cash expected. Strength in crude oil prices should translate into high levels of free cash flow for Canadian crude oil producers. We estimate that the Canadian group should generate C\$4.1 billion in surplus cash flow in Q2/19 while Canadian Natural, Cenovus, and Suncor alone should produce C\$2.9 billion. We believe that valuations do not fully reflect the cash generating potential of the Canadian crude oil producers and investors should take a particular focus on the sector's free cash flow this quarter.

Oil & Gas - E&P

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What's Inside

Large Cap Q2/19 estimates. On average, we are expecting Canadian large cap cash flow to be up 4% relative to the prior year and 2% versus the prior quarter, while production estimates are anticipated to grow 2% y/y and decrease 1% q/q.

SMID Cap Q2/19 estimates. On average, we expect Canadian SMID cap cash flow to increase 8% relative to the prior year and decrease 1% versus the previous quarter, while production estimates are anticipated to rise 7% y/y and 1% q/q.

BMO Top 15 List Member

Canadian Natural Res. (CNQ-TSX) - Cdn Large Cap
Enerplus (ERF-TSX) - Cdn Quantitative Stock
Husky Energy (HSE-TSX) - Cdn Quantitative Stock



BMO Top 15 List

Q2/19 Preview

Benchmark crude oil prices trended higher in the second quarter despite rising U.S. crude oil inventories but remained volatile due to geopolitical factors that impacted supply (OPEC+ production cuts, U.S. sanctions on Venezuela and Iran) and demand (trade dispute between China and the U.S.). Brent crude oil averaged US\$68.52/bbl in the quarter versus US\$63.68/bbl in the first quarter and US\$74.97/bbl in the same period last year, while WTI averaged US\$59.96/bbl compared to US\$54.74/bbl in the prior quarter and US\$67.91/bbl in the same period last year. Maya heavy crude oil prices ticked up 6%, while Canadian heavy oil prices increased 8% with the WTI-WCS differential expanding by 18%. Natural gas prices softened in the U.S., decreasing 13% from their Q1/19 average of US\$2.88/mcf. In Canada, gas pricing was bearish with AECO decreasing 39% over the prior quarter and Station 2 prices were down 53%. U.S. refining margins were up 40% over the prior quarter and 4% over the same quarter last year, while Canadian margins rose 10% quarter-over-quarter and were down 5% versus Q2/18.

Exhibit 1: Q2/19 Commodity Prices

	Q2/18	Q1/19	Q2/19	Y-o-Y	Q-o-Q
West Texas Intermediate (\$/bbl)	67.91	54.74	59.96	-12%	10%
Brent (\$/bbl)	74.97	63.68	68.52	-9%	8%
Permian (\$/bbl)	59.94	53.50	57.74	-4%	8%
Bakken (\$/bbl)	67.62	54.98	58.85	-13%	7%
Maya (\$/bbl)	62.05	58.74	62.02	0%	6%
Canadian Par Crude (C\$/bbl)	81.38	59.90	71.14	-13%	19%
Synthetic Oil (C\$/bbl)	84.09	71.94	80.27	-5%	12%
Western Canada Select (C\$/bbl)	64.47	58.69	63.40	-2%	8%
WTI-WCS Differential (\$/bbl)	17.95	10.60	12.56	-30%	18%
Bitumen (C\$/bbl)	53.54	52.98	57.40	7%	8%
Condensate (C\$/bbl)	86.47	68.51	73.89	-15%	8%
NYMEX Gas (\$/mcf)	2.83	2.88	2.51	-11%	-13%
AECO Gas (C\$/mcf)	1.09	1.67	1.01	-7%	-39%
Station 2 (C\$/mcf)	1.08	1.30	0.61	-44%	-53%
US\$/C\$ Exchange Rate	0.77	0.75	0.75	-4%	-1%
Cdn Refining Margin (C\$/bbl)	52.78	45.81	50.36	-5%	10%
US Refining Margin (\$/bbl)	19.33	14.38	20.16	4%	40%

Source: BMO Capital Markets, Bloomberg

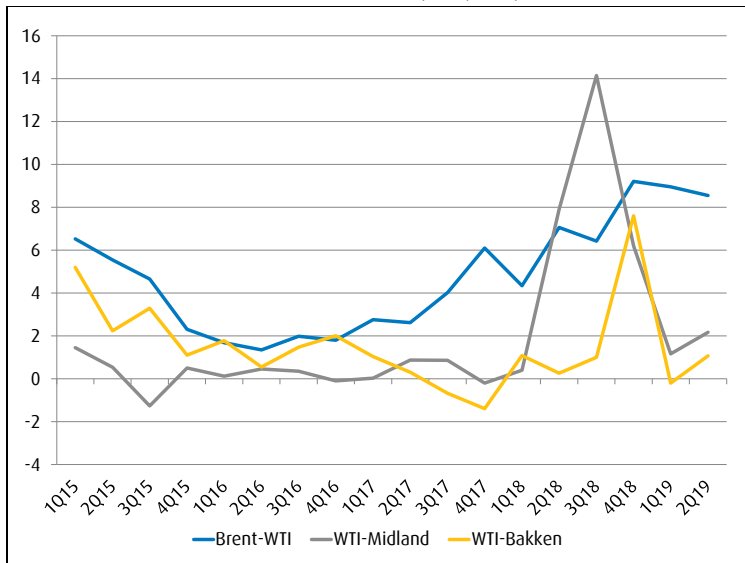
What to Watch For

Strong Oil Price Realizations

Second quarter results should be relatively strong reflecting higher quarter-over-quarter crude oil prices. Brent and WTI prices increased 8% and 10% over the prior quarter, respectively. Canadian crude oil prices also increased this quarter, with Canadian light oil increasing 19%, Canadian heavy oil rising 8%, and synthetic crude oil increasing 12% compared to the previous quarter. Canadian crude oil prices continue to benefit from the government of Alberta's curtailment program, which we expect to remain in place into 2020 due to the delay to the in-service date for Enbridge's Line 3 replacement.

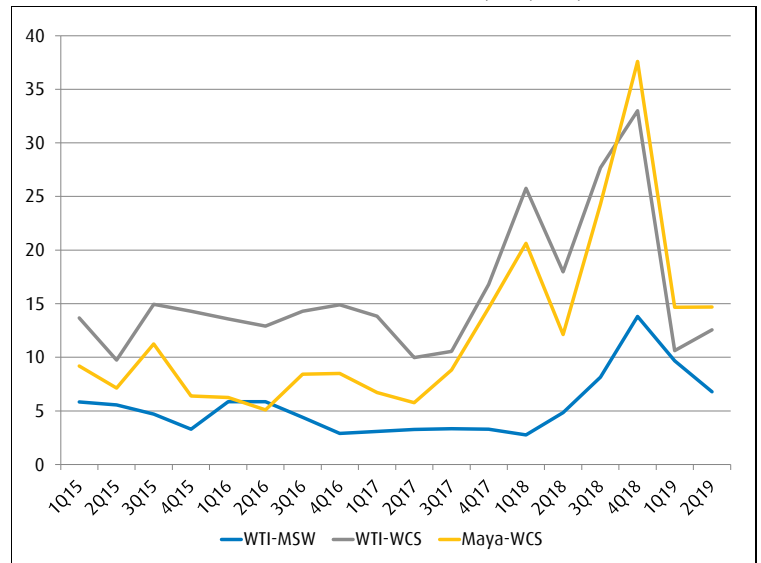
Location and quality differentials were relatively flat in Q2/19 compared to the prior quarter. In the U.S., the WTI-Midland and WTI-Bakken differentials increased slightly on the back of rising supply, as shown in Exhibit 2. In Canada, WTI-MSW light oil differentials narrowed from their Q1/19 levels while the WTI-WCS differential increased slightly. We continue to expect the Maya-WCS spread to widen toward the cost of rail to the U.S. Gulf Coast, which we estimate at around US\$20/bbl.

Exhibit 2: U.S. Oil Market Differentials (US\$/bbl)



Source: Bloomberg, BMO Capital Markets

Exhibit 3: Canadian Oil Market Differentials (US\$/bbl)

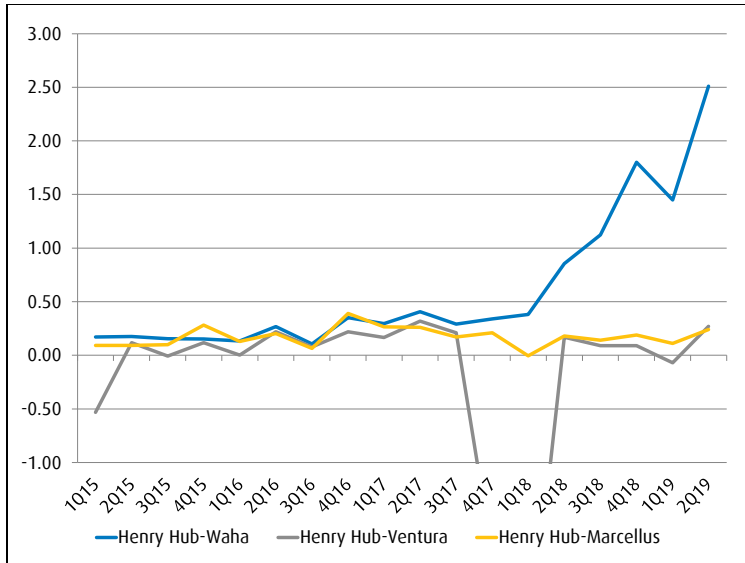


Source: Bloomberg, BMO Capital Markets

With Canadian and U.S. benchmark crack spreads increasing over the prior quarter, we expect downstream results to be stronger, all else equal. Unfortunately for Canadian integrated companies, all else was not equal and this quarter was particularly busy with maintenance and scheduled turnarounds. As a result, while we expect companies with refining operations to benefit from wider crack spreads, we forecast that turnaround activity will push per barrel operating costs higher and reduce overall cash flow. Relative to the prior quarter, we are expecting fairly consistent cash flow as lower throughput and maintenance costs are likely to offset stronger crack spreads. Last quarter saw strong First-In-First-Out (FIFO) accounting gains for Suncor, Cenovus, and Husky which we don't expect to repeat in Q2/19.

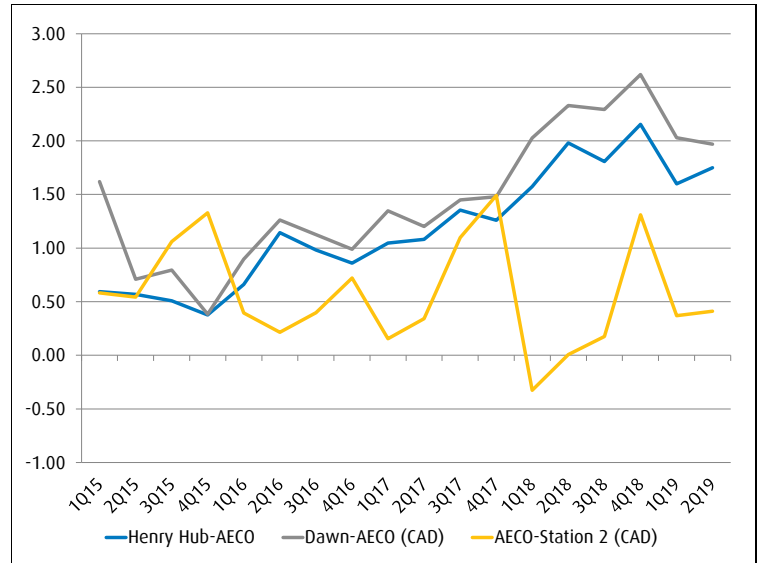
Henry Hub natural gas prices decreased in Q2/19 with rising supply from associated shale gas production and inventories moving back towards the 5-year average. In the U.S., we expect Henry Hub natural gas prices to remain range-bound for the next few years as strong growth in production from the Appalachia, Permian, and Haynesville keeps up with pipeline expansions. The outlook for Canadian gas remains weak given ongoing pipeline maintenance on the TransCanada NOVA system and relatively robust supply. Our AECO outlook may improve modestly if a producer proposal that would allow companies to shut-in production during pipeline maintenance periods in exchange for royalty credits is implemented; however, while this should reduce volatility in daily prices we do not think the forward curve will materially change as the supply/demand dynamics in Western Canada remain unchanged. Similar to last quarter, we believe that there will be a significant divergence in realized prices across natural gas producers depending on hedging strategies and firm transportation to stronger markets linked to U.S. pricing.

Exhibit 4: U.S. Gas Market Differentials (US\$/Mcf)



Source: Bloomberg, BMO Capital Markets

Exhibit 5: Canadian Gas Market Differentials (US\$/Mcf)



Source: Bloomberg, BMO Capital Markets

Rising Free Cash Flow

The strength in crude oil prices should translate into high levels of free cash flow for Canadian crude oil producers. In the first quarter the Canadian group delivered C\$2.6 billion in surplus cash flow. Three companies (Canadian Natural, Cenovus, and Suncor) generated approximately C\$2.6 billion, while the majority of the other companies generated little or no surplus cash. Impressive as that was, we believe that the second quarter should be even better given improved prices. We estimate that the Canadian group should generate C\$4.1 billion in surplus cash flow in Q2/19 while Canadian Natural, Cenovus, and Suncor alone should produce C\$2.9 billion. We believe that valuations do not fully reflect the cash generating potential of the Canadian crude oil producers and investors should take a particular focus on the sector's free cash flow this quarter.

Exhibit 6: Surplus Cash Flow Outlook

Company	Q2/19E			Surplus Cash Flow		
	Cash Flow	Dividend	Capex	Q2/19E	YTD	2019E
ARC Resources	164	53	152	(42)	(121)	(209)
Canadian Natural	2,607	443	927	1,237	2,097	4,221
Crescent Point	486	5	200	280	394	567
Cenovus	1,088	61	310	717	1,387	2,571
Husky Energy	871	136	857	(122)	(109)	(233)
Imperial Oil	1,203	169	444	589	619	1,586
Peyto	81	10	25	46	70	136
PrairieSky	56	46	-	11	23	39
Seven Generations	341	-	340	1	(61)	105
Suncor	3,021	658	1,398	965	1,985	3,615
Tourmaline	265	33	205	27	35	73
Vermilion	228	101	104	24	(23)	4
Whitecap	171	35	45	91	97	66
Total Large Cap	10,580	1,749	5,006	3,825	6,393	12,544
Advantage	33	-	20	13	6	(27)
Athabasca	48	-	33	15	25	70
Birchcliff Energy	68	9	66	(7)	8	99
Bonterra	26	1	15	10	12	22
Bonavista	43	-	23	20	35	64
Baytex	222	-	115	107	174	211
Cardinal	32	3	5	24	38	33
Crew	20	-	15	5	(24)	(14)
Delphi	14	-	6	8	(2)	14
Enerplus	183	7	220	(44)	(43)	69
Freehold	30	19	1	11	22	38
Kelt Exploration	48	-	80	(32)	(86)	(59)
MEG Energy	213	-	54	159	214	442
NuVista	69	-	70	(1)	(26)	1
Pengrowth	35	-	11	24	47	71
Pipestone	(3)	-	45	(48)	(106)	(156)
Paramount	54	-	120	(66)	(72)	(68)
Painted Pony	12	-	10	2	12	5
Obsidian	34	-	15	19	13	10
Surge	45	8	20	17	8	(3)
TORC Oil & Gas	82	11	35	36	48	76
Tamarack Valley	61	-	20	41	28	52
Total SMID Cap	1,371	58	999	314	331	950
Total CAD Universe	11,951	1,807	6,005	4,139	6,723	13,494

Source: BMO Capital Markets, Company Reports

Estimate Revisions

We are revising our company financial estimates to reflect discussions with management teams and our expectations for second quarter results. For the Large Cap group, we are reducing our earnings estimates 5% in 2019 and 6% in 2020. Similarly, our cash flow estimates are decreasing 1% in 2019 and 2% in 2020.

