# REJECT THE WEF OFFER

**SHAREHOLDER UPDATE: FEBRUARY 2021**

# Disclaimer

**Cautionary Information and Forward-Looking Statements**

Certain information included in this presentation, including, without limitation, statements with respect to the outcome of the Sale Process and expectations with respect to EBITDA, free cash flow and net debt levels, constitute ‘forward-looking statements’ within the meaning of applicable Canadian securities laws. Forward-looking statements are necessarily based upon a number of estimates, assumptions, expectations and projections that, while considered reasonable by Osum, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Generally, forward-looking information can be identified by use of words such as “outlook”, “objective”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “forecasts”, “project”, “seek”, “anticipate”, “believes”, “should”, “plans”, “promise” “optimistic” or “continue”, and other similar terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual financial results, performance or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. The risks and other factors that may impact the forward-looking information contained herein include, but are not limited to, general economic conditions, industry conditions, including fluctuations in commodity prices, the ability to generate sufficient cash flow from operations to meet current and future obligations, including costs of projects and repayment of debt, expected cash flows, production levels or conditions and expected economic life of the Orion project, government regulation, fluctuations in foreign exchange and interest rates, weather conditions, unanticipated operating events, uncertainty of reserve and resource estimates, risks relating to the COVID-19 pandemic and the ability of management to execute its business plan, retaining a high quality, experienced management and operating team, production delays, changing environmental and other regulations, the ability to attract and retain business partners, the ability to exploit hydrocarbon resources with available technology, the need to obtain and maintain proprietary rights over aspects of the technology, competition from other technologies, the ability to access the capital for project development, research, technology development, operations and marketing, financial position, predictions of future actions or plans or strategies, and changes in energy prices. Except as required by law, Osum disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise. Readers are cautioned not to put undue reliance on these forward-looking statements. Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In particular, historical results should not be taken as a representation that such trends will be replicated in the future. Certain information in this presentation, including expectations with respect to future EBITDA, free cash flow and net debt levels, may constitute “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws. Readers are cautioned to not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out herein. Such information is presented for illustrative purposes only and may not be an indication of Osum’s actual results.

**Reserves**

The reserve estimates herein were extracted from reports prepared by GLJ Petroleum Consultants Ltd. (GLJ), an independent professional petroleum engineering firm, in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (COGEH), with an effective date of April 30, 2020. Reserves are classified according to the degree of certainty associated with the estimates. Proved reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. It is 90 percent likely that actual remaining quantities will exceed estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of proved plus probable reserves. Other criteria that must also be met for the categorization of reserves are provided in the COGEH. The preparation of an evaluation requires the use of judgement in applying the standards and definitions contained in the COGEH. As the Company’s independent reserve evaluator, GLJ applies those standards and definitions based on its experience and knowledge of industry practice. However, because the application of the standards and definitions contained in the COGEH requires the use of judgement there is no assurance that governing securities regulator(s) will not take a different view than GLJ as to some of the determinations in an evaluation.

**Presentation of Financial Information**

Unless otherwise stated, all figures presented are in Canadian Dollars.

# Dramatic Improvement in Market Conditions & Osum's Outlook

| Metrics | | WEF[6] Announces Hostile Takeover | Current | % Δ Since Hostile Takeover Announced |
|---|---|---|---|---|
| **Date[1]** | | **November 2, 2020** | **February 1, 2021** | |
| **Spot WTI** | [US$/bbl] | $37 | $52 | 42% |
| **Spot WCS** | [US$/bbl] | $28 | $39 | 42% |
| **S&P / TSX Capped Energy Index[2]** | [pts] | 65 | 90 | 38% |
| **Oil-Weighted Juniors** | [pts] | 100 | 203 | 103% |
| **Oil-Weighted Intermediates** | [pts] | 100 | 170 | 70% |
| **2021E Metrics** | | | | |
| **2021E Strip WTI** | [US$/bbl] | $39 | $51 | 31% |
| **2021E Strip WCS** | [US$/bbl] | $28 | $38 | 36% |
| **2021E EBITDA[3]** | [$mm] | $89 | $160 – $170 | 86% |
| **2021E Free Cash Flow[4]** | [$mm] | $14 | $65 – $75 | 397% |
| **2021E YE Net Debt[5]** | [$mm] | $15 | ($30) – ($20) | (272%) |
| **2021E YE Net Debt / CF** | [x] | 0.2x | (0.3x) – (0.2x) | (231%) |

