

# **WATEROUS ENERGY FUND**

## **Cona Resources Completes Acquisition of Pengrowth Energy Corporation**

Calgary – January 7, 2020 – Cona Resources Ltd. (“Cona”), a portfolio company of Waterous Energy Fund (“WEF”), today announced the completion of its acquisition of Pengrowth Energy Corporation (“Pengrowth”) for approximately C\$740 million.

With the Pengrowth acquisition, Cona is the largest privately-owned heavy oil producer in North America, with production of 35,000 boe/d and an industry-leading base decline rate below 10%.

Adam Waterous, Founder and CEO of Waterous Energy Fund, commented, “We believe the acquisition of Pengrowth enhances Cona’s long life, low-decline asset base and adds a trophy asset in Pengrowth’s Lindbergh oil property in the Cold Lake area of Alberta. This transaction fits with WEF’s investment strategy of pursuing established businesses with best-in-class oil and liquids rich assets in special situations, which require restructuring, recapitalization or repositioning.”

Rob Morgan, CEO of Cona, commented, “The completion of the Pengrowth transaction is a significant milestone for our business. We believe Cona is uniquely positioned to enhance value from the Pengrowth assets and look forward to working with their employees, service providers and stakeholders to ensure a seamless integration and generate attractive risk-adjusted returns for our shareholders.”

The acquisition, which was approved by both Pengrowth’s shareholders and debtholders at special meetings held on December 18, 2019, was funded with an approximately C\$585 million equity investment from WEF and debt under an expanded credit facility from a consortium of Canadian banks. Inclusive of the equity invested to fund the Pengrowth acquisition, WEF has invested approximately C\$1.5 billion in Western Canada from its first private equity fund, its co-investors and other partners since the start of 2017, which WEF believes is over half of all private equity invested in the Canadian upstream oil and gas sector during this time period. With investment professionals located in both the United States and Canada, WEF is actively pursuing investment opportunities across North America.

Waterous continued, “The North American oil and gas industry is in the midst of a paradigm shift in response to new technology, low prices, and lacklustre investor returns; we believe this macro backdrop creates a target rich environment for us to execute on our value approach to energy investing.”

### **ADVISORS**

RBC Capital Markets and TD Securities served as Co-Lead Arrangers and Joint Bookrunners on the expanded Cona credit facilities. CIBC World Markets served as financial advisor to Cona. BMO Capital Markets and Scotiabank served as financial advisor to WEF in connection with its equity investment in Cona. AltaCorp Capital Inc., a subsidiary of ATB Financial, served as strategic advisor to Cona.

Blake, Cassels & Graydon LLP served as legal advisor to Cona, and Stikeman Elliot LLP served as legal advisor to Waterous Energy Fund in connection with the transaction.

**About Waterous Energy Fund:** Waterous Energy Fund is a Calgary-based energy investment firm with offices in Houston and New York. Founded in 2017 by Adam Waterous, the firm is pursuing investments in the North American oil and gas sector. WEF’s current portfolio includes Strath Resources Ltd., a high-growth Kakwa Montney condensate producer in Alberta, and Cona Resources Ltd., a long life, low decline, high free cash flow heavy oil producer in Alberta, Saskatchewan and British Columbia. For additional information, see [www.waterous.com](http://www.waterous.com).

**About Cona Resources Ltd.:** Cona is a Canadian crude oil production and development company focused on maximizing recovery from its large-scale oil resource base. The Company’s operations, infrastructure and concentrated land position are focused in northeast Alberta, southwest Saskatchewan, and northeast British Columbia. For additional information, see [www.conaresources.com](http://www.conaresources.com).

### **For more information, please contact:**

Adam Waterous  
CEO and Managing Partner  
Waterous Energy Fund  
[info@waterous.com](mailto:info@waterous.com)  
(403) 930-6048