Exhibit 7: Large Cap Estimate Revisions

Ticker	Analyst	Rating	Price		EPS (New)		EPS (Old)		% Change		CFPS (New)		CFPS (Old)		% Change		
			Jul-16	Target	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
ARC Resources	ARX	RO	OP	6.58	10.00	0.02	0.24	0.03	0.44	-41%	-44%	1.99	2.11	2.01	2.36	-1%	-11%
Canadian Natural	CNQ	RO	OP	35.25	45.00	2.97	2.32	3.17	2.45	-6%	-5%	8.26	8.74	8.43	8.92	-2%	-2%
Crescent Point	CPG	RK	Mkt	4.09	5.50	0.48	0.62	0.45	0.62	7%	0%	3.44	3.33	3.40	3.33	1%	0%
Cenovus	CVE	RO	OP	12.33	15.00	0.97	1.16	0.97	1.16	0%	0%	3.32	3.24	3.33	3.13	0%	4%
Encana	ECA	RO	R	4.65	R	R	R	R	R	R	R	R	R	R	R	R	R
Husky Energy	HSE	RO	Mkt	11.80	15.00	0.85	1.11	1.01	1.17	-15%	-5%	3.85	4.20	4.08	4.29	-6%	-2%
Imperial Oil	IMO	RO	Mkt	37.01	42.00	2.99	3.17	3.10	3.12	-4%	2%	5.24	5.65	5.36	5.57	-2%	2%
Peyto	PEY	RO	Mkt	4.25	5.00	0.37	0.58	0.38	0.55	-1%	6%	2.17	2.51	2.19	2.39	-1%	5%
PrairieSky	PSK	RK	OP	18.71	23.00	0.37	0.35	0.37	0.36	-2%	-4%	0.95	0.95	0.96	0.97	-1%	-2%
Seven Generations	VII	RK	Mkt	6.64	9.50	0.80	1.00	0.84	1.10	-4%	-10%	3.81	3.76	3.86	3.95	-1%	-5%
Suncor	SU	RO	OP	41.27	58.00	3.18	3.45	3.12	3.34	2%	3%	7.23	7.93	7.13	7.81	1%	2%
Tourmaline	TOU	RO	OP	17.52	21.00	1.10	1.43	1.28	1.91	-14%	-25%	4.94	5.28	5.19	5.94	-5%	-11%
Vermilion	VET	RK	Mkt	28.21	35.00	0.57	0.55	0.60	0.56	-6%	-2%	6.08	6.16	6.18	6.20	-2%	-1%
Whitecap	WCP	RK	OP	4.24	7.00	0.10	0.40	0.08	0.40	16%	1%	1.57	1.80	1.55	1.79	1%	0%
CAD Large Cap										-5%	-6%					-1%	-2%

Source: BMO Capital Markets

RO = Randy Ollenberger, RK = Ray Kwan

For the SMID Cap group, we are increasing our earnings estimates 2% in 2019 and reducing them by 7% in 2020. Our cash flow estimates are down 1% in 2019 and 2% in 2020.

Exhibit 8: SMID Cap Estimate Revisions

	Ticker	Analyst	Rating	Price		EPS (New)		EPS (Old)		% Change		CFPS (New)		CFPS (Old)		% Change	
				Jul-16	Target	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Advantage	AAV	RO	Mkt	1.71	2.25	0.05	0.19	0.07	0.29	-32%	-35%	0.87	1.03	0.91	1.17	-5%	-12%
Athabasca	ATH	RO	Mkt	0.74	0.85	(0.02)	(0.11)	(0.01)	(0.11)	nm	nm	0.33	0.25	0.35	0.25	-4%	0%
Birchcliff Energy	BIR	RO	Mkt	2.84	3.25	0.23	0.34	0.26	0.34	-12%	0%	1.28	1.29	1.32	1.30	-3%	0%
Bonterra	BNE	RK	Und	5.14	5.50	0.03	0.05	(0.00)	0.06	nm	-13%	2.78	2.92	2.76	2.97	1%	-1%
Bonavista	BNP	MM	Mkt	0.44	0.65	(0.25)	(0.07)	(0.23)	(0.07)	nm	nm	0.73	0.77	0.77	0.77	-4%	0%
Baytex	BTE	RK	Mkt	1.87	2.75	0.12	(0.00)	0.11	(0.00)	14%	nm	1.49	1.28	1.47	1.28	1%	0%
Cardinal	CJ	RK	OP	2.37	3.50	(0.09)	0.07	(0.09)	0.07	nm	-10%	0.95	0.96	0.96	0.98	-1%	-2%
Crew	CR	MM	OP	0.76	1.50	0.03	0.06	0.03	0.06	12%	1%	0.56	0.64	0.56	0.64	0%	0%
Delphi	DEE	MM	Mkt(S)	0.19	0.20	(0.05)	0.04	(0.05)	0.04	nm	0%	0.28	0.25	0.28	0.25	-1%	0%
Enerplus	ERF	RK	OP	9.17	16.00	0.81	1.16	0.76	1.12	7%	4%	2.89	3.30	2.83	3.23	2%	2%
Freehold	FRU	RK	Mkt	8.14	9.50	0.10	0.25	0.08	0.24	19%	3%	0.97	1.01	0.94	0.99	3%	2%
Kelt Exploration	KEL	RK	OP	3.85	7.50	0.08	0.34	0.13	0.36	-40%	-6%	1.07	1.57	1.17	1.65	-9%	-5%
MEG Energy	MEG	RO	Mkt	5.39	6.00	0.34	0.21	0.28	0.22	21%	-4%	2.36	1.94	2.28	1.96	3%	-1%
NuVista	NVA	RK	OP	2.73	5.50	0.06	0.38	0.11	0.39	-42%	-3%	1.38	1.62	1.43	1.65	-4%	-2%
Pengrowth	PGF	RK	Mkt(S)	0.48	0.60	(0.10)	(0.08)	(0.10)	(0.08)	nm	nm	0.18	0.16	0.18	0.18	-2%	-13%
Pipestone	PIPE	MM	OP	1.16	2.50	(0.05)	0.14	(0.05)	0.14	nm	0%	(0.00)	0.57	(0.00)	0.57	nm	0%
Paramount	POU	RK	Mkt	7.20	9.00	(1.70)	0.05	(1.60)	0.16	nm	-71%	2.45	3.08	2.60	3.24	-5%	-5%
Painted Pony	PONY	MM	Mkt	0.89	1.25	(0.11)	0.02	(0.12)	0.02	nm	0%	0.59	0.63	0.59	0.63	0%	0%
Obsidian	OBE	RK	Und	1.30	1.50	(2.19)	(1.62)	(2.14)	(1.48)	nm	nm	1.90	2.07	1.95	2.20	-3%	-6%
Surge	SGY	RK	OP	1.22	1.75	0.03	0.05	0.02	0.05	37%	0%	0.53	0.52	0.52	0.52	2%	0%
TORC Oil & Gas	TOG	RK	OP	4.11	6.50	0.13	0.16	0.13	0.16	3%	0%	1.36	1.37	1.35	1.37	0%	0%
Tamarack Valley	TVE	RK	OP	2.05	3.25	0.09	0.15	0.07	0.12	30%	21%	0.99	1.05	0.99	1.06	-1%	-1%
CAD SMID Cap										2%	-7%					-1%	-2%

Source: BMO Capital Markets

RO = Randy Ollenberger, RK = Ray Kwan, MM = Mike Murphy

Q2 Estimate Preview

Canadian Integrations

Exhibit 9 provides our second quarter production estimates for the Canadian Integrations. We expect production for the group to be up 4% year-over-year and flat quarter-over-quarter as lower mandated production cuts are anticipated to be offset by higher levels on maintenance activity. Suncor is expected to show the largest year-over-year increase as Fort Hills production has ramped up.

Exhibit 9: Integrations Estimated Upstream Production (boe/d)

	Q2/18		Q1/19		Q2/19E		Y-o-Y	Q-o-Q	BMO vs Street
	BMO	Street	BMO	Street	BMO	Street			
Cenovus	518,586	447,316	448,331	444,500	-14%	0%	1%		
Husky	295,533	285,233	275,163	279,513	-7%	-4%	-2%		
Imperial	336,333	388,167	383,637	379,750	14%	-1%	1%		
Suncor	661,700	764,300	779,581	773,613	18%	2%	1%		
Total	1,812,152	1,885,016	1,886,713	1,877,376	4%	0%	0%		

Source: BMO Capital Markets, Company Reports, Bloomberg

We expect upstream cash flow for the group to be up 35% year-over-year and materially higher quarter-over-quarter driven by improved commodity prices. Cenovus is likely to see the largest year-over-year increase now that their lower oil priced hedges have rolled off, while Husky is anticipated to post weaker year-over-year results as a result of higher maintenance this quarter.

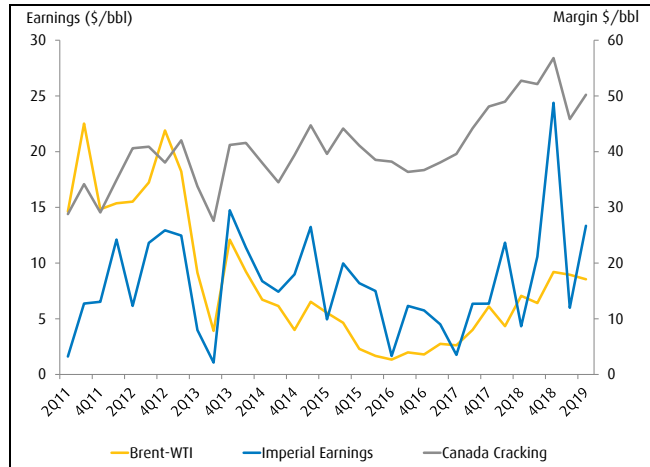
Exhibit 10: Integrations Estimated Upstream Results (C\$million)

	Q2/18		Q1/19		Q2/19E		Y-o-Y	Q-o-Q	BMO vs Street
	BMO	Street	BMO	Street	BMO	Street			
Cenovus	550.0	930.0	959.2	na	74%	3%	na		
Husky	808.0	586.0	734.1	na	-9%	25%	na		
Imperial	(10.0)	280.0	501.9	na	nm	nm	na		
Suncor	1,991.0	1,886.0	2,313.5	na	16%	23%	na		
Total	3,339.0	3,682.0	4,508.8		35%	17%	na		

Source: BMO Capital Markets, Company Reports, Bloomberg

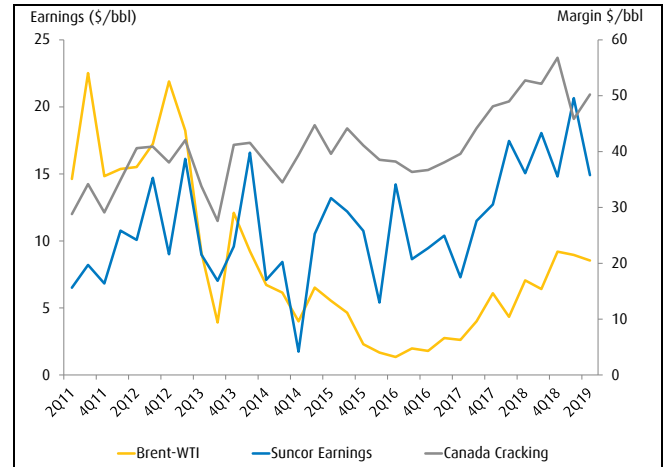
Exhibits 11 through 14 illustrate the correlation between typical refining margins and downstream results for the Canadian Integrated companies. Imperial's downstream earnings performance has been reasonably well correlated with the Brent-WTI spread while Suncor's earnings have been more correlated with average Canadian cracking margins. Husky's earnings typically trend in line with the Brent-WTI spread. The majority of Cenovus's downstream earnings and cash flow are delivered by their U.S. refining assets. As illustrated, historical earnings performance has been loosely correlated with the average U.S. Midwest coking margin and Cenovus's performance has been very volatile.

Exhibit 11: CDN Cracking Margin vs Downstream Earnings (US\$/bbl)



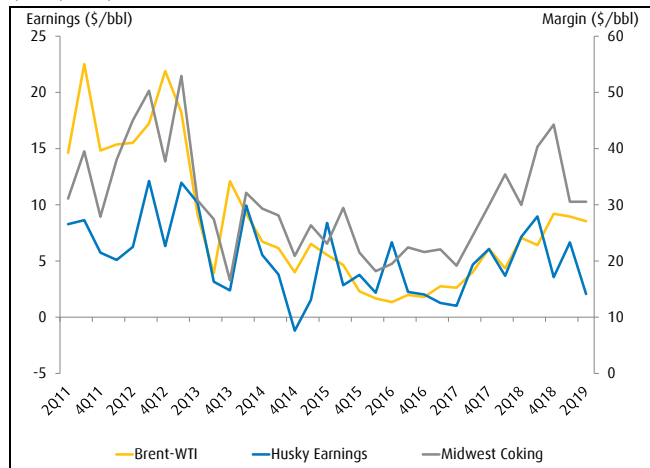
Source: BMO Capital Markets, Company Reports

Exhibit 12: CDN Cracking Margin vs Downstream Earnings (US\$/bbl)



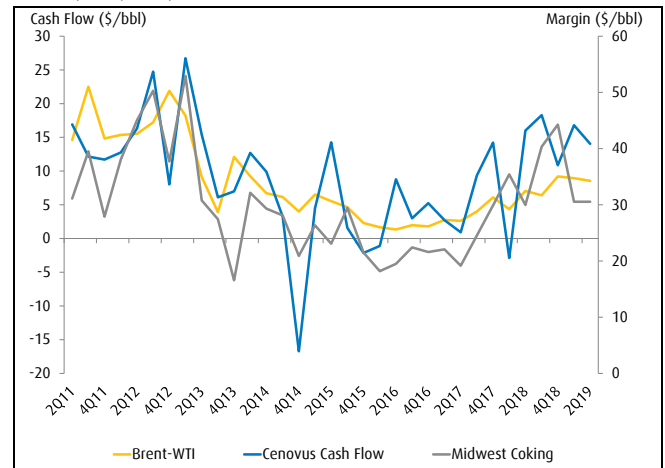
Source: BMO Capital Markets, Company Reports

Exhibit 13: Midwest Coking Margin vs Downstream Earnings (US\$/bbl)



Source: BMO Capital Markets, Company Reports

Exhibit 14: Midwest Coking Margin vs Downstream Cash Flow (US\$/bbl)



Source: BMO Capital Markets, Company Reports

We expect downstream results to be lower year-over-year as Canadian crack spreads decreased and higher maintenance levels reduced throughput. Over the prior quarter, crack spreads have widened in Canada and the U.S. though maintenance will impact throughput levels and push operating costs higher. Companies will not receive a similar FIFO gain to Q1/19.