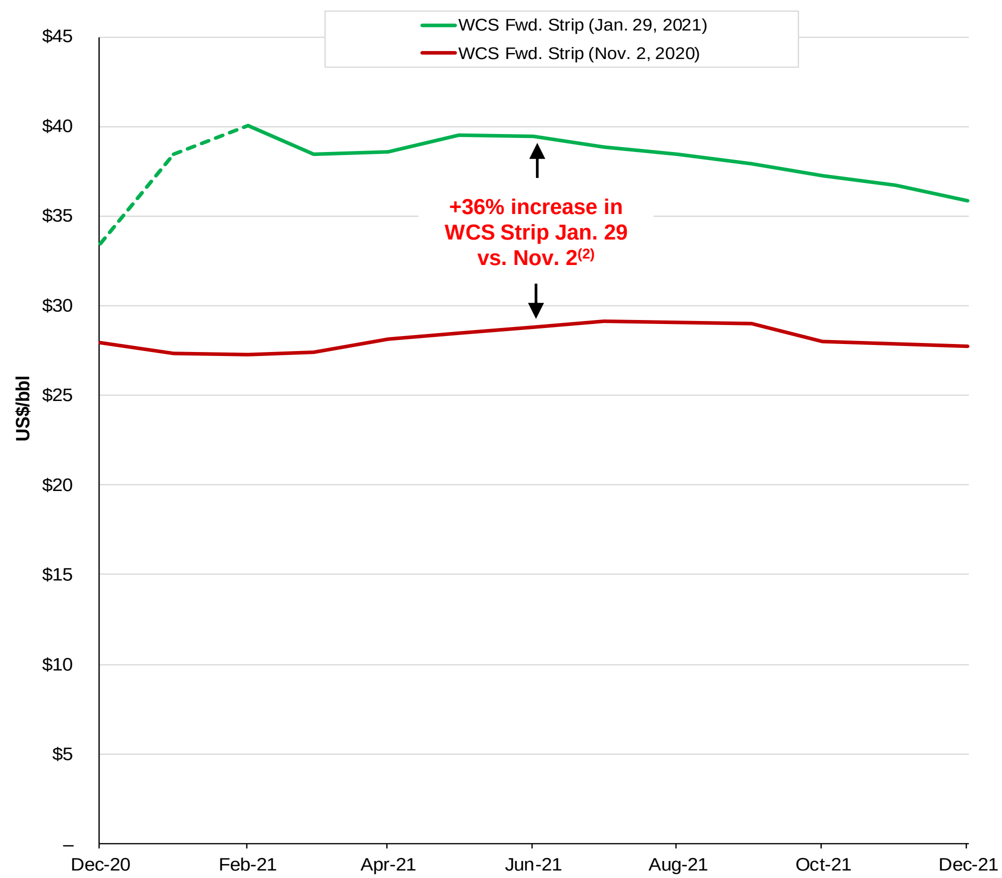
**Osum's forecasted financial performance in 2021 at strip pricing has improved dramatically making the bid even more inadequate**

(1) Spot and forward strip pricing as of November 2, 2020 and January 29, 2021
(2) S&P / TSX Capped Energy Index is a market weighted index which includes 14 Canadian Oil and Gas constituents, with a median market capitalization of $2.2 billion; constituents with a >5% weighting include CNQ (~24%), SU (~24%), CVE (~14%), IMO (~8%) and TOU (~7%)
(3) Excludes the impact of hedging
(4) Calculated as EBITDA, including the impact of hedging, less capital expenditures and interest expense
(5) Excludes restricted cash
(6) WEF Osum Acquisition Corp.