Exhibit 15: Integrations Estimated Downstream Results (C\$million)

	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs
			BMO	Street			Street
Cenovus	357.0	304.0	307.3	na	-14%	1%	na
Husky	432.0	454.0	265.7	na	-39%	-41%	na
Imperial	776.0	732.0	669.4	na	-14%	-9%	na
Suncor	884.0	1,253.0	913.0	na	3%	-27%	na
Total	2,449.0	2,743.0	2,155.3		-12%	-21%	na

Source: BMO Capital Markets, Company Reports

Exhibit 16 provides our consolidated earnings estimates for the Canadian Integrated Oils. We expect earnings for the group to be up year-over-year and quarter-over-quarter driven by stronger realized pricing in the upstream and improved crack spreads. As mentioned prior, higher levels of maintenance and turnaround activity will act to moderate results.

Exhibit 16: Integrateds Consolidated Earnings Estimates (C\$/share)

	Analyst	Date	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs
					BMO	Street			Street
Cenovus	RO	25-Jul	(0.33)	0.06	0.37	0.34	nm	nm	8%
Husky	RO	25-Jul	0.47	0.30	0.18	0.32	-62%	-40%	-43%
Imperial	RO	2-Aug	0.24	0.38	0.95	0.84	299%	154%	13%
Suncor	RO	24-Jul	0.73	0.76	0.88	0.86	21%	15%	2%
Average							86%	43%	-5%

Source: BMO Capital Markets, Company Reports
RO = Randy Ollenberger, BMO Nesbitt Burns Inc.

Senior Producers

Exhibit 17 provides our Q2 production forecasts for the Seniors group. We expect overall production to be down 1% quarter-over-quarter and up 1% year-over-year.

Exhibit 17: Senior Producers Production Estimates (boe/d)

	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs
			BMO	Street			Street
ARC Resources	127,879	139,054	132,074	132,235	3%	-5%	0%
Canadian Natural	1,050,399	1,035,179	1,033,692	1,039,961	-2%	0%	-1%
Crescent Point	181,818	175,955	171,880	171,592	-5%	-2%	0%
Peyto	91,547	87,704	82,061	84,204	-10%	-6%	-3%
PrairieSky	22,944	22,007	22,113	22,498	-4%	0%	-2%
Seven Generations	187,100	197,400	198,604	197,500	6%	1%	1%
Tourmaline	260,930	293,434	287,015	290,109	10%	-2%	-1%
Vermilion	80,625	103,404	104,039	103,774	29%	1%	0%
Whitecap	75,813	70,666	68,816	68,748	-9%	-3%	0%
Total	2,079,052	2,124,801	2,100,295	2,110,621	1%	-1%	0%

Source: BMO Capital Markets, Company Reports

Exhibit 18 provides our cash flow estimates for the Seniors group. We are expecting cash flow to be down 7% relative to the prior quarter and 10% versus the prior year.

Exhibit 18: Senior Producers Cash Flow Estimates (\$/share)

	Analyst	Date	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs
					BMO	Street			Street
ARC Resources	RO	1-Aug	0.58	0.53	0.46	0.46	-20%	-13%	0%
Canadian Natural	RO	1-Aug	2.18	1.84	2.19	2.18	1%	19%	0%
Crescent Point	RK	25-Jul	0.91	0.93	0.88	0.88	-3%	-5%	1%
Peyto	RO	7-Aug	0.70	0.63	0.49	0.52	-30%	-22%	-6%
PrairieSky	RK	22-Jul	0.26	0.25	0.24	0.25	-9%	-2%	-3%
Seven Generations	RK	31-Jul	1.19	0.95	0.96	0.96	-20%	1%	-1%
Tourmaline	RO	31-Jul	1.00	1.54	0.97	1.02	-3%	-37%	-5%
Vermilion	RK	29-Jul	1.45	1.64	1.49	1.57	2%	-9%	-5%
Whitecap	RK	1-Aug	0.47	0.39	0.41	0.40	-13%	6%	2%
Average							-10%	-7%	-2%

Source: BMO Capital Markets, Company Reports

Note: RO = Randy Ollenberger, BMO Nesbitt Burns Inc. RK = Ray Kwan, BMO Nesbitt Burns Inc.

Small and Midcap Producers

Exhibit 19 provides our production forecasts for the Small and Midcap Producers group. We expect production will be up 7% versus the same period last year and 1% sequentially.

Exhibit 19: SMID Producers Production Estimates (boe/d)

	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs Street
			BMO	Street			
Advantage	35,352	44,900	43,000	43,000	22%	-4%	0%
Athabasca	37,658	39,206	35,020	36,100	-7%	-11%	-3%
Birchcliff Energy	76,296	74,884	75,373	75,450	-1%	1%	0%
Bonterra	13,946	12,020	12,808	12,676	-8%	7%	1%
Bonavista	68,214	66,937	63,005	62,470	-8%	-6%	1%
Baytex	70,664	101,115	96,072	96,367	36%	-5%	0%
Cardinal	20,882	20,407	20,364	20,410	-2%	0%	0%
Crew	23,583	23,222	22,534	22,658	-4%	-3%	-1%
Delphi	10,623	8,759	9,200	9,605	-13%	5%	-4%
Enerplus	92,883	88,583	98,899	98,011	6%	12%	1%
Freehold	11,721	10,627	10,485	10,499	-11%	-1%	0%
Kelt Exploration	26,121	27,057	30,311	31,225	16%	12%	-3%
MEG Energy	71,325	87,113	96,000	90,682	35%	10%	6%
NuVista	36,035	43,834	50,135	49,874	39%	14%	1%
Obsidian	28,697	27,651	26,925	26,931	-6%	-3%	0%
Pengrowth	22,600	22,764	22,903	22,259	1%	1%	3%
Pipestone Energy	-	152	1,247	1,500	na	720%	-17%
Painted Pony	60,116	54,383	50,498	54,800	-16%	-7%	-8%
Paramount	86,741	81,296	81,479	80,900	-6%	0%	1%
Surge	17,072	21,630	21,747	21,676	27%	1%	0%
TORC Oil & Gas	23,059	28,267	28,244	28,265	22%	0%	0%
Tamarack Valley	23,853	23,149	24,019	23,936	1%	4%	0%
Total	857,440	907,955	920,268	919,294	7%	1%	0%

Source: BMO Capital Markets, Company Reports

Exhibit 20 provides our cash flow estimates for the Small and Midcap Producers group. On average, we expect cash flow to increase 8% year-over-year and decrease 1% quarter-over-quarter.

Exhibit 20: SMID Producers Cash Flow Estimates (\$/share)

	Analyst	Date	Q2/18	Q1/19	Q2/19E		Y-o-Y	Q-o-Q	BMO vs Street
					BMO	Street			
Advantage	RO	1-Aug	0.12	0.26	0.18	0.19	43%	-32%	-5%
Athabasca	RO	31-Jul	0.05	0.08	0.09	0.09	88%	18%	3%
Birchcliff Energy	RO	14-Aug	0.27	0.44	0.26	0.33	-5%	-41%	-23%
Bonterra	RK	8-Aug	1.13	0.73	0.78	0.82	-31%	7%	-5%
Bonavista	MM	1-Aug	0.25	0.22	0.16	0.16	-34%	-25%	2%
Baytex	RK	1-Aug	0.45	0.40	0.40	0.41	-12%	1%	-3%
Cardinal	RK	30-Jul	0.24	0.25	0.28	0.27	16%	9%	1%
Crew	MM	1-Aug	0.14	0.17	0.13	0.15	-8%	-22%	-11%
Delphi	MM	7-Aug	0.08	0.07	0.07	0.07	-6%	11%	2%
Enerplus	RK	9-Aug	0.69	0.70	0.76	0.74	9%	8%	2%
Freehold	RK	1-Aug	0.29	0.25	0.26	0.26	-12%	3%	-1%
Kelt Exploration	RK	8-Aug	0.25	0.28	0.24	0.27	-7%	-15%	-12%
MEG Energy	RO	31-Jul	0.06	0.51	0.72	0.65	nm	42%	11%
NuVista	RK	6-Aug	0.40	0.32	0.31	0.31	-23%	-4%	-2%
Obsidian	RK	1-Aug	0.50	0.50	0.47	0.46	-6%	-5%	3%
Pengrowth	RK	8-Aug	0.02	0.03	0.06	0.05	244%	117%	25%
Pipestone Energy	MM	8-Aug	0.00	(0.05)	(0.02)	(0.01)	nm	nm	nm
Painted Pony	MM	31-Jul	0.23	0.27	0.07	0.11	-70%	-74%	-36%
Paramount	RK	8-Aug	0.47	0.77	0.41	0.47	-12%	-46%	-11%
Surge	RK	8-Aug	0.16	0.14	0.14	0.15	-13%	6%	-7%
TORC Oil & Gas	RK	31-Jul	0.38	0.34	0.37	0.37	0%	9%	1%
Tamarack Valley	RK	8-Aug	0.26	0.25	0.26	0.26	1%	4%	1%
Average							8%	-1%	-3%

Source: BMO Capital Markets, Company Reports

Note: RO = Randy Ollenberger, BMO Nesbitt Burns Inc. RK = Ray Kwan, BMO Nesbitt Burns Inc. MM = Mike Murphy, BMO Nesbitt Burns Inc.

Advantage Oil and Gas (AAV-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. All our estimates are in line with consensus.

The Catalysts. Improving liquids yields will be a primary driver as the company strives to become less gas-weighted. Advantage's current strategy will focus on development of its liquids-rich Montney resources at east Glacier, Valhalla, and Pipestone/Wembley. Well results will continue to be the main operational catalyst for the company, while market diversification would provide the company with another catalyst.

The Outlook. The company's balance sheet remains conservatively leveraged with D/CF of only 1.7x in 2019. Our outlook on Advantage improves linearly with reductions in Alberta gas market exposure, which may include financial hedges, increased liquids yields, or securing ex-Alberta egress for its gas. We maintain our Market Perform rating and C\$2.25 target price.

Exhibit 21: Advantage Estimates vs Consensus

Advantage	AAV						2018	2019	2020
Price: Jul-16	\$1.71					EV/EBITDA	3.4x	3.4x	3.1x
Market Cap (\$Billion):	\$0.3					Production Growth	5.9%	7.4%	6.1%
BMO Rating:	Market Perform					Production Per Share	6.0%	7.4%	6.1%
BMO Price Target:	\$2.25					D/CF	1.5x	1.7x	1.6x
						Reinvestment Rate	126.4%	116.9%	117.5%
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	43,000	43,000	0	44,749	45,000	(251)	47,493	46,950	543
Gas Production (Mmcf/d)	242.5	242.5	0	251.2	251.7	(0.5)	242.4	241.3	1.1
Liquids Production (Bbl/d)	2,580	2,583	(3)	2,888	3,056	(167)	7,087	6,728	359
Capex (\$mm)	20	19	1	189	186	3	225	219	6
EBITDA (\$mm)	36	106	(70)	176	177	(0)	205	216	(11)
CFPS	0.18	0.19	(0.01)	0.87	0.89	(0.02)	1.03	1.11	(0.08)
EPS	0.01	0.01	(0.00)	0.05	0.05	0.00	0.19	0.25	(0.06)

Source: BMO Capital Markets, Bloomberg

ARC Resources (ARX-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. All of our estimates are relatively in line with consensus.

The Catalysts. ARC Resources continues to develop its Montney natural gas assets at a measured pace as it awaits pipeline infrastructure. We expect investors to focus on the company's Q2 price realizations and the timing of future growth. Despite the company's strong hedging program, we would expect discrepancies in analyst estimates to stem from realized pricing.

The Outlook. We believe that the company is well positioned relative to many of its natural gas leveraged peers given its strong balance sheet, sustainable dividend, sales market diversity and higher margin asset portfolio; however, we expect ongoing weakness in western Canadian natural gas prices could continue to limit upside over the next 12-months. We maintain our Outperform rating and C\$10.00 target price.

Exhibit 22: ARC Resources Estimates vs Consensus

ARC Resources		ARX				2018	2019	2020		
Price: Jul-16		\$6.58				EV/EBITDA	3.4x	5.1x	4.1x	
Market Cap (\$Billion):		\$2.3				Production Growth	8.0%	4.9%	10.9%	
BMO Rating:		Outperform				Production Per Share	8.0%	4.9%	10.9%	
BMO Price Target:		\$10.00				D/CF	0.7x	1.2x	1.2x	
						Reinvestment Rate	83.1%	99.5%	78.7%	
BMO vs Consensus		2Q19			2019			2020		
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)		132,074	132,235	(161)	139,289	139,000	289	154,434	154,404	30
Gas Production (Mmcf/d)		596.1	598.1	(2)	630.8	625.9	4.9	698.0	687.9	10.1
Liquids Production (Bbl/d)		32,716	32,552	165	34,158	34,683	(525)	38,095	39,754	(1,659)
Capex (\$mm)		152	154	(1)	700	717	(17)	587	612	(25)
EBITDA (\$mm)		173	193	(20)	616	724	(108)	780	849	(69)
CFPS		0.46	0.46	(0.00)	1.99	2.02	(0.03)	2.11	2.24	(0.13)
EPS		0.05	0.08	(0.03)	0.02	0.13	(0.11)	0.24	0.44	(0.20)

Source: BMO Capital Markets, Bloomberg

Athabasca Oil (ATH-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. All of our estimates are relatively in line with consensus.

The Catalysts. Athabasca performed maintenance in its thermal oil segment this quarter and public data indicates that production will be lower than Q1/19. We expect that the lower production will impact operating costs on a per unit basis, but stronger realized pricing should help to provide an offset. In the light oil segment, we expect a slightly lower production result as volumes naturally decline before resuming growth in the latter half of the year. Overall, we anticipate that financial results will be relatively flat relative to Q1/19.

The Outlook. Athabasca has among the highest torque to improving commodity prices within our coverage universe; however, the company is majority exposed to heavy oil pricing and wide differentials will impede its ability to generate growing amounts of free cash flow. We view the company's ramping light oil production positively. We maintain our Market Perform rating and C\$0.85 target price.

Exhibit 23: Athabasca Estimates vs Consensus

Athabasca Oil		ATH				2018	2019	2020		
Price: Jul-16		\$0.74				EV/EBITDA	13.5x	2.4x	2.9x	
Market Cap (\$Billion):		\$0.4				Production Growth	10.7%	-2.8%	9.9%	
BMO Rating:		Market Perform				Production Per Share	9.4%	-2.9%	9.9%	
BMO Price Target:		\$0.85				D/CF	-48.4x	1.3x	1.8x	
						Reinvestment Rate	nm	58.8%	111.6%	
BMO vs Consensus		2Q19			2019			2020		
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)		35,020	36,100	(1,080)	38,114	38,786	(672)	41,892	42,050	(158)
Gas Production (Mmcf/d)		27.6	30.2	(3)	29.6	30.0	(0.3)	34.8	32.7	2.1
Liquids Production (Bbl/d)		30,416	31,067	(651)	33,174	33,794	(620)	36,094	36,608	(514)
Capex (\$mm)		33	34	(1)	100	117	(17)	144	150	(6)
EBITDA (\$mm)		69	67	2	245	242	3	212	171	41
CFPS		0.09	0.09	0.00	0.33	0.34	(0.01)	0.25	0.27	(0.02)
EPS		0.02	(0.01)	0.02	(0.02)	0.39	(0.41)	(0.11)	(0.01)	(0.10)

Source: BMO Capital Markets

Birchcliff Energy (BIR-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. We are relatively in line with consensus on production, but are below consensus on cash flow and capex.

The Catalysts. The addition of gas hedges as well as the acquisition of transmission to export markets would be a catalyst for Birchcliff. Additional results from liquids-rich wells at Gordondale could act as a large catalyst for the company.

The Outlook. We believe the shares are undervalued though the near-term macro backdrop remains challenging. Birchcliff should continue to trade at current multiples as the company is able to sustain production per share growth and generate free cash flow even at distressed commodity prices. We maintain our Market Perform rating and target price of C\$3.25.

Exhibit 24: Birchcliff Estimates vs Consensus

Birchcliff	BIR				2018	2019	2020			
Price: Jul-16	\$2.84				EV/EBITDA	4.0x	3.5x	3.4x		
Market Cap (\$Billion):	\$0.8				Production Growth	13.4%	-0.4%	2.8%		
BMO Rating:	Market Perform				Production Per Share	13.4%	-0.4%	2.8%		
BMO Price Target:	\$3.25				D/CF	1.9x	1.6x	1.4x		
					Reinvestment Rate	96.4%	60.5%	74.6%		
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	75,373	75,450	(77)	76,812	77,000	(188)	78,967	78,899	68	
Gas Production (Mmcf/d)	353.7	358.9	(5)	359.9	364.5	(4.6)	369.9	370.0	(0.1)	
Liquids Production (Bbl/d)	16,426	15,633	793	16,822	16,250	572	17,309	17,232	77	
Capex (\$mm)	66	87	(20)	206	227	(22)	256	246	10	
EBITDA (\$mm)	76	79	(3)	368	359	9	369	366	3	
CFPS	0.26	0.33	(0.07)	1.28	1.26	0.02	1.29	1.26	0.03	
EPS	0.04	0.05	(0.01)	0.23	0.21	0.02	0.34	0.30	0.04	

Source: BMO Capital Markets, Bloomberg

Bonterra Energy (BNE-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates for Bonterra Energy are provided below. We note that production is expected to be up q/q following a relatively active Q1 with most of the wells being tied-in in March/early April. April production averaged ~13.2mboe/d.

The Catalysts. Bonterra has maintained 2019 capital spending at \$57-77 million and production at 12.6-13.2mboe/d. We expect the company to be free cash flow positive for the remainder of the year, which will be used to reduce indebtedness.

The Outlook. With muted growth, a below average yield, and higher leverage, we maintain our Underperform rating and C\$5.50 target price.

Exhibit 25: Bonterra Estimates vs Consensus

Bonterra	BNE			2018	2019	2020			
Price: Jul-16	\$5.14			EV/EBITDA	4.3x	4.4x	4.1x		
Market Cap (\$Billion):	\$0.2			Production Growth	3%	-5%	5%		
BMO Rating:	Underperform			Production Per Share	3%	-5%	5%		
BMO Price Target:	\$5.50			D/CF	3.1x	3.3x	3.0x		
				Reinvestment Rate	73%	72%	82%		
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	12,808	12,676	132	12,552	12,828	(276)	13,212	13,182	30
Gas Production (Mmcf/d)	24	24	0	24	24	(0)	25	25	(0)
Liquids Production (Bbl/d)	8,774	8,644	130	8,548	8,794	(246)	9,116	9,312	(196)
Capex (\$mm)	15	10	5	67	67	0	80	74	6
EBITDA (\$mm)	30	nm	na	110	119	(9)	114	109	5
CFPS	0.78	0.81	(0.03)	2.78	3.12	(0.34)	2.92	3.15	(0.23)
EPS	0.07	0.09	(0.02)	0.03	0.26	(0.23)	0.05	0.06	(0.01)

Source: BMO Capital Markets, Bloomberg

Bonavista Energy (BNP-TSX)

The Numbers. Our cash flow and production estimates for the quarter are provided in the table below. We expect production to be down q/q largely owing to turnarounds at the Keyera Rimbey gas plant in June.

The Catalysts. Bonavista intends to drill its initial Duvernay well at Pembina in Q3/19, with completion currently scheduled for Q1/20. We expect the company to disclose the location of the majority of its Duvernay land position by the end of the year, which lies in the condensate-rich and oil windows of the play.

The Outlook. While Bonavista is on track to generate free cash flow in 2019 in a weak natural gas pricing environment, leverage remains elevated compared to peers. We maintain our Market Perform rating.

Exhibit 26: Bonavista Estimates vs Consensus

Bonavista		BNP			2018			2019			2020		
Price: Jul-16	\$0.43				EV/EBITDA	3.2x	3.9x	3.6x					
Market Cap (\$Billion):	\$0.1				Production Growth	-4%	-6%	0%					
BMO Rating:	Market Perform				Production Per Share	-5%	-6%	0%					
BMO Price Target:	\$0.65				D/CF	3.2x	4.0x	3.6x					
					Reinvestment Rate	63%	70%	79%					
BMO vs Consensus		2Q19			2019			2020					
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff			
Total Production (Boe/d)		63,005	62,470	535	65,159	65,608	(449)	65,042	65,675	(633)			
Gas Production (Mmcf/d)		270	265	6	275	277	(2)	271	278	(7)			
Liquids Production (Bbl/d)		17,956	17,700	256	19,275	19,356	(81)	19,838	19,638	200			
Capex (\$mm)		23	32	(9)	135	151	(16)	160	155	5			
EBITDA (\$mm)		51	nm	nm	226	240	(14)	232	220	12			
CFPS		0.16	0.16	0.00	0.73	0.71	0.03	0.77	0.67	0.10			
EPS		(0.03)	(0.02)	(0.01)	(0.25)	(0.23)	(0.02)	(0.07)	(0.12)	0.04			

Source: BMO Capital Markets, Bloomberg

Baytex Energy (BTE-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates for Baytex are provided below.

The Catalysts. We expect solid results for 1-2 delineation wells drilled in the Duvernay oil window at Pembina. The two additional wells will likely be delayed and pushed into 2020. Successful results will have a positive impact on inventory for the company in the play. We are expecting weak NGL prices in the Canada and the Eagle Ford, slightly offset by stronger light oil and condensate pricing. Lastly, Baytex reiterated that its number one priority for its free cash flow ('19 BMOe: \$211 million) will be to reduce overall leverage.

The Outlook. We maintain our Market Perform rating and C\$2.75 target price.

Exhibit 27: Baytex Estimates vs Consensus

Baytex		BTE			2018			2019			2020		
Price: Jul-16		\$1.87			EV/EBITDA			5.0x	3.3x	3.7x			
Market Cap (\$Billion):		\$1.0			Production Growth			15%	20%	-2%			
BMO Rating:		Market Perform			Production Per Share			-23%	-24%	-2%			
BMO Price Target:		\$2.75			D/CF			4.8x	2.4x	2.8x			
					Reinvestment Rate			105%	75%	91%			
BMO vs Consensus		2Q19			2019			2020					
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff			
Total Production (Boe/d)		96,072	96,367	(295)	96,681	96,630	51	94,801	97,700	(2,899)			
Gas Production (Mmcf/d)		99	100	(1)	96	98	(3)	89	98	(8)			
Liquids Production (Bbl/d)		79,552	80,300	(748)	80,753	80,141	612	79,889	80,500	(611)			
Capex (\$mm)		115	116	(1)	624	602	22	649	652	(3)			
EBITDA (\$mm)		251	260	(10)	944	976	(32)	821	839	(18)			
CFPS		0.40	0.41	(0.01)	1.49	1.54	(0.04)	1.28	1.39	(0.11)			
EPS		0.06	0.07	(0.01)	0.12	0.20	(0.08)	(0.00)	0.17	(0.17)			

Source: BMO Capital Markets, Bloomberg

Cardinal Energy (CJ-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates for Cardinal Energy are provided below. We note that Cardinal is subject to the Alberta Government’s mandatory curtailment program; however, the impact to corporate production is minor.

The Catalysts. We expect free cash flow generated for the remainder of the year will be primarily used for debt reduction. If oil prices continue to strengthen, we think Cardinal may consider another bump to the dividend.

The Outlook. We maintain our Outperform rating.

Exhibit 28: Cardinal Estimates vs Consensus

Cardinal	CJ			2018	2019	2020			
Price: Jul-16	\$2.37			EV/EBITDA	5.6x	4.4x	4.1x		
Market Cap (\$Billion):	\$0.3			Production Growth	11%	-1%	5%		
BMO Rating:	Outperform			Production Per Share	-9%	-3%	5%		
BMO Price Target:	\$3.50			D/CF	3.2x	2.3x	2.0x		
				Reinvestment Rate	74%	54%	53%		
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	20,364	20,393	(29)	20,629	20,500	129	21,692	20,750	942
Gas Production (Mmcf/d)	16	16	(0)	16	16	(0)	17	17	(0)
Liquids Production (Bbl/d)	17,715	17,697	18	17,945	17,759	186	18,872	18,109	763
Capex (\$mm)	5	14	(9)	60	55	5	60	53	7
EBITDA (\$mm)	36	nm	nm	127	128	(1)	128	118	10
CFPS	0.28	0.27	0.01	0.95	0.98	(0.03)	0.96	0.93	0.03
EPS	0.05	0.05	0.00	(0.09)	(0.02)	(0.07)	0.07	0.13	(0.06)

Source: BMO Capital Markets, Bloomberg

Canadian Natural Resources (CNQ-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. We are relatively in line with consensus on production and cash flow, but are below consensus on capex.

The Catalysts. Canadian Natural continues to successfully operate its long-life, low-decline asset base. We would view further reductions in oil sands operating costs as a catalyst for the company. Stronger-than-expected heavy oil realizations, and positive information surrounding the company's oil sands maintenance, curtailment impacts, and rail strategy could act as short-term catalysts.

The Outlook. We believe that Canadian Natural shares are attractively valued given the company's growing amounts of free cash flow, longer-term organic production growth potential, long low-risk reserve life, and improving return profile. Accordingly, we believe that a higher valuation multiple is warranted and there is room for expansion in Canadian Natural's valuation multiple relative to its peers. We maintain our Outperform rating and C\$45 target price.

Exhibit 29: Canadian Natural Resources Estimates vs Consensus

Canadian Natural Resources		CNQ			2018			2019			2020					
Price: Jul-16		\$35.25			EV/EBITDA			6.7x			5.6x			5.7x		
Market Cap (\$Billion):		\$42.4			Production Growth			12.1%			4.0%			11.8%		
BMO Rating:		Outperform			Production Per Share			14.1%			8.7%			16.5%		
BMO Price Target:		\$45.00			D/CF			2.3x			2.3x			2.1x		
					Reinvestment Rate			52.1%			39.0%			48.0%		
BMO vs Consensus		2Q19			2019			2020								
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff							
Total Production (Boe/d)	1,033,692	1,039,961	(6,269)	1,122,075	1,122,449	(374)	1,254,079	1,247,100	6,979							
Gas Production (Mmcf/d)	1,515.0	1,512.1	2.9	1,513.0	1,509.8	3.3	1,465.0	1,472.0	(7.0)							
Liquids Production (Bbl/d)	781,192	787,937	(6,745)	869,908	870,824	(916)	1,009,912	1,001,767	8,146							
Capex (\$mm)	927	1,791	(863)	3,800	4,469	(668)	4,730	4,553	177							
EBITDA (\$mm)	2,938	3,007	(69)	11,201	11,582	(381)	10,471	11,082	(611)							
CFPS	2.19	2.18	0.01	8.26	8.55	(0.29)	8.74	8.86	(0.12)							
EPS	0.90	0.88	0.02	2.97	3.19	(0.22)	2.32	2.77	(0.45)							

Source: BMO Capital Markets, Bloomberg

Crescent Point Energy (CPG-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates for Crescent Point are provided below. Following a relatively light spend in the quarter, we expect production to be down slightly q/q. Note that Crescent Point repurchased ~2.0 mm shares in Q2 for a total of ~\$10 million

The Catalysts. We estimate that company closed on >\$40 million in non-core dispositions in 2Q19 based on the company's AGM presentation in June. Much more meaningful in terms of potential debt reduction will be the disposition of a portion of its SE Saskatchewan producing assets as well as its SE Sask infrastructure, which we expect could occur in 2H19.

The Outlook. We maintain our Market Perform rating.

Exhibit 30: Crescent Point Estimates vs Consensus

Crescent Point		CPG				2018	2019	2020		
Price: Jul-16		\$4.09				EV/EBITDA	3.2x	2.9x	2.7x	
Market Cap (\$Billion):		\$2.2				Production Growth	1%	-4%	0%	
BMO Rating:		Market Perform				Production Per Share	0%	-4%	0%	
BMO Price Target:		\$5.50				D/CF	2.3x	1.9x	1.6x	
						Reinvestment Rate	104%	69%	74%	
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	171,880	171,592	288	171,817	171,626	191	172,361	172,020	341	
Gas Production (Mmcf/d)	103	95	8	101	94	6	103	96	8	
Liquids Production (Bbl/d)	154,692	155,143	(451)	155,042	155,222	(180)	155,125	156,400	(1,275)	
Capex (\$mm)	200	nm	nm	1,300	1,274	26	1,350	1,398	(48)	
EBITDA (\$mm)	524	nm	nm	2,052	1,899	153	1,947	1,829	119	
CFPS	0.88	0.88	0.01	3.44	3.45	(0.01)	3.33	3.26	0.07	
EPS	0.20	0.19	0.00	0.48	0.40	0.08	0.62	0.40	0.22	

Source: BMO Capital Markets, Bloomberg

Crew Energy (CR-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates for Crew are provided below. We are forecasting production to be down slightly q/q as a result of minor pricing related shut-ins in the quarter.

The Catalysts. We anticipate the company will be completing its West Septimus delineation well in July, which is a significant western step-out from its existing development. Success here could de-risk a substantial liquids-rich (potentially ultra condensate-rich) inventory for Crew. We expect the company may announce minor non-core dispositions with the quarter; however, more impactful to the balance sheet will be larger asset sales, including Tower and Attachie, which are still progressing. If the company is able to execute on a transaction, proceeds will likely be used to reduce indebtedness and fund delineation/growth.