# Significant Improvement in Forward WTI & WCS Prices

## Historical and Forward WTI Prices(1)


## Forward WCS Strip Pricing(1)

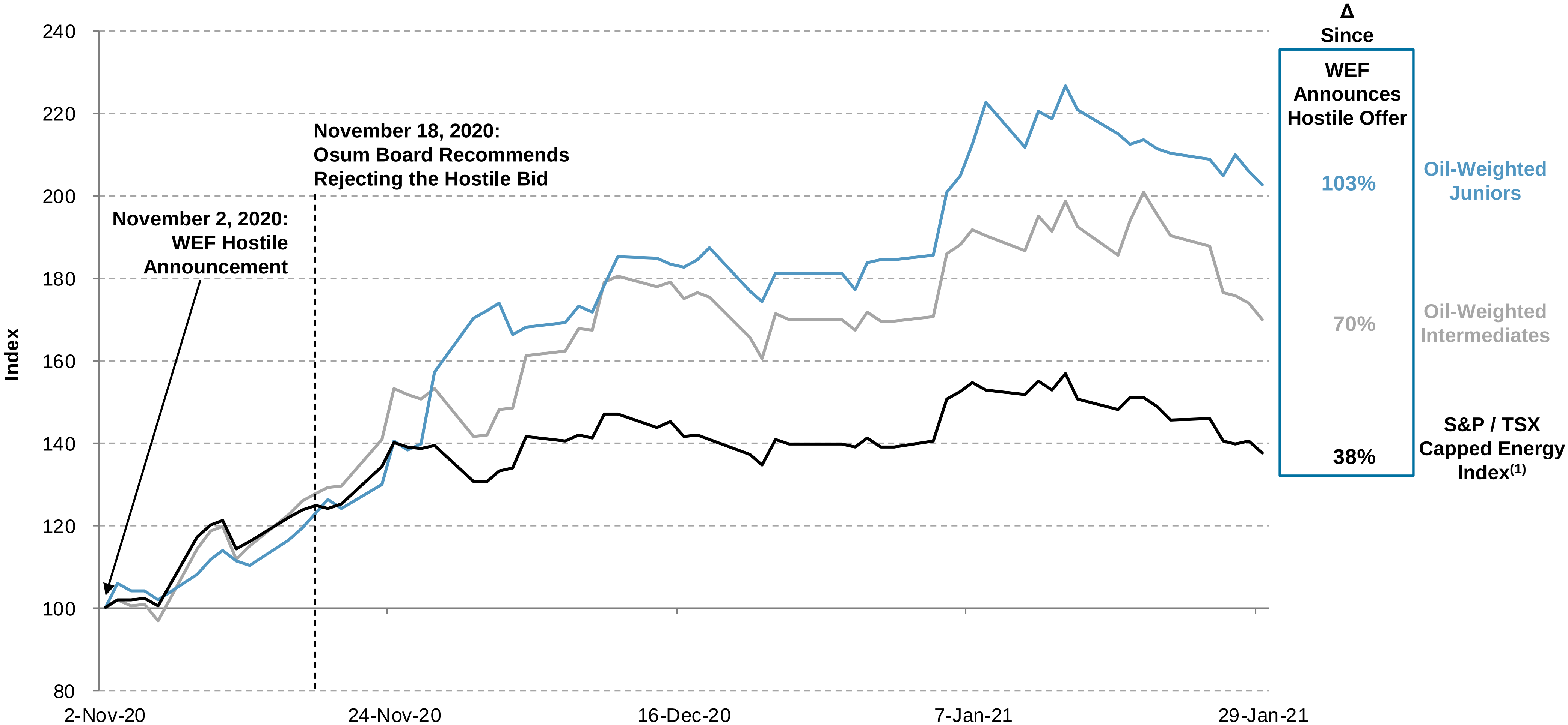



**2021 WTI and WCS strip prices up ~30% and 36%, respectively**

(1) Source: Bloomberg as at January 29, 2021
(2) Average increase in January 29, 2021 forward strip pricing compared to November 2, 2020 forward strip pricing per Bloomberg over the remaining 11-month 2021 period ended December 2021

# Public Oil-Weighted E&P Peers Up ~70% - 100%

## Relative Performance | Since November 2, 2020




**The WEF Bid does not reflect the dramatic improvement in the current environment**

Source: Bloomberg as at January 29, 2021

Note: Canadian Oil-Weighted Intermediate peer group includes: Baytex, Crescent Point, Enerplus, MEG, Torc, Vermilion, Seven Generations, Whitecap; Canadian Oil-Weighted Junior peer group includes: Athabasca, Bonterra, Cardinal, Freehold, Obsidian, Razor, Surge, Tamarack

(1) S&P / TSX Capped Energy Index is a market weighted index which includes 14 Canadian Oil and Gas constituents, with a median market capitalization of $2.2 billion; constituents with a >5% weighting include CNQ (~24%), SU (~24%), CVE (~14%), IMO (~8%) and TOU (~7%)

# WEF Offer at Grossly Inadequate Valuation Multiples

## Recent Operating Stage In Situ Oil Sands Transactions

| Acquirer | Target | Interests | Enterprise Value | Date | Fwd. 12M Avg. WTI[1] | Fwd. 6M Avg. WCS[1] | Current Prod'n | Enterprise Value / 1P | Enterprise Value / 2P | Enterprise Value / 2P + 2C[2] (Unrisked) | Enterprise Value / Current Prod'n | Enterprise Value / LTM EBITDA | Enterprise Value / FY 1 EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *[$mm]* | | *[US$/bbl]* | *[US$/bbl]* | *[bbl/d]* | *[$/bbl]* | *[$/bbl]* | *[$/bbl]* | *[$/bbl/d]* | *[x]* | *[x]* |
| **Current WEF Proposal** | | | | | | | | | | | | | |
| **WEF** | **Osum** | Orion & Taiga | $403[3] | Jan-21 | $51 | $38 | 19,100[4] | $2.54[5] | $0.58[5] | $0.34[5] | $21,123 | 4.1x | 2.4-2.5x[6] |
| **Recent Precedents** | | | | | | | | | | | | | |
| **Cona (WEF)** | **Pengrowth** | Lindbergh & Groundbirch Montney | $743 | Nov-19 | $55 | $37 | 18,500[7] | $4.67 | $2.39 | $2.14 | $40,151 | 4.9x | 5.2x |
| **CNRL** | **Devon Canada** | Jackfish, 50% Pike & Lloyd Heavy | $3,250[8] | May-19 | $58 | $38 | 122,800 | $4.58 | $3.79 | $1.25 | $26,466 | 10.5x | 5.0x[9] |
| **International Petroleum** | **BlackPearl** | Onion Lake, Blackrod & Mooney Projects | $635 | Oct-18 | $74 | $37 | 15,800 | $6.73 | $3.91 | $0.67 | $40,209 | 35.5x | 4.7x |

**WEF's offer is grossly inadequate compared to the 3 most recent precedent transactions which occurred in similar WCS price environments (including the purchase of Pengrowth by WEF affiliate Cona in late 2019)**