The Outlook. We maintain our Outperform rating.

Exhibit 31: Crew Estimates vs Consensus

Crew Energy	CR						2018	2019	2020
Price: Jul-16	\$0.76					EV/EBITDA	4.0x	4.3x	4.0x
Market Cap (\$Billion):	\$0.12					Production Growth	4%	-5%	2%
BMO Rating:	Outperform					Production Per Share	2%	-5%	2%
BMO Price Target:	\$1.50					D/CF	3.7x	4.0x	3.7x
						Reinvestment Rate	112%	117%	108%
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	22,534	22,658	(124)	22,723	22,750	(27)	23,155	23,000	155
Gas Production (Mmcf/d)	97	98	(1)	99	98	0	101	100	1
Liquids Production (Bbl/d)	6,309	6,126	183	6,296	6,246	50	6,368	6,331	37
Capex (\$mm)	15	15	(0)	100	100	0	105	90	15
EBITDA (\$mm)	25	29	(3)	107	114	(6)	118	110	8
CFPS	0.13	0.15	(0.02)	0.56	0.61	(0.04)	0.64	0.59	0.05
EPS	(0.00)	0.01	(0.01)	0.03	0.05	(0.02)	0.06	0.04	0.03

Source: BMO Capital Markets, Bloomberg

Cenovus Energy (CVE-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. Our financial estimates are relatively in line with consensus estimates.

The Catalysts. We are anticipating another steady quarter for Cenovus. The company's Christina Lake asset underwent maintenance in Q2/19, but we anticipate that higher production at Foster Creek will provide an offset and allow Cenovus to meet its government mandated production quota. In the downstream, the company will benefit from stronger U.S. crack spreads, though we don't expect another large FIFO gain as was the case in Q1/19. Overall, we have cash flow increasing sequentially with help from both the upstream and downstream segments.

The Outlook. We expect Cenovus to achieve its target debt metrics by the end of 2019. We continue to believe that the company's Deep Basin natural gas assets provide limited upside and view further asset sales as a catalyst for the stock. We maintain our Outperform rating and C\$15 target price.

Exhibit 32: Cenovus Energy Estimates vs Consensus

Cenovus Energy		CVE			2018			2019			2020		
Price: Jul-16		\$12.33			EV/EBITDA	87.3x	4.8x	4.1x					
Market Cap (\$Billion):		\$15.2			Production Growth	2.8%	-4.5%	6.1%					
BMO Rating:		Outperform			Production Per Share	2.8%	-4.5%	6.1%					
BMO Price Target:		\$15.00			D/CF	4.8x	1.3x	0.8x					
					Reinvestment Rate	82.2%	31.1%	35.3%					
BMO vs Consensus		2Q19			2019			2020					
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff			
Total Production (Boe/d)		448,331	446,000	2,331	461,656	457,683	3,973	489,778	495,300	(5,522)			
Gas Production (Mmcf/d)		448.4	446.8	1.6	442.0	437.9	4.1	404.7	424.6	(19.9)			
Liquids Production (Bbl/d)		373,602	371,542	2,060	387,989	384,708	3,281	422,322	424,533	(2,211)			
Capex (\$mm)		310	332	(22)	1,273	1,284	(11)	1,407	1,475	(68)			
EBITDA (\$mm)		1,241	1,243	(1)	4,318	4,134	184	4,462	3,737	726			
CFPS		0.88	0.86	0.03	3.32	3.15	0.17	3.24	2.68	0.56			
EPS		0.37	0.34	0.03	0.97	0.80	0.18	1.16	0.74	0.43			

Source: BMO Capital Markets, Bloomberg

Delphi Energy (DEE-TSX)

The Numbers. Our cash flow and production estimates for the quarter are provided in the table below. Q2 production of ~9,200boe/d including ~2,800bbl/d condensate was previously disclosed.

The Catalysts. The production profile of the company's 4-well pad at West Bigstone will be key to determine if recent changes to the completion design have had a positive impact on declines. With IP30 rates provided in a recent operations update, initial deliverability has been significantly lower on average compared to the original offset wells, although Condensate to Gas Ratios (CGRs) are higher.

The Outlook. We consider Delphi's asset base at West Bigstone to be high quality, driven by strong condensate volumes, and a deep inventory. However, with above average leverage and mixed follow-up drilling results, we remain cautious on the name and maintain our Market Perform (Speculative) rating.

Exhibit 33: Delphi Estimates vs Consensus

Delphi	DEE				2018	2019	2020		
Price: Jul-16	\$0.19				EV/EBITDA	3.6x	2.9x	3.2x	
Market Cap (\$Billion):	\$0.03				Production Growth	16%	-10%	-5%	
BMO Rating:	Market Perform (S)				Production Per Share	9%	-10%	-5%	
BMO Price Target:	\$0.20				D/CF	3.9x	3.0x	3.4x	
					Reinvestment Rate	195%	73%	97%	
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	9,200	9,605	(405)	8,810	9,452	(642)	8,390	9,400	(1,010)
Gas Production (Mmcf/d)	31	33	(2)	30	33	(2)	29	34	(5)
Liquids Production (Bbl/d)	4,050	4,060	(10)	3,747	3,881	(134)	3,567	4,295	(728)
Capex (\$mm)	6	5	1	38	44	(6)	45	48	(3)
EBITDA (\$mm)	17	nm	nm	66	67	(1)	59	59	(0)
CFPS	0.07	0.07	0.00	0.28	0.28	(0.00)	0.25	0.25	(0.00)
EPS	0.02	0.00	0.01	(0.05)	(0.07)	0.02	0.04	--	0.04

Source: BMO Capital Markets, Bloomberg

Enerplus (ERF-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. Enerplus has guided Q2 liquids production at 51,500-53,000bbl/d and total production at 97,500-100,000boe/d.

The Catalysts. Production is expected to be up ~10mboe/d q/q on the back of strong results from Bakken pads. We expect higher liquids production throughout the remainder of the year. In addition, Enerplus has been aggressive repurchasing shares in the quarter, with ~6.6 mm shares cancelled in Q2 for a total of ~C\$70-71 mm. We also expect to hear an update on its DJ Basin delineation program (five wells) as well as on the nearly 35 Bakken wells expected to be completed in Q2/Q3.

The Outlook. Enerplus' balance sheet remains top decile with an estimated D/CF of only 0.6x in 2019 (BMO Deck). The company has considerable financial flexibility for acquisitions and/or future buybacks if commodity prices remain stable. We maintain our Outperform rating.

Exhibit 34: Enerplus Estimates vs Consensus

Enerplus		ERF			2018			2019			2020		
Price: Jul-16	\$9.17				EV/EBITDA	3.5x	3.6x	3.1x					
Market Cap (\$Billion):	\$2.2				Production Growth	10%	5%	9%					
BMO Rating:	Outperform				Production Per Share	9%	8%	9%					
BMO Price Target:	\$16.00				D/CF	0.6x	0.6x	0.4x					
					Reinvestment Rate	79%	86%	88%					
BMO vs Consensus		2Q19			2019			2020					
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff				
Total Production (Boe/d)	98,899	97,878	1,021	98,315	99,203	(888)	107,312	105,383	1,929				
Gas Production (Mmcf/d)	274	271	3	266	269	(2)	274	273	2				
Liquids Production (Bbl/d)	53,296	52,495	801	53,943	54,141	(198)	61,566	60,170	1,396				
Capex (\$mm)	220	205	15	600	617	(17)	700	655	45				
EBITDA (\$mm)	193	195	(2)	728	757	(29)	816	776	41				
CFPS	0.76	0.74	0.02	2.89	3.09	(0.20)	3.30	3.27	0.03				
EPS	0.27	0.29	(0.02)	0.81	0.95	(0.14)	1.16	1.12	0.04				

Source: BMO Capital Markets, Bloomberg

Freehold Royalties (FRU-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below.

The Catalysts. We look for Freehold to be opportunistic on the acquisition front in H2/19, including potential deals in the US/North Dakota Bakken. Freehold holds a GORR in the emerging Clearwater play, where activity has the potential to ramp up significantly in years to come.

The Outlook. We maintain our Market Perform rating and \$9.50 target price.

Exhibit 35: Freehold Estimates vs Consensus

Freehold	FRU			2018	2019	2020			
Price: Jul-16	\$8.14			EV/EBITDA	8.3x	8.5x	7.9x		
Market Cap (\$Billion):	\$1.0			Production Growth	-8%	-9%	-1%		
BMO Rating:	Market Perform			Production Per Share	-8%	-9%	-1%		
BMO Price Target:	\$9.50			D/CF	0.7x	0.5x	0.1x		
				Reinvestment Rate	3%	2%	3%		
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	10,485	10,462	23	10,410	10,400	10	10,332	10,400	(68)
Gas Production (Mmcf/d)	29	28	1	28	28	1	28	27	1
Liquids Production (Bbl/d)	5,726	5,842	(116)	5,685	5,845	(160)	5,746	5,928	(182)
Capex (\$mm)	1	1	(0)	2	2	(0)	3	2	1
EBITDA (\$mm)	32	nm	nm	120	121	(1)	124	109	15
CFPS	0.26	0.26	(0.00)	0.97	1.01	(0.05)	1.01	0.99	0.02
EPS	0.06	0.04	0.02	0.10	0.08	0.02	0.25	0.17	0.08

Source: BMO Capital Markets, Bloomberg

Husky Energy (HSE-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. We are in line with consensus on production and capex, but below on cash flow.

The Catalysts. Sequentially, we are expecting a weaker quarter from Husky. The company's results in the upstream segment are expected to be impacted by maintenance activities that will drive per barrel operating costs higher as production wanes; we do expect some offset from higher realized pricing. Similarly, in the downstream segment, maintenance will impact throughput volumes though wider crack spreads will provide some reprieve. Overall, we are forecasting that cash flow will be lower than Q1/19 despite the improvement in upstream realized pricing and stronger refining margins. We expect stronger results going forward as production ramps up over the back half of the year.

The Outlook. We believe that Husky will continue to trade at a discount to its peer group based on limited production growth, cash flow growth, and lower free cash flow yield. We maintain our Market Perform rating and C\$15 target price.

Exhibit 36: Husky Energy Estimates vs Consensus

Husky Energy		HSE			2018	2019	2020			
Price: Jul-16		\$11.80			EV/EBITDA	3.2x	3.8x	3.3x		
Market Cap (\$Billion):		\$11.9			Production Growth	-6.2%	-6.0%	10.8%		
BMO Rating:		Market Perform			Production Per Share	-6.2%	-6.0%	10.8%		
BMO Price Target:		\$15.00			D/CF	0.9x	1.0x	0.8x		
					Reinvestment Rate	89.4%	91.7%	81.4%		
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	275,163	278,857	(3,694)	291,485	297,000	(5,515)	323,077	320,900	2,177	
Gas Production (Mmcf/d)	471.5	482.9	(11.4)	498.7	517.0	(18.3)	523.6	527.0	(3.4)	
Liquids Production (Bbl/d)	196,579	198,382	(1,803)	208,362	210,833	(2,471)	235,811	233,067	2,744	
Capex (\$mm)	857	871	(15)	3,421	3,422	(1)	3,389	3,366	23	
EBITDA (\$mm)	938	1,110	(172)	4,096	4,351	(255)	4,619	4,401	218	
CFPS	0.90	0.98	(0.08)	3.85	3.93	(0.08)	4.20	4.06	0.13	
EPS	0.18	0.32	(0.15)	0.85	1.19	(0.34)	1.11	1.17	(0.06)	

Source: BMO Capital Markets, Bloomberg

Imperial Oil (IMO-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. We are in line with consensus on production and capex, but above on cash flow.

The Catalysts. Similar to peers, Imperial Oil had a quarter of higher maintenance in Q2/19 relative to the prior quarter. In the upstream, the company had a turnaround at its Cold Lake asset and we expect production to be down approximately 10,000 b/d as a result. At Kearl, there was a 32-day turnaround, but we expect that stronger production outside of the turnaround will allow production be relatively unchanged over Q1/19. Stronger upstream pricing should more than offset slightly lower production due to maintenance. In the downstream, the company's Sarnia refinery underwent a 60-day turnaround and throughput will be lower as a result. Stronger crack spreads will help to offset lower throughput and higher operating costs associated with the maintenance. Overall, we expect a strong quarter from Imperial driven by improved upstream results.

The Outlook. We expect Imperial Oil to generate steady free cash flow over the next several years; however, the amount of free cash flow available to support dividend growth and share buybacks is less than its Canadian peers and the shares trade at a premium valuation. We maintain our Market Perform rating and C\$42 target price.

Exhibit 37: Imperial Oil Estimates vs Consensus

Imperial Oil	IMO				2018	2019	2020		
Price: Jul-16	\$37.01				EV/EBITDA	6.9x	6.5x	6.0x	
Market Cap (\$Billion):	\$29.0				Production Growth	2.0%	4.4%	6.3%	
BMO Rating:	Market Perform				Production Per Share	8.3%	9.3%	10.4%	
BMO Price Target:	\$42.00				D/CF	0.8x	0.8x	0.7x	
					Reinvestment Rate	30.9%	44.5%	51.9%	
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	383,637	379,917	3,720	399,495	398,015	1,480	424,733	427,697	(2,964)
Gas Production (Mmcf/d)	140.0	145.0	(5.0)	141.2	144.0	(2.8)	129.6	140.0	(10.4)
Liquids Production (Bbl/d)	360,304	355,750	4,553	375,956	374,015	1,941	403,125	404,364	(1,239)
Capex (\$mm)	444	463	(19)	1,792	1,870	(77)	2,162	2,151	11
EBITDA (\$mm)	1,413	1,216	196	4,760	4,464	297	4,898	4,264	634
CFPS	1.56	1.48	0.08	5.24	5.29	(0.04)	5.65	5.53	0.12
EPS	0.95	0.84	0.11	2.99	2.77	0.22	3.17	2.67	0.50

Source: BMO Capital Markets, Bloomberg

Kelt Exploration (KEL-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. Production is expected to be up significantly q/q, with the first six-wells from the company's 24-well pad at Inga coming on production at the end of April (combined IP7 7,453boe/d).

The Catalysts. There will be numerous drilling catalysts for the company in the back half of the year, and we expect an operations update along with Q2. The second six wells from the 24-well pad at Inga were drilled in Q1 and completed in June of 2019. We expect initial rates from these six wells to be provided with Q2 results along with an average drill and complete cost. At Oak, the company has recently drilled two wells (one Upper Montney and one Middle Montney), with initial results expected in 2H/19. At Wembley/Pipestone, four wells were drilled in Q1 with an additional three planned for Q2, with completion of all wells expected prior to August '19.

The Outlook. We view Kelt's valuation as attractive given its growth outlook, with our estimates calling for top tier production per share growth of >20% in 2019 and 2020. Kelt remains one of our top picks in the Canadian mid-cap space.

Exhibit 38: Kelt Estimates vs Consensus

Kelt	KEL			2018			2019			2020					
Price: Jul-16	\$3.85			EV/EBITDA			4.8x			4.5x			3.2x		
Market Cap (\$Billion):	\$0.7			Production Growth			22%			23%			19%		
BMO Rating:	Outperform			Production Per Share			18%			22%			19%		
BMO Price Target:	\$7.50			D/CF			1.1x			1.3x			0.9x		
				Reinvestment Rate			157%			128%			111%		
BMO vs Consensus		2Q19			2019			2020							
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff						
Total Production (Boe/d)	30,311	31,225	(914)	33,088	33,553	(465)	39,291	40,898	(1,607)						
Gas Production (Mmcf/d)	100	101	(1)	108	107	0	113	124	(11)						
Liquids Production (Bbl/d)	13,640	14,271	(631)	15,152	15,512	(360)	20,432	19,275	1,157						
Capex (\$mm)	80	65	15	270	273	(3)	350	293	57						
EBITDA (\$mm)	51	nm	nm	225	247	(22)	330	237	93						
CFPS	0.24	0.27	(0.03)	1.07	1.17	(0.10)	1.57	1.40	0.17						
EPS	0.02	0.02	(0.01)	0.08	0.15	(0.07)	0.34	0.08	0.26						

Source: BMO Capital Markets, Bloomberg

MEG Energy (MEG-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. Relative to consensus, our estimates are above on production and cash flow, but in line on capex.

The Catalysts. We are expecting a strong quarter from MEG. According to public data the company's production was up quarter-over-quarter and pricing realizations should be improved as heavy oil prices ticked up. MEG continues to be impacted by pipeline apportionment in the near-term, though we expect higher volumes in 2020 as committed volumes to the U.S. Gulf Coast will double to 100,000 b/d.

The Outlook. MEG is well positioned to deliver long-term growth in production and offers the potential for meaningful share price appreciation if crude oil prices move higher. We maintain our Market Perform rating and C\$6.00 target price.

Exhibit 39: MEG Energy Estimates vs Consensus

MEG Energy	MEG					2018	2019	2020	
Price: Jul-16	\$5.39					EV/EBITDA	8.9x	5.6x	5.5x
Market Cap (\$Billion):	\$1.6					Production Growth	8.6%	5.4%	8.2%
BMO Rating:	Market Perform					Production Per Share	7.6%	5.4%	8.2%
BMO Price Target:	\$6.00					D/CF	19.2x	4.4x	5.1x
						Reinvestment Rate	365.4%	36.9%	71.5%
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	96,000	90,682	5,318	92,455	91,520	935	100,000	100,178	(178)
Gas Production (Mmcf/d)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquids Production (Bbl/d)	96,000	90,682	5,318	92,455	91,520	935	100,000	100,178	(178)
Capex (\$mm)	54	53	1	202	201	1	413	363	50
EBITDA (\$mm)	276	265	11	847	955	(108)	829	812	17
CFPS	0.72	0.65	0.07	2.36	2.27	0.09	1.94	2.12	(0.17)
EPS	0.24	0.16	0.07	0.34	0.18	0.17	0.21	0.31	(0.09)

Source: BMO Capital Markets, Bloomberg

NuVista Energy (NVA-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. Guidance for Q2 average production was set at 48.0-51.0mboe/d.

The Catalysts. We expect the company could provide initial results from follow up drilling in the Lower Montney at Bilbo. Offsetting the original 09-10 well which had an IP180 of 826boe/d (52% condensate), two directly offsetting wells of shorter lateral length will be testing completion proppant intensities of 1 tonne/m and 2 tonnes/m. Along with an additional Lower Montney well at Pipestone South which is expected to be brought on in Q4/19, these wells have the potential to derisk a substantial incremental inventory for the company.

The Outlook. We maintain our Outperform rating.

Exhibit 40: NuVista Estimates vs Consensus

NuVista	NVA				2018	2019	2020		
Price: Jul-16	\$2.73				EV/EBITDA	3.5x	3.4x	2.9x	
Market Cap (\$Billion):	\$0.6				Production Growth	35%	30%	16%	
BMO Rating:	Outperform				Production Per Share	23%	10%	16%	
BMO Price Target:	\$5.50				D/CF	1.9x	1.7x	1.5x	
					Reinvestment Rate	129%	100%	103%	
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	50,135	49,874	261	52,438	51,998	440	60,733	59,182	1,551
Gas Production (Mmcf/d)	180	182	(1)	189	191	(1)	222	214	8
Liquids Production (Bbl/d)	20,054	19,377	677	20,918	20,479	439	23,686	23,899	(213)
Capex (\$mm)	70	52	18	310	313	(3)	375	367	8
EBITDA (\$mm)	76	nm	nm	339	336	3	392	400	(8)
CFPS	0.31	0.31	(0.01)	1.38	1.36	0.02	1.62	1.59	0.03
EPS	0.06	0.07	(0.01)	0.06	0.11	(0.05)	0.38	0.38	0.00

Source: BMO Capital Markets, Bloomberg

Obsidian Energy (OBE-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below.

The Catalysts. The Peace River Oil Partnership (PROP) disposition is expected to close later this summer which should give the company some breathing room on its credit facility. We note that the company's banking syndicate has extended the facility redetermination date until August 30, 2019.

The Outlook. We maintain our Underperform rating on Obsidian owing to above-average leverage versus its peers and declining production.

Exhibit 41: Obsidian Estimates vs Consensus

Obsidian	OBE			2018	2019	2020			
Price: Jul-16	\$1.30			EV/EBITDA	6.0x	3.2x	3.0x		
Market Cap (\$Billion):	\$0.1			Production Growth	-9%	-12%	-5%		
BMO Rating:	Underperform			Production Per Share	-9%	-13%	-5%		
BMO Price Target:	\$1.50			D/CF	5.7x	3.1x	2.7x		
				Reinvestment Rate	183%	87%	86%		
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	26,925	26,931	(6)	25,485	25,263	222	24,137	24,400	(263)
Gas Production (Mmcf/d)	56	54	2	56	53	3	56	54	2
Liquids Production (Bbl/d)	17,636	18,016	(380)	16,096	17,462	(1,366)	14,723	15,083	(360)
Capex (\$mm)	15	14	1	120	110	10	130	127	3
EBITDA (\$mm)	40	nm	nm	162	163	(1)	168	137	31
CFPS	0.47	0.46	0.01	1.90	1.67	0.23	2.07	1.91	0.16
EPS	(0.55)	(0.56)	0.01	(2.19)	(1.61)	(0.58)	(1.62)	(1.25)	(0.37)

Source: BMO Capital Markets, Bloomberg

Pengrowth (PGF-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. Pengrowth is guiding full year average Lindbergh production at 17,750-18,250bbl/d; however, we note that capital spending in 2019 cannot exceed \$21 million until its term debt is refinanced and credit facility renewed. The company's original budget of \$45 million included \$34 million for Lindbergh production maintenance. Pengrowth's oil production is subject to the ongoing Government of Alberta's mandatory curtailment program, although we see impact to volumes as minimal.

The Catalysts. Pengrowth continues to proceed with its strategic review to address the balance sheet and upcoming debt maturities. Lenders have extended the maturity date of its credit facility to July 29, 2019 with an extension to September 30, 2019. We don't expect an announcement on the outcome of the strategic review until later in Q3 and potentially Q4, and believe that a potential corporate sale would be priced close to market.

The Outlook. We maintain our Market Perform (Speculative) rating.

Exhibit 42: Pengrowth Estimates vs Consensus

Pengrowth		PGF			2018			2019			2020		
Price: Jul-16	\$0.48				EV/EBITDA	14.0x	6.8x	7.1x					
Market Cap (\$Billion):	\$0.3				Production Growth	-46%	4%	1%					
BMO Rating:	Market Perform (S)				Production Per Share	-46%	3%	1%					
BMO Price Target:	\$0.60				D/CF	21.6x	7.6x	8.2x					
					Reinvestment Rate	184%	46%	80%					
BMO vs Consensus		2Q19			2019			2020					
		BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff			
Total Production (Boe/d)		22,903	22,259	644	22,908	22,250	658	23,099	22,000	1,099			
Gas Production (Mmcf/d)		24	na	nm	24	22	2	24	18	6			
Liquids Production (Bbl/d)		18,895	na	nm	18,896	18,497	399	19,115	18,807	308			
Capex (\$mm)		11	na	nm	45	36	9	70	55	15			
EBITDA (\$mm)		48	na	nm	149	186	(37)	140	107	33			
CFPS		0.06	0.05	0.01	0.18	0.17	0.01	0.16	0.14	0.02			
EPS		(0.00)	na	nm	(0.10)	(0.10)	0.00	(0.08)	(0.06)	(0.03)			

Source: BMO Capital Markets, Bloomberg

Peyto Exploration (PEY-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. Our production and cash flow estimates are slightly below consensus, while our capex is above consensus.

The Catalysts. Peyto pre-released its second quarter production and its first two months of capital spending. Variance in analyst estimates, while minimal, are likely to stem from realized pricing. Future catalysts include higher liquids production growth from its Cardium assets and stronger western Canadian gas pricing.

Outlook. While we continue to see underlying value in Peyto shares, we believe they could offer limited upside over the next 12 months due to the ongoing weakness in western Canadian natural gas prices. We maintain our Market Perform rating and C\$5.00 target price.

Exhibit 43: Peyto Exploration Estimates vs Consensus

Peyto Exploration	PEY					2018	2019	2020	
Price: Jul-16	\$4.25				EV/EBITDA	3.6x	4.6x	3.8x	
Market Cap (\$Billion):	\$0.7				Production Growth	-10.3%	-8.4%	2.5%	
BMO Rating:	Market Perform				Production Per Share	-10.3%	-8.4%	2.5%	
BMO Price Target:	\$5.00				D/CF	2.4x	3.0x	2.4x	
					Reinvestment Rate	49.0%	50.9%	62.3%	
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	82,061	84,204	(2,143)	84,309	84,600	(291)	86,433	86,000	433
Gas Production (Mmcf/d)	423.6	436.5	(12.9)	435.8	441.6	(5.8)	437.3	440.2	(2.9)
Liquids Production (Bbl/d)	11,455	11,454	1	11,671	11,000	671	13,547	12,627	920
Capex (\$mm)	25	20	4	183	180	3	258	265	(7)
EBITDA (\$mm)	88	98	(10)	390	416	(26)	438	395	43
CFPS	0.49	0.52	(0.03)	2.17	2.20	(0.02)	2.51	2.24	0.27
EPS	0.06	0.09	(0.03)	0.37	0.37	0.01	0.58	0.40	0.18

Source: BMO Capital Markets, Bloomberg

Painted Pony Energy (PONY-TSX)

The Numbers. Our cash flow and production estimates for the quarter are provided in the table below. We expect production to be impacted due to pricing-related shut-ins and cash flow to be down significantly q/q due to weak natural gas pricing.

The Catalysts. Painted Pony continues to pursue long-term supply contracts with utilities, petrochemical companies, and LNG exporters which could provide pricing stability for the company.

The Outlook. With an impressive Montney gas resource base, but a weak outlook for Western Canadian natural gas, Painted Pony remains in a holding pattern in terms of growth. We maintain our Market Perform rating.

Exhibit 44: Painted Pony Estimates vs Consensus

Painted Pony		PONY			2018	2019	2020			
Price: Jul-16		\$0.89		EV/EBITDA	2.0x	2.9x	2.8x			
Market Cap (\$Billion):		\$0.14		Production Growth	35%	-7%	2%			
BMO Rating:	Market Perform			Production Per Share	18%	-7%	2%			
BMO Price Target:		\$1.25		D/CF	2.0x	3.5x	3.2x			
				Reinvestment Rate	88%	95%	98%			
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	50,498	54,800	(4,302)	53,726	54,415	(689)	54,741	53,769	972	
Gas Production (Mmcf/d)	277	297	(19)	294	300	(6)	297	291	6	
Liquids Production (Bbl/d)	4,292	4,373	(81)	4,709	4,737	(28)	5,200	4,938	262	
Capex (\$mm)	10	17	(7)	95	103	(8)	105	101	4	
EBITDA (\$mm)	29	nm	nm	171	133	38	176	130	46	
CFPS	0.07	0.11	(0.04)	0.59	0.64	(0.05)	0.63	0.61	0.03	
EPS	(0.05)	(0.03)	(0.03)	(0.11)	(0.10)	(0.02)	0.02	(0.01)	0.03	

Source: BMO Capital Markets, Bloomberg

Paramount Resources (POU-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below.

The Catalysts. The ramp up in production at Wapiti began late in Q2, with wells from the 11-well 9-3 pad being brought on line. We expect initial well results could be provided along with the quarter, including 4-5 wells targeting the Lower Montney. The company announced in late June the sale of its Karr 6-18 facility including a financial commitment to complete the expansion (D2). The transaction lowers leverage metrics for Paramount and sets the company up for growth in 2020.

The Outlook. We maintain our Market Perform rating.

Exhibit 45: Paramount Estimates vs Consensus

Paramount	POU				2018	2019	2020		
Price: Jul-16	\$7.20				EV/EBITDA	6.5x	4.2x	3.6x	
Market Cap (\$Billion):	\$0.9				Production Growth	91%	-2%	11%	
BMO Rating:	Market Perform				Production Per Share	59%	-1%	11%	
BMO Price Target:	\$9.00				D/CF	3.5x	2.3x	1.9x	
					Reinvestment Rate	212%	120%	112%	
BMO vs Consensus		2Q19			2019			2020	
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	81,479	80,900	579	83,815	83,543	272	93,075	92,253	822
Gas Production (Mmcf/d)	303	306	(2)	313	312	2	341	330	11
Liquids Production (Bbl/d)	30,962	36,315	(5,353)	31,621	31,400	221	36,299	36,618	(319)
Capex (\$mm)	120	95	25	385	354	31	450	443	7
EBITDA (\$mm)	63	nm	nm	351	331	20	427	389	39
CFPS	0.41	0.47	(0.05)	2.45	2.36	0.09	3.08	2.87	0.21
EPS	(0.18)	(0.30)	0.12	(1.70)	(1.06)	(0.64)	0.05	(0.43)	0.47

Source: BMO Capital Markets, Bloomberg

PrairieSky Royalty (PSK-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. PrairieSky repurchased ~311,180 shares in Q2 for a total of ~\$5.7 million.

The Catalysts. We expect the company to continue to allocate incremental free cash flow to share buybacks in the current environment. We see tremendous growth potential in the emerging Clearwater heavy oil play, for which PrairieSky holds a GORR across 755,000 acres. We note three recent new pool discoveries by a private operator in the play, the potential for inventory growth through further upcoming delineation, and the potential for decline mitigation through waterflood piloting in an already low decline play. On our estimates, we see the potential for the company's Clearwater volumes to grow from 37bbl/d currently to >2,000bbl/d over the next 5-10 years.

The Outlook. We maintain our Outperform rating.