Source: Company reports & TD estimates (FY1 EBITDA based on strip pricing at the time of announcement). Note: Reserves shown gross of royalties
(1) Source: Bloomberg (2) 2C = Independent Engineer's Best Estimate of Unrisked Contingent Resources from the last available disclosure. Note all reserve and resource information in barrels of bitumen (3) Enterprise value based on equity value of $2.40/sh. plus debt less cash (including restricted cash as applicable) plus working capital including mark to market value of risk management contracts. Osum balance sheet as of December 31, 2020 (4) Based on average production in December 2020 (5) Proven, Proven plus Probable and Best Estimate Unrisked Economic Contingent resources shown based on economic oil sands reserves and resources, respectively as of April 30, 2020. Best Estimate Unrisked Economic Contingent Resources for Osum include Orion and Taiga (6) Based on Osum 2021 production guidance range of 19,000 – 20,000 bbl/d (7) Based on Pengrowth's reported Q2 2019 production for the Lindbergh asset (assumes net value of $nil after asset retirement obligations for Groundbirch and miscellaneous conventional production; as a result all metrics exclude this associated production, reserves and contingent resources) (8) Based on estimated net purchase price of $3.25B after closing adjustments from the effective date of January 1, 2019 (9) 2020E EBITDA estimated by TD at strip pricing as at May 29, 2019, includes Jackfish & Lloydminster heavy. While CNRL / Devon Canada's 2019E EV / EBITDA multiple was ~2.9x, in part due to the positive short-term pricing impact of Alberta's curtailment policy, based on TD's estimate of a more normalized 2020E EBITDA it occurred at ~5.0x

# Do Not Tender Your Shares

- **Shareholders Should Not Tender Their Shares**
  - "We want to thank Osum's shareholders for their support and patience as we explore liquidity options that will maximize value," said William Friley, Chairman of Osum's Board of Directors. "We **strongly recommend** that shareholders await the outcome of the corporate sale process and the independent valuation, in order to make an informed decision regarding the hostile bid. The Waterous offer is set to expire on **February 24th** so shareholders should feel no pressure to tender at this time."

- **Withdrawing Your Shares**
  - If shareholders have already deposited their common shares to the Hostile Bid, they can withdraw them by:
    - Contacting their broker
    - Following the withdrawal instructions set out in the Directors' Circular
    - By contacting Laurel Hill Advisory Group (Osum's shareholder communication advisor and information agent)

- **Contact Details**
  - If you have any questions regarding the process please feel free to contact Laurel Hill directly
    - Toll free at 1.877.452.7184 (416.304.0211 outside North America)
    - Email at assistance@laurelhill.com

**Questions and requests for assistance may be directed to Laurel Hill.**
**For further information on why to reject the WEF Hostile Offer visit https://www.osumcorp.com/hostilebid/**

# Osum Overview

**Demonstrated Success in SAGD Operations & Project Execution**

**Strongest Balance Sheet Among its Oil-Weighted Peers with Tremendous Free Cash Flow**

**Established, Ultra-Long Life, Low Decline Production Base at Orion Provides Torque to Higher Oil Prices**

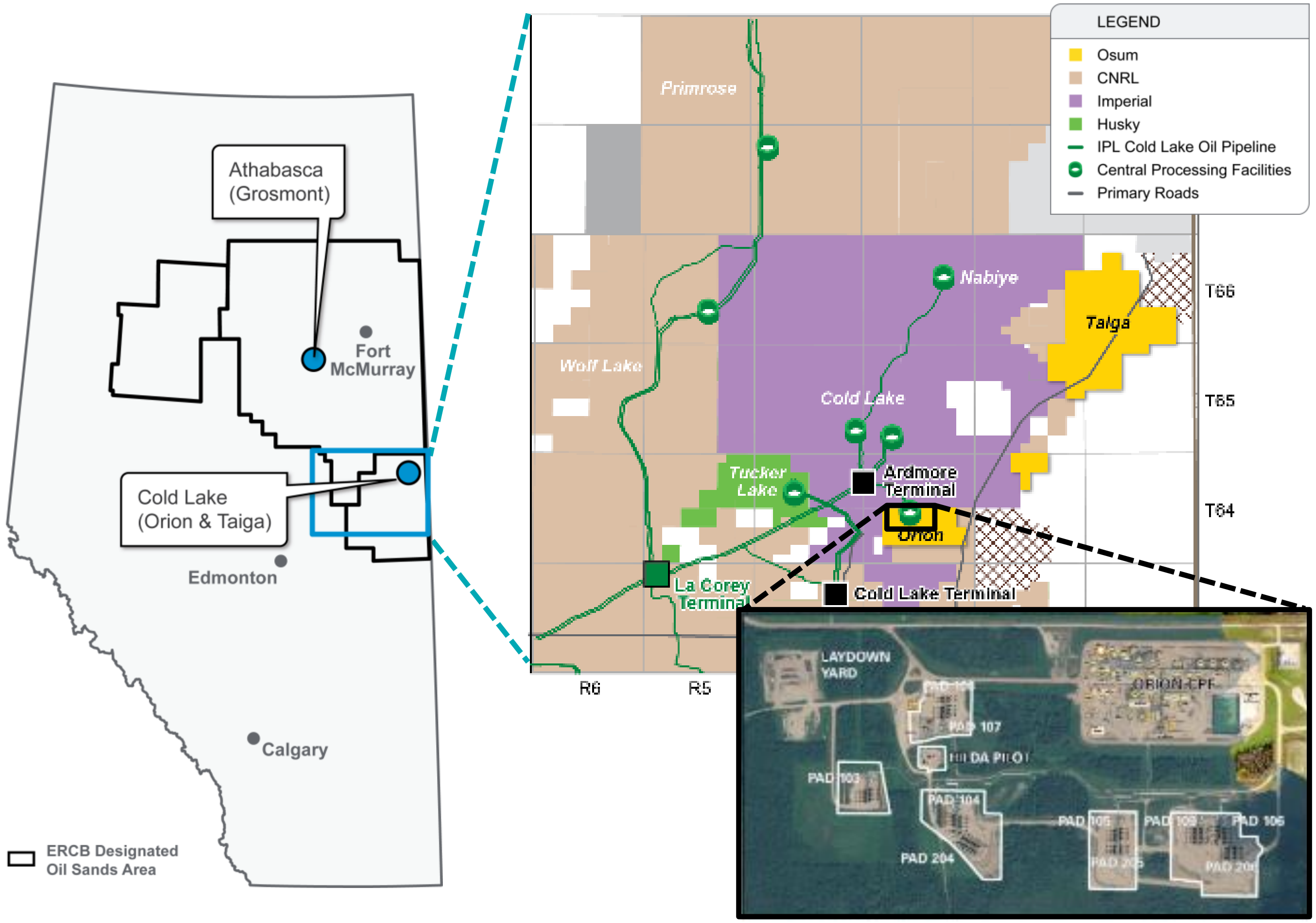
**Orion is One of the Most Economic SAGD Projects in Alberta**