Exhibit 46: PrairieSky Estimates vs Consensus

PrairieSky	PSK			2018			2019			2020		
Price: Jul-16	\$18.71			EV/EBITDA			17.4x	17.3x	17.4x			
Market Cap (\$Billion):	\$4.4			Production Growth			-8%	-6%	3%			
BMO Rating:	Outperform			Production Per Share			-7%	-5%	3%			
BMO Price Target:	\$23.00			D/CF			0.0x	-0.1x	-0.3x			
				Reinvestment Rate			0%	0%	0%			
BMO vs Consensus		2Q19			2019			2020				
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff			
Total Production (Boe/d)	22,113	22,580	(467)	22,037	22,300	(263)	22,604	22,167	437			
Gas Production (Mmcf/d)	64	66	(2)	63	66	(3)	63	65	(2)			
Liquids Production (Bbl/d)	11,498	11,356	142	11,549	11,439	110	12,122	11,415	707			
Capex (\$mm)	nm	nm	nm	nm	5	nm	--	8	(8)			
EBITDA (\$mm)	63	nm	nm	250	255	(5)	246	236	10			
CFPS	0.24	0.25	(0.01)	0.95	0.94	0.01	0.95	0.96	(0.00)			
EPS	0.09	0.09	(0.00)	0.37	0.38	(0.01)	0.35	0.36	(0.01)			

Source: BMO Capital Markets, Bloomberg

Seven Generations (VII-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. The company has maintained 1H19 production guidance at 195-200mboe/d and 2H19 production at 205-210mboe/d. We expect Q2 capex to be slightly higher than a level loaded quarterly program at ~\$340 million.

The Catalysts. We expect initial results from its first triple-stack test, including three wells in each of Upper, Middle, and Lower Montney, to be provided along with Q2 results. This cube-style development could be the most efficient way to maximize recovery in undeveloped Montney areas. In addition, successful Lower Montney delineation has the potential to de-risk a substantial incremental inventory. Finally, we believe Seven Generations will continue to de-emphasize the strategic process for its infrastructure assets (~750mmcf/d of owned processing capacity/60mmbbl/d condensate stabilization). Our sense is that an arrangement with a third-party midstream company, despite the lofty valuations attributed to infrastructure assets, would likely be prohibitive for the company in terms of higher operating and transportation costs as well as a forced growth plan which would be incongruent with Seven Generations' current free cash flow narrative.

The Outlook. We maintain our Market Perform rating.

Exhibit 47: Seven Generations Estimates vs Consensus

Seven Generations		VII			2018	2019	2020			
Price: Jul-16	\$6.64			EV/EBITDA	2.5x	2.8x	2.9x			
Market Cap (\$Billion):	\$2.3			Production Growth	16%	0%	1%			
BMO Rating:	Market Perform			Production Per Share	14%	2%	1%			
BMO Price Target:	\$9.50			D/CF	1.3x	1.5x	1.6x			
				Reinvestment Rate	105%	92%	105%			
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	198,604	197,500	1,104	203,014	202,000	1,014	205,544	208,100	(2,556)	
Gas Production (Mmcf/d)	483	485	(2)	494	498	(3)	493	531	(38)	
Liquids Production (Bbl/d)	118,170	117,124	1,046	120,632	119,144	1,488	123,326	120,609	2,717	
Capex (\$mm)	340	353	(13)	1,250	1,257	(7)	1,400	1,292	108	
EBITDA (\$mm)	374	385	(11)	1,491	1,523	(32)	1,470	1,507	(37)	
CFPS	0.96	0.96	(0.01)	3.81	3.87	(0.06)	3.76	3.91	(0.15)	
EPS	0.28	0.29	(0.01)	0.80	0.90	(0.10)	1.00	0.99	0.01	

Source: BMO Capital Markets, Bloomberg

Suncor Energy (SU-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. All our estimates are relatively in line with consensus.

The Catalysts. We anticipate stronger upstream results from Suncor this quarter as production and realized pricing should be up relative to Q1/19. According to public data, production at Hebron stepped up materially in May and we view higher rates as the new run-rate. A lower portion of sales are expected to be linked to synthetic pricing as Suncor undertook maintenance at its U1 Upgrader; this will negatively impact upstream cash flow. In the downstream, the company underwent maintenance at nearly all of its refineries and the cumulative impact will be approximately 75,000 b/d. As a result, we expect higher operating costs relative to throughput though stronger crack spreads should provide at least some offset. Overall, results should be strong this quarter without any major surprises.

The Outlook. We believe that Suncor is well positioned among its global integrated and North American peers due to its ability to harvest cash flow from legacy investments in the oil sands and downstream, which should allow the company to return more cash to shareholders through a combination of dividend growth and share buybacks. We maintain our Outperform rating and C\$58 target price.

Exhibit 48: Suncor Energy Estimates vs Consensus

Suncor Energy		SU			2018	2019	2020		
Price: Jul-16		\$41.27			EV/EBITDA	6.3x	5.5x	4.9x	
Market Cap (\$Billion):		\$65.4			Production Growth	6.0%	9.6%	5.4%	
BMO Rating:		Outperform			Production Per Share	9.7%	12.8%	8.6%	
BMO Price Target:		\$58.00			D/CF	1.5x	1.1x	0.9x	
					Reinvestment Rate	53.1%	45.4%	45.9%	
BMO vs Consensus		2Q19			2019			2020	
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	779,581	774,225	5,356	796,005	791,258	4,747	838,629	843,758	(5,129)
Gas Production (Mmcf/d)	0.0	4.1	(4.1)	0.0	0.0	0.0	0.0	0.0	0.0
Liquids Production (Bbl/d)	779,581	773,550	6,031	796,004	791,258	4,746	838,628	843,758	(5,130)
Capex (\$mm)	1,398	1,419	(21)	5,180	5,203	(23)	5,559	5,255	304
EBITDA (\$mm)	3,605	3,647	(42)	13,968	14,094	(126)	14,740	13,940	800
CFPS	1.91	1.87	0.04	7.23	7.22	0.01	7.93	7.61	0.33
EPS	0.88	0.85	0.02	3.18	3.42	(0.24)	3.45	3.42	0.03

Source: BMO Capital Markets, Bloomberg

Surge Energy (SGY-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below.

The Catalysts. Surge continues to focus on sustainability, balance sheet management, and cost controls. For the remainder of 2019, we expect Surge to use its free cash flow for debt repayment. In terms of operations, we expect Surge to provide an update on its Sounding Lake/Betty Lake drilling program; notably, the company recently put on production a total of 5 net wells in those areas at the end of March, with initial results coming in strong at >130bbl/d per well each.

The Outlook. We maintain our Outperform rating.

Exhibit 49: Surge Estimates vs Consensus

Surge	SGY				2018	2019	2020		
Price: Jul-16	\$1.22				EV/EBITDA	5.9x	4.2x	4.3x	
Market Cap (\$Billion):	\$0.4				Production Growth	21%	21%	6%	
BMO Rating:	Outperform				Production Per Share	12%	-5%	5%	
BMO Price Target:	\$1.75				D/CF	4.1x	2.7x	2.8x	
					Reinvestment Rate	106%	82%	91%	
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	21,747	21,676	71	21,802	21,900	(98)	23,016	22,605	411
Gas Production (Mmcf/d)	21	20	0	21	21	(0)	21	21	(1)
Liquids Production (Bbl/d)	18,268	18,640	(372)	18,318	18,301	17	19,564	19,125	439
Capex (\$mm)	20	23	(3)	135	125	10	150	144	6
EBITDA (\$mm)	52	51	1	195	196	(0)	195	187	9
CFPS	0.14	0.15	(0.01)	0.53	0.57	(0.04)	0.52	0.55	(0.03)
EPS	0.03	0.02	0.01	0.03	0.02	0.01	0.05	0.05	0.00

Source: BMO Capital Markets, Bloomberg

TORC Oil & Gas (TOG-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below.

The Catalysts. We see the potential for tuck-in acquisitions in its core Cardium or SE Saskatchewan areas in 2H/19 given the forecasted free cash flow this year. With conservative capital efficiency assumptions this year, we believe TORC is poised to either beat production guidance or meet guidance on lower spending in 2019.

The Outlook. We maintain our Outperform rating and \$6.50 target price.

Exhibit 50: TORC Estimates vs Consensus

TORC	TOG			2018	2019	2020			
Price: Jul-16	\$4.11			EV/EBITDA	4.2x	3.9x	3.8x		
Market Cap (\$Billion):	\$0.9			Production Growth	21%	12%	2%		
BMO Rating:	Outperform			Production Per Share	11%	5%	0%		
BMO Price Target:	\$6.50			D/CF	1.4x	1.1x	1.0x		
				Reinvestment Rate	66%	60%	73%		
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	28,244	28,265	(21)	28,308	28,300	8	28,789	29,250	(461)
Gas Production (Mmcf/d)	19	20	(0)	19	20	(1)	20	21	(1)
Liquids Production (Bbl/d)	24,996	24,900	96	25,088	25,000	88	25,479	25,825	(346)
Capex (\$mm)	35	35	0	180	181	(1)	225	211	14
EBITDA (\$mm)	87	nm	nm	318	328	(9)	325	311	14
CFPS	0.37	0.37	0.01	1.36	1.40	(0.04)	1.37	1.37	(0.00)
EPS	0.06	0.06	0.00	0.13	0.20	(0.07)	0.16	0.17	(0.01)

Source: BMO Capital Markets, Bloomberg

Tamarack Valley Energy (TVE-TSX)

The Numbers. Our 2Q19 production, capital expenditures, and cash flow estimates are provided below. We note that production continues to be impacted by Alberta government curtailments. We expect production to be up q/q following an active Q1 which included 20 wells that weren't brought on until early Q2. We believe the company is positioned to achieve H1/19 guidance of 23.5-23.75mboe/d.

The Catalysts. Provided that the curtailment orders aren't lifted by the end of the summer, we expect Tamarack Valley to re-allocate ~\$10 million from the capital program to waterflood initiatives. Altogether, the company sees waterflood activities having the potential to reduce corporate decline rates from 38% to 34% in 2020.

The Outlook. We maintain our Outperform rating due to the inexpensive valuation and strong balance sheet.

Exhibit 51: Tamarack Valley Estimates vs Consensus

Tamarack Valley		TVE			2018			2019			2020		
Price: Jul-16		\$2.05			EV/EBITDA	2.8x	2.6x	2.5x					
Market Cap (\$Billion):		\$0.5			Production Growth	20%	1%	11%					
BMO Rating:		Outperform			Production Per Share	19%	1%	11%					
BMO Price Target:		\$3.25			D/CF	0.8x	0.7x	0.7x					
					Reinvestment Rate	100%	77%	103%					
BMO vs Consensus		2Q19			2019			2020					
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff				
Total Production (Boe/d)	24,019	23,936	83	24,374	24,200	174	26,968	26,850	118				
Gas Production (Mmcf/d)	50	50	0	51	51	0	55	56	(1)				
Liquids Production (Bbl/d)	15,613	15,450	163	15,827	15,509	318	17,799	17,049	750				
Capex (\$mm)	20	nm	nm	175	179	(4)	250	223	27				
EBITDA (\$mm)	65	68	(3)	239	244	(5)	254	251	3				
CFPS	0.26	0.26	0.00	0.99	1.03	(0.05)	1.05	1.12	(0.07)				
EPS	0.06	0.05	0.01	0.09	0.10	(0.01)	0.15	0.14	0.01				

Source: BMO Capital Markets, Bloomberg

Tourmaline Oil (TOU-TSX)

The Numbers. Our Q2/19 production, capital expenditures, and cash flow estimates are provided below. Our estimates are relatively in line with consensus.

The Catalysts. Tourmaline continues to develop its liquids-weighted natural gas assets and is focusing on returning cash to shareholders. The company is actively trying to increase its market diversification and we view any additions to its program as a catalyst for Tourmaline. We expect investors to focus on the company's operational performance, its liquids-weighted production growth, and its realized pricing.

Outlook. Tourmaline has a strong balance sheet compared to those of its peers and is positioned to generate solid returns on capital over the next several years. In our view, an expansion in valuation multiple is attainable if the company continues to improve its cost structure and liquids profile. We maintain our Outperform rating and C\$21 target price.

Exhibit 52: Tourmaline Oil Estimates vs Consensus

Tourmaline Oil		TOU				2018	2019	2020		
Price: Jul-16		\$17.52			EV/EBITDA	4.5x	4.9x	4.2x		
Market Cap (\$Billion):		\$4.8			Production Growth	9.4%	13.3%	7.3%		
BMO Rating:		Outperform			Production Per Share	9.0%	13.3%	7.3%		
BMO Price Target:		\$21.00			D/CF	1.3x	1.2x	1.0x		
					Reinvestment Rate	93.2%	85.3%	71.1%		
BMO vs Consensus		2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	287,015	290,109	(3,094)	300,290	300,000	290	322,061	321,190	871	
Gas Production (Mmcfd)	1,357.4	1,408.7	(51.3)	1,408.8	1,421.1	(12.3)	1,449.8	1,473.6	(23.8)	
Liquids Production (Bbl/d)	60,790	55,326	5,464	65,483	63,150	2,333	80,427	75,584	4,843	
Capex (\$mm)	205	196	10	1,150	1,160	(10)	1,025	1,081	(56)	
EBITDA (\$mm)	275	327	(52)	1,325	1,430	(105)	1,477	1,515	(38)	
CFPS	0.97	1.02	(0.05)	4.94	4.98	(0.04)	5.28	5.48	(0.20)	
EPS	0.17	0.12	0.05	1.10	0.78	0.32	1.43	0.97	0.46	

Source: BMO Capital Markets, Bloomberg

Vermilion Energy (VET-TSX)

The Numbers. Our estimates for 2Q19 CFPS and production are provided below.

The Catalysts. We expect relatively flat 2Q19 production q/q. Active drilling in Q4/18 and Q1/19 should yield strong production levels in April; however, due to spring breakup, we expect production to moderate throughout the remainder of the quarter. In Canada, we saw particularly weak NGL prices in the second quarter (-20% q/q). Vermilion produces roughly ~7,000bbl/d of NGLs through its Canadian assets that would be impacted by lower prices. Vermilion has also guided to a large inventory build in Australia that will negatively impact FFO due to lower sales volumes. Growth in central and eastern Europe and Germany is expected to be muted as the company continues exploratory drilling. We do expect an update on Vermilion's Power River Basin activity, where the company planned to drill 5 (4.6 net) Hilight wells in Q2 and Q3 of 2019 and complete up to 3 wells in Q2.

The Outlook. We maintain our Market Perform rating and \$35.00 target price.