**Orion has "Best-in-Class" Realized Prices and Netbacks Among Alberta SAGD Projects**

**Substantial, Highly Economic Growth Opportunities**

**Significant Reserve Growth Driven by Improving Well Performance**

## Osum Asset Overview




Aerial view of Orion



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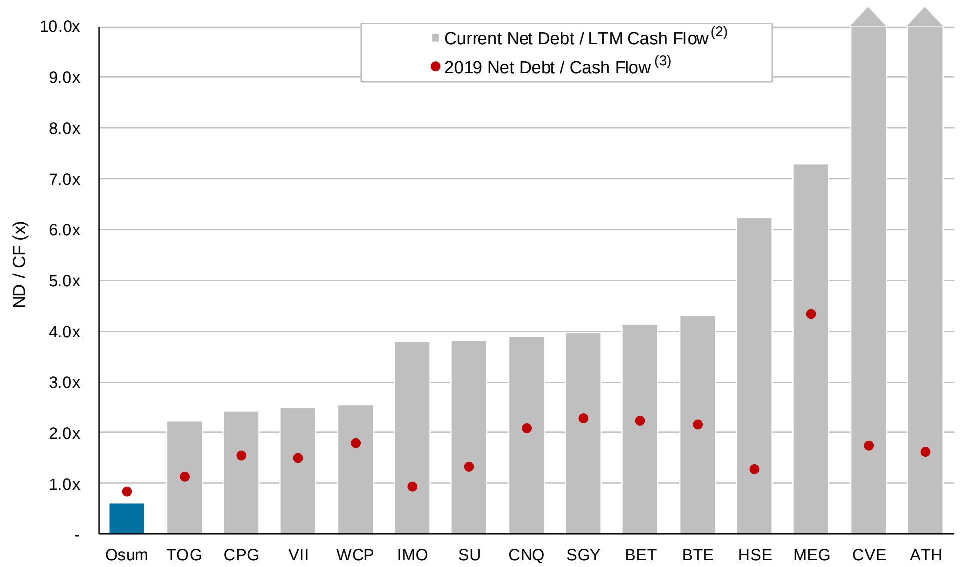
# Strongest Balance Sheet Among its Oil-Weighted Peers with Tremendous Free Cash Flow

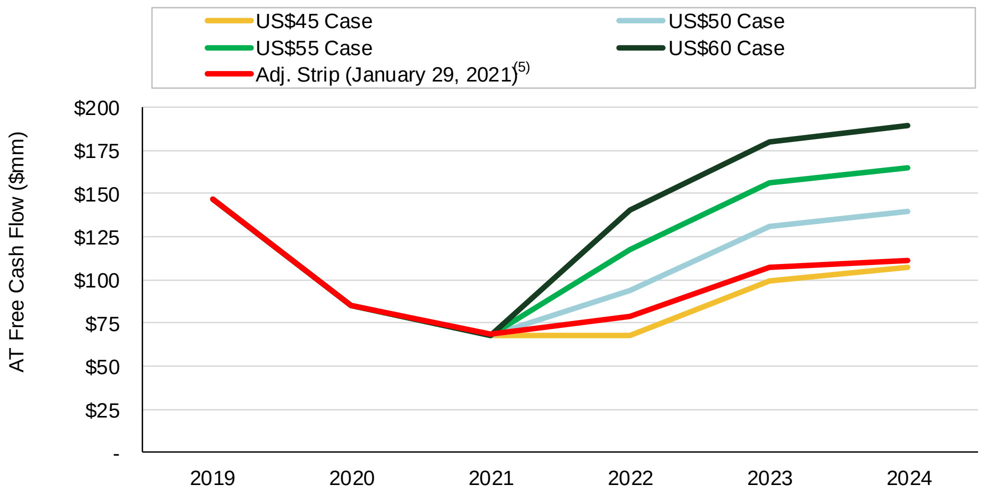
## Osum's Exceptional Balance Sheet & Torque to Higher Prices

- Osum has one of the strongest balance sheets amongst its oil sands and oil-weighted peers
  - Highly remarkable given recent expansion and size differential to some of the largest oil companies in Canada
- Osum has a demonstrated ability to generate tremendous free cash flow
  - ~$80mm of FCF in 2020 amidst multi-decade low oil price environment
  - Osum also exhibits strong torque to higher oil prices – with every US$5/bbl increase in WTI, Osum generates an additional ~$27mm of annual free cash flow

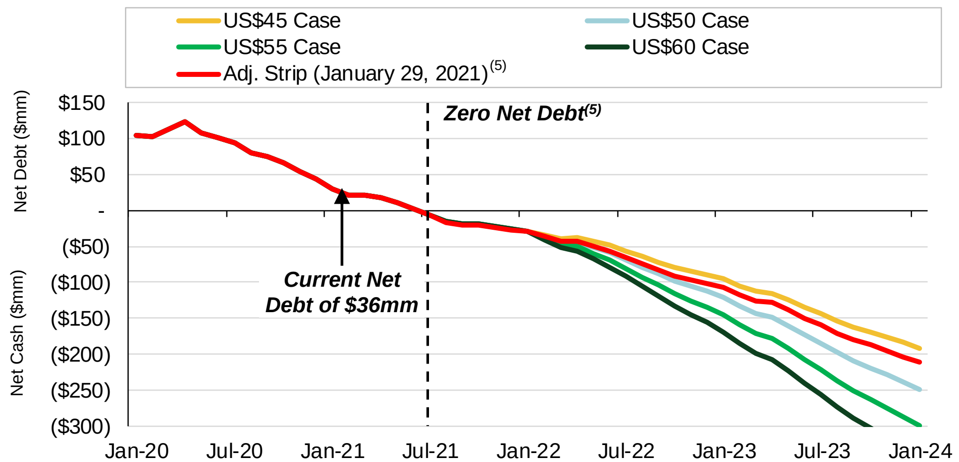
## Net Debt / Cash Flow Comparison[1]




## Free Cash Flow Sensitivity[4]




## Short-Term Path to Zero Net Debt[4]




(1) Source: Capital IQ; net debt refers to total debt less cash (excluding restricted cash)
(2) Calculated by dividing net debt at end Q3 2020 by total cash flow for previous twelve months; utilizes Osum's net debt at end Q4 2020
(3) Calculated by dividing net debt as of 2019 year-end by total 2019 cash flow
(4) WTI pricing cases assumes recent strip pricing for 2021 and flat WTI pricing starting in 2022 and beyond, with FX and WCS differentials varying based on the WTI price assumption

(5) This case uses trailing 5-day average strip pricing for liquid benchmark commodities and FX, and adjusts certain commodities with illiquid pricing, including WCS and condensate, to normalized relationships assuming improved market egress in 2023 and beyond (specifically that WCS:WTI differentials will be US$13.00/bbl in 2023 and thereafter)