Exhibit 53: Vermilion Estimates vs Consensus

Vermilion	VET						2018	2019	2020	
Price: Jul-16	\$28.21				EV/EBITDA			6.3x	5.8x	5.8x
Market Cap (\$Billion):	\$4.3				Production Growth			28%	19%	1%
BMO Rating:	Market Perform				Production Per Share			10%	9%	0%
BMO Price Target:	\$35.00				D/CF			2.4x	2.1x	2.2x
					Reinvestment Rate			62%	57%	64%
BMO vs Consensus	2Q19			2019			2020			
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff	
Total Production (Boe/d)	104,039	103,675	364	104,077	104,000	77	104,746	107,491	(2,745)	
Gas Production (Mmcf/d)	277	275	2	278	277	1	280	280	1	
Liquids Production (Bbl/d)	57,879	57,437	442	57,743	58,000	(257)	58,034	59,930	(1,896)	
Capex (\$mm)	104	98	6	531	nm	nm	610	560	50	
EBITDA (\$mm)	268	276	(9)	1,097	1,125	(28)	1,111	1,086	25	
CFPS	1.49	1.57	(0.09)	6.08	6.28	(0.20)	6.16	6.47	(0.32)	
EPS	0.11	0.58	(0.47)	0.57	1.05	(0.48)	0.55	1.28	(0.72)	

Source: BMO Capital Markets, Bloomberg

Whitecap Resources (WCP-TSX)

The Numbers. Our estimates for 2Q19 CFPS and production are provided below.

The Catalysts. We expect a relatively large spend in Q3/19 to contribute to a jump in production in Q4 (guidance 77.0-79.0mboe) resulting in 5-8% production growth over Q4/18. Whitecap continues to prioritize debt reduction from forecasted free cash flow in 2019. Note that Whitecap repurchased 1.1 mm shares in Q2 for a total of ~\$5.0 million.

The Outlook. We maintain our Outperform rating on Whitecap, given its low decline profile, high cash flow netbacks, and peer-leading capital efficiencies.

Exhibit 54: Whitecap Estimates vs Consensus

Whitecap	WCP			2018	2019	2020			
Price: Jul-16	\$4.24		EV/EBITDA	4.0x	4.2x	3.7x			
Market Cap (\$Billion):	\$1.7		Production Growth	30%	-5%	9%			
BMO Rating:	Outperform		Production Per Share	15%	-4%	9%			
BMO Price Target:	\$7.00		D/CF	1.8x	1.9x	1.6x			
			Reinvestment Rate	62%	69%	77%			
BMO vs Consensus	2Q19			2019			2020		
	BMO	Cons	Diff	BMO	Cons	Diff	BMO	Cons	Diff
Total Production (Boe/d)	68,816	68,742	74	70,999	71,100	(101)	77,145	77,750	(605)
Gas Production (Mmcf/d)	64	62	2	66	65	1	69	68	2
Liquids Production (Bbl/d)	58,149	58,390	(241)	59,963	60,566	(603)	65,573	67,316	(1,743)
Capex (\$mm)	45	38	7	450	452	(2)	575	496	79
EBITDA (\$mm)	186	195	(9)	718	759	(41)	812	759	53
CFPS	0.41	0.40	0.01	1.57	1.56	0.01	1.80	1.79	0.00
EPS	0.10	0.09	0.00	0.10	0.13	(0.03)	0.40	0.41	(0.01)

Source: BMO Capital Markets, Bloomberg

Exhibit 57: North American SMID Cap Valuation and Operating Comparables

Small and Mid-Cap	Ticker	Analyst	Rating	Price			Shares (mm)	Mkt Cap (\$bn)	Ent Val (\$bn)	DPS		Yield	Payout	EPS (diluted)			CFPS (diluted)			P/E		P/B		EV/EBITDA			Cash Flow Netback								
				16-Jul	Target	Return				2019e	2020e			2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2021e	2019e	2020e	2019e	2020e	2019e	2020e	2021e	2019e	2020e	2021e		
US\$	Berry	BRY	PJ	OP	10.40	14.00	39%	82	0.9	1.2	0.48	4.6%	14%	1.51	1.43	2.10	3.35	3.38	4.41	6.9	7.3	5.0	3.1	3.1	2.4	4.0	3.4	2.0	17.79	18.01	21.85				
	Callon	CPE	PJ	OP	5.73	8.00	40%	228	1.3	2.6	0.00	0.0%	0%	0.78	1.11	1.47	2.09	2.98	3.60	7.3	5.2	3.9	2.7	1.9	1.6	9.2	4.5	3.8	28.25	28.68	31.38				
	Carizzo	CRZO	PJ	Mkt	11.19	11.00	-2%	92	1.0	2.7	0.00	0.0%	0%	2.13	1.77	2.43	6.45	6.11	7.35	5.3	6.3	4.6	1.7	1.8	1.5	4.3	4.8	4.2	21.48	19.67	20.90				
	Centennial Resource	CDEV	PJ	Mkt	6.59	9.00	37%	278	1.8	2.6	0.00	0.0%	0%	0.20	0.49	0.86	1.96	2.29	2.97	32.7	13.5	7.6	3.4	2.9	2.2	4.8	4.5	3.7	18.68	19.61	21.74				
	Derbury Resources	DNR	PJ	Mkt	1.19	1.00	-16%	452	0.5	3.3	0.00	0.0%	0%	0.38	0.29	0.38	1.06	0.95	1.08	3.1	4.2	3.1	1.1	1.3	1.1	5.8	6.5	5.7	18.02	16.63	20.31				
	Extraction	XOG	PJ	Mkt	4.17	3.00	-28%	171	0.7	2.0	0.00	0.0%	0%	(0.09)	(0.07)	0.07	3.71	3.93	4.03	nm	nm	nm	1.1	1.1	1.0	3.5	3.3	3.4	17.09	16.08	16.93				
	HighPoint	HPR	PJ	Mkt	1.51	2.00	32%	210	0.3	1.0	0.00	0.0%	0%	(0.13)	0.03	0.18	1.27	1.50	1.69	nm	nm	nm	8.4	1.2	1.0	0.9	3.5	3.4	3.2	21.31	20.72	22.04			
	Jagged Peak Energy	JAG	PJ	OP	8.10	10.00	23%	214	1.7	2.3	0.00	0.0%	0%	0.52	0.80	1.17	1.93	2.52	3.17	15.6	10.2	6.9	4.2	3.2	2.6	5.5	4.5	3.7	25.68	25.86	28.14				
	Laredo Petroleum	LPI	PJ	Mkt	2.98	4.00	34%	232	0.7	1.7	0.00	0.0%	0%	0.69	0.66	0.71	2.37	2.15	2.30	4.3	4.5	4.2	1.3	1.4	1.3	2.8	2.8	2.6	13.54	13.71	15.62				
	Matador Resources	MTDR	PJ	OP	18.58	22.00	18%	117	2.2	3.5	0.00	0.0%	0%	0.92	1.09	1.93	4.47	5.44	7.15	20.1	17.0	9.6	4.2	3.4	2.6	6.8	6.1	5.0	19.37	19.50	21.79				
	Montage Resources	MR	PJ	Mkt	4.48	8.00	79%	36	0.2	0.7	0.00	0.0%	0%	1.51	1.60	1.44	7.17	8.36	8.65	3.0	2.8	3.1	0.6	0.5	0.5	2.8	2.8	2.9	6.49	6.96	6.87				
	Oasis Petroleum	OAS	PJ	Mkt	4.78	5.00	5%	314	1.5	4.3	0.00	0.0%	0%	(0.08)	(0.12)	0.17	2.56	2.33	2.73	nm	nm	nm	28.1	1.9	2.1	1.8	4.5	5.0	4.4	19.51	17.98	20.32			
	PDC Energy	PDCE	PJ	Mkt	29.96	38.00	27%	66	2.0	3.3	0.00	0.0%	0%	2.02	4.55	7.13	12.65	15.93	19.88	14.8	6.6	4.2	2.4	1.9	1.5	3.5	2.9	2.2	15.84	15.50	16.67				
	QEP Resources	QEP	PJ	R	6.50	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R				
	SM Energy	SM	PJ	Mkt	9.91	15.00	52%	112	1.1	3.8	0.10	1.0%	1%	(0.42)	0.75	2.39	7.49	9.05	11.28	nm	13.2	4.1	1.3	1.1	0.9	4.0	3.5	2.9	16.33	17.73	20.77				
	SRC Energy	SRCI	PJ	Mkt	4.07	6.00	47%	244	1.0	1.7	0.00	0.0%	0%	0.96	0.84	1.09	2.29	2.15	2.58	4.2	4.8	3.7	1.8	1.9	1.6	2.8	3.0	2.4	18.55	17.57	18.52				
	Southwestern	SWN	PJ	Mkt	2.54	2.00	-21%	541	1.4	3.3	0.00	0.0%	0%	0.51	0.23	0.22	1.55	1.26	1.30	5.0	10.9	11.7	1.6	2.0	1.9	4.2	5.5	5.7	5.47	4.83	4.92				
	Whiting Petroleum	WLL	PJ	Mkt	15.54	19.00	22%	91	1.4	4.3	0.00	0.0%	0%	0.64	0.77	2.11	10.38	10.03	11.98	24.3	20.1	7.4	1.5	1.5	1.3	3.8	3.9	3.3	17.63	17.55	19.49				
US Small and Mid-Cap																																			
CS																																			
Advantage	AAV	RO	Mkt	1.71	2.25	32%	186	0.3	0.6	0.00	0.0%	0%	0.05	0.19	0.58	0.87	1.03	1.64	33.9	9.1	2.9	2.0	1.7	1.0	3.4	3.1	1.8	10.00	11.04	16.10					
Alhambra	ATH	RO	Mkt	0.74	0.85	15%	516	0.4	0.6	0.00	0.0%	0%	(0.02)	(0.11)	0.01	0.33	0.25	0.38	nm	nm	nm	2.2	3.0	1.9	2.4	2.9	2.8	11.64	8.43	12.47					
Birchhoff Energy	BIR	RO	Mkt	2.84	3.25	18%	266	0.8	1.3	0.11	3.7%	8%	0.23	0.34	0.41	1.28	1.29	1.45	12.5	8.5	6.9	2.2	2.2	2.0	3.5	3.4	2.9	12.07	11.90	12.62					
Bonterra	BNE	RK	Und	5.14	5.50	9%	33	0.2	0.5	0.12	2.3%	4%	0.03	0.05	0.53	2.78	2.92	3.47	nm	nm	nm	1.9	1.8	1.4	4.4	4.1	3.2	20.07	20.23	24.63					
Bonavisita	BNP	MM	Mkt	0.44	0.65	50%	255	0.1	0.9	0.01	2.3%	1%	(0.25)	(0.07)	(0.01)	0.73	0.77	0.86	nm	nm	nm	0.6	0.6	0.5	3.9	3.6	3.1	8.13	8.49	9.41					
Baytex	BTE	RK	Mkt	1.87	2.75	47%	954	1.0	3.1	0.00	0.0%	0%	0.12	(0.00)	0.16	1.49	1.28	1.50	15.0	nm	nm	12.0	1.3	1.5	1.2	3.2	3.7	3.1	23.44	20.60	23.75				
Cardinal	CJ	RK	OP	2.37	3.50	54%	116	0.3	0.5	0.15	6.3%	16%	(0.09)	0.07	0.25	0.95	0.96	1.22	nm	35.2	9.5	2.5	2.5	1.9	4.2	3.9	2.9	14.40	14.17	17.67					
Crew	CR	MM	OP	0.76	1.50	97%	152	0.1	0.5	0.00	0.0%	0%	0.03	0.06	0.11	0.56	0.64	0.73	22.7	11.8	6.9	1.4	1.2	1.0	4.3	4.0	3.6	9.40	11.47	12.41					
Delphi	DEE	MM	Mkt(S)	0.19	0.20	8%	186	0.0	0.2	0.00	0.0%	0%	(0.05)	0.04	0.06	0.28	0.25	0.27	nm	4.4	3.3	0.7	0.7	0.7	2.9	3.2	3.2	15.54	15.11	15.90					
Enbridge	ERF	OP	9.17	16.00	76%	239	2.2	2.6	0.12	1.3%	4%	0.81	1.16	1.53	2.89	3.30	3.85	11.3	7.9	6.0	3.2	2.8	2.4	3.5	3.1	2.5	19.40	20.31	22.85						
Freehold	FRU	RK	Mkt	3.14	9.50	24%	118	1.0	1.0	0.63	7.7%	62%	0.10	0.25	0.37	0.97	1.01	1.20	nm	32.4	22.0	8.4	8.1	6.8	8.5	7.9	6.3	30.82	32.20	36.75					
Kell Exploration	KEL	RK	OP	8.85	7.50	95%	184	0.7	1.0	0.00	0.0%	0%	0.08	0.34	0.55	1.07	1.57	2.08	47.9	11.5	7.0	3.8	2.5	1.8	4.3	3.0	2.2	15.63	16.62	23.25					
MEG Energy	MEG	RO	Mkt	5.39	6.00	11%	297	1.6	4.7	0.00	0.0%	0%	0.34	0.21	0.79	2.36	1.94	2.80	15.8	25.1	6.8	2.3	2.8	1.9	5.6	5.5	3.7	22.42	18.23	24.26					
NuVista	NVA	RK	OP	2.73	5.50	101%	225	0.6	1.1	0.00	0.0%	0%	0.06	0.38	0.79	1.38	1.62	2.36	42.2	7.1	3.5	2.0	1.7	1.2	3.4	2.9	1.8	16.25	16.48	20.23					
Pengrowth	PGF	RK	Mkt(S)	0.48	0.60	25%	556	0.3	1.0	0.00	0.0%	0%	(0.10)	(0.08)	(0.07)	0.18	0.16	0.17	nm	nm	nm	2.7	3.1	2.7	6.8	7.1	6.8	11.50	10.43	11.46					
Pipesone	PIPE	MM	OP	1.16	2.50	116%	76	0.1	0.3	0.00	0.0%	0%	(0.05)	0.14	0.22	(0.00)	0.57	0.73	nm	8.2	5.2	nm	2.0	1.6	2.0	3.1	2.3	2.73	17.98	20.18					
Paramount	POU	RK	Mkt	7.20	9.00	25%	130	0.9	1.7	0.00	0.0%	0%	(1.70)	0.05	0.84	2.45	3.08	4.44	nm	nm	8.6	2.9	2.3	1.6	4.7	4.0	2.9	10.39	11.83	15.62					
Painted Pony	PONY	MM	Mkt	0.89	1.25	40%	161	0.1	0.5	0.00	0.0%	0%	(0.11)	0.02	0.09	0.59	0.63	0.73	nm	44.1	10.1	1.5	1.4	1.2	2.9	2.8	2.5	5.14	5.59	6.17					
Obsidian	OBE	RK	Und	1.30	1.50	15%	507	0.7	1.1	0.00	0.0%	0%	(2.19)	(1.62)	(1.23)	1.50	2.07	2.57	nm	nm	nm	0.7	0.6	0.5	3.2	3.0	2.3	14.72	17.03	20.60					
Surge	SGY	RK	OP	1.22	1.75	52%	309	0.4	0.8	0.10	8.2%	19%	0.03	0.65	0.13	0.53	0.52	0.64	44.2	22.4	9.1	2.3	2.3												

IMPORTANT DISCLOSURES

Analyst's Certification

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Buy	Outperform	48.4 %	20.7 %	63.1 %	49.8 %	61.1 %	57.7%
Hold	Market Perform	48.0 %	11.0 %	33.3 %	46.9 %	37.3 %	37.5%
Sell	Underperform	3.6 %	15.8 %	3.6 %	3.2 %	1.6 %	4.8%

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