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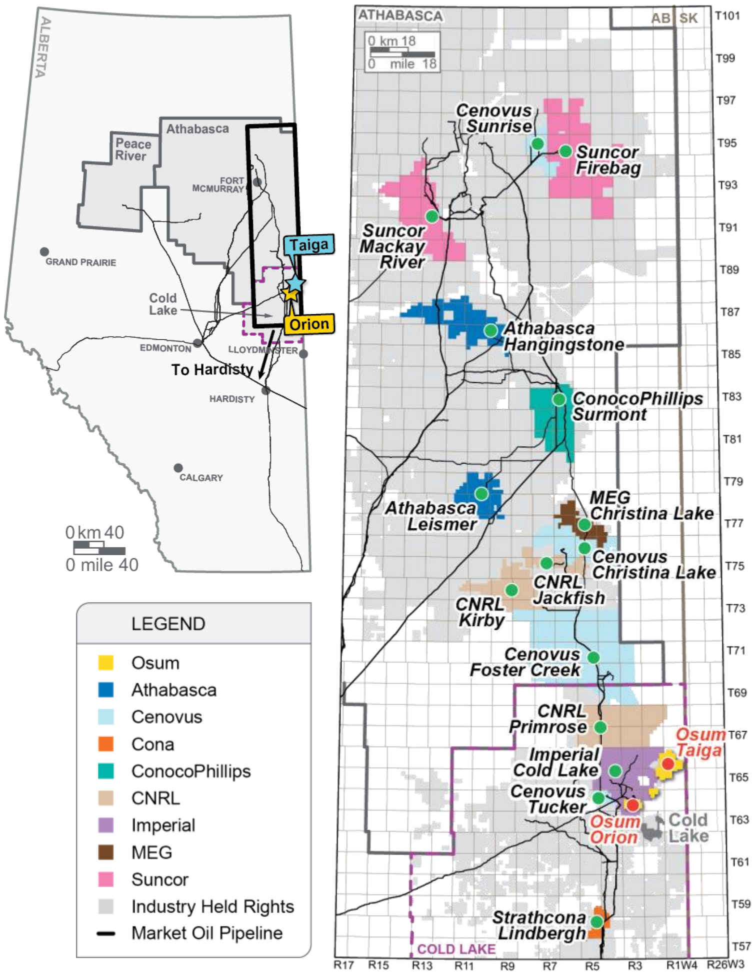
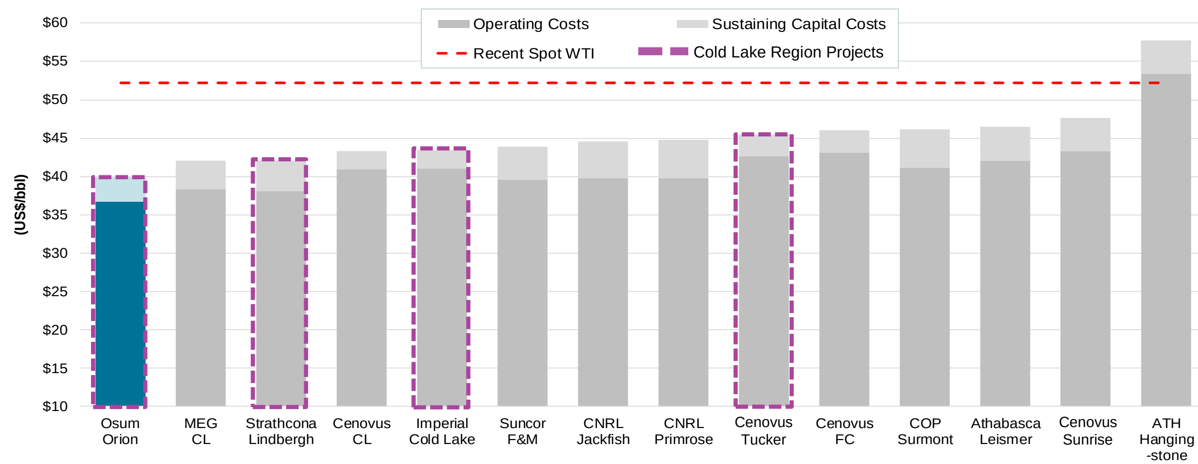
# Orion is One of the Most Economic SAGD Projects in Alberta

## In Situ Oil Sands Fairway




## In Situ Oil Sands Project Breakeven US$/bbl WTI Prices(1)




- Projects in the Cold Lake region such as Orion benefit from a number of significant regional economic advantages based on their reservoir quality and closer proximity to end markets
  - **Higher Bitumen Quality = Lower Quality Discounts**
    - Materially lower quality discounts to benchmark WCS compared to Athabasca projects result in higher realized prices
  - **Lower Blending Requirements = Higher Realized Prices**
    - Lower diluent requirements and costs compared to Athabasca projects
  - **Lower Transportation Costs = Higher Netbacks**
    - Attractive transportation arrangements due to close proximity to established infrastructure and market hubs

**Orion benefits from top quartile breakeven prices among producers in the oil sands, with Taiga offering significant growth potential at similarly strong economics**

Source: Company reports, Bloomberg, TD
Note: Analysis utilizes recently disclosed operating cost, sustaining capital cost, and diluent blending disclosure for available projects, and TD estimates where disclosure is not available; Analysis assumes all products are priced and sold in Alberta (e.g. Hardisty / Edmonton) and transportation costs reflect the cost to transport sales product from plant gate to these sales points; Pricing based on trailing 5-day average spot pricing as at January 29, 2021; WTI, WTI:WCS differential, Condensate and FX rate of US$52.55/bbl, US$13.20/bbl, US$53.15/bbl and US$/C$ 0.783, respectively. All analysis is based on a normalized outlook for costs (i.e. excludes impacts of non-recurring events)

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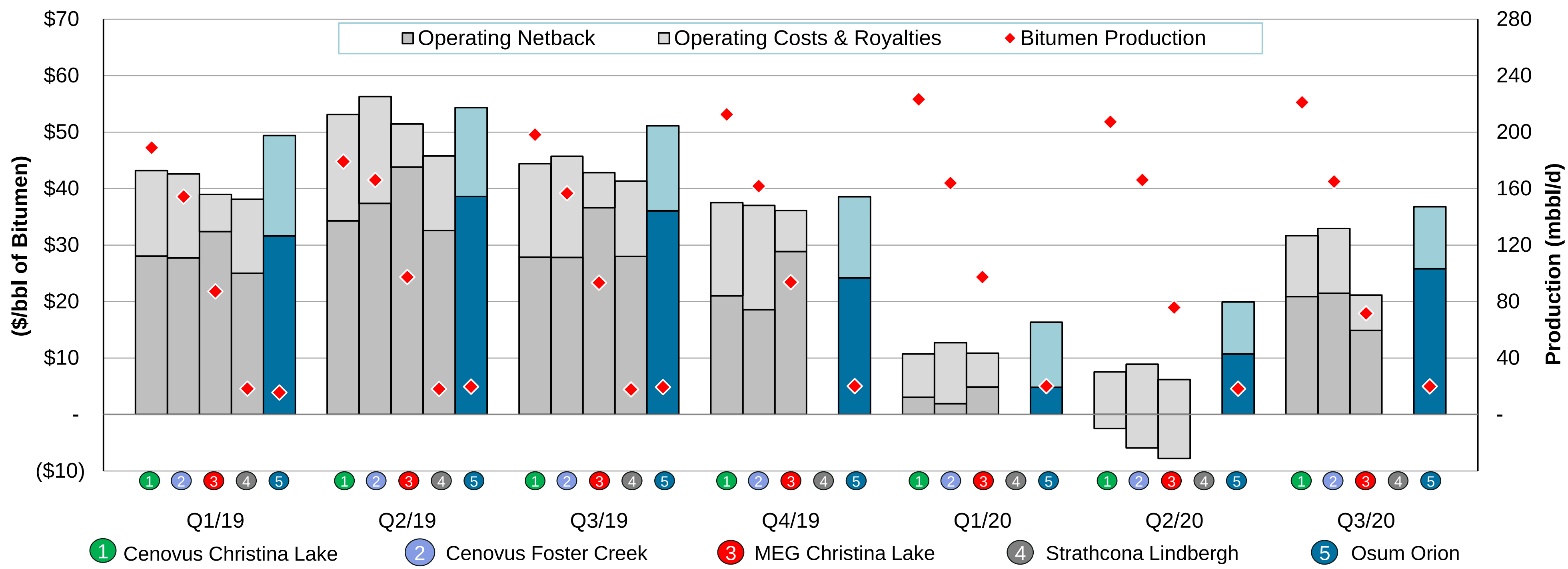
# Orion has "Best-in Class" Realized Prices and Netbacks Among Alberta SAGD Projects

## Realized Pricing & Operating Netbacks[1]



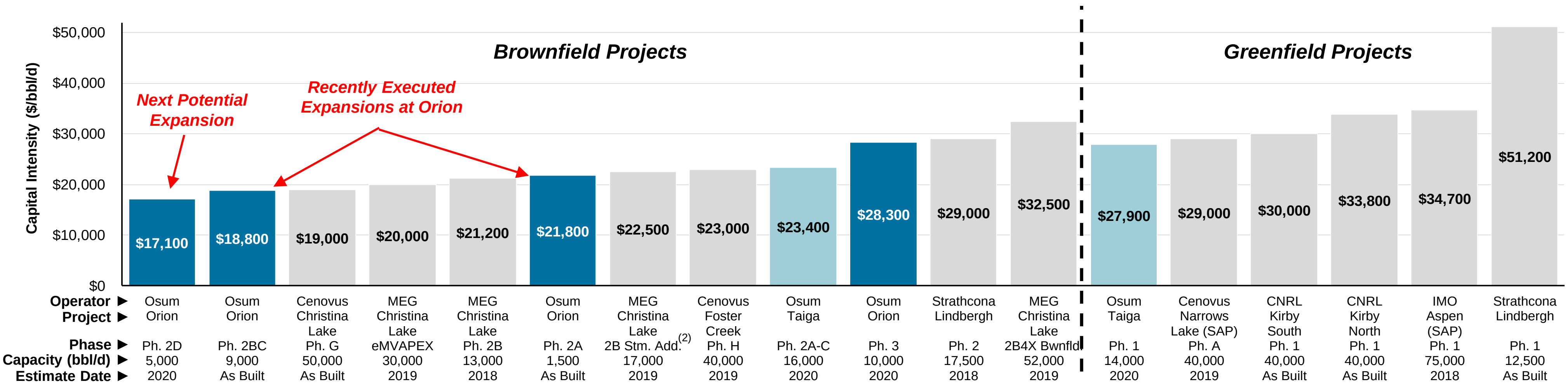

- Due to its location and bitumen quality, Orion has historically realized pricing comparable to the other best-in-class SAGD projects
  - Post its recent Phase 2BC expansion, Osum enjoys top decile netbacks despite its smaller scale
  - Taiga is expected to have similar netbacks given closely comparable bitumen quality and cost structure
- Osum had positive netbacks (after hedging) every month of 2020 given its prudent hedging strategy despite oil prices hitting 20-year lows
  - As shown, Osum also had positive netbacks in each quarter this year before hedging

**Post the recent expansions, Orion now enjoys best-in-class realized netbacks**

Source: Bloomberg and company financial statements
(1) The top of the bar represents realized price (shown after blending and transportation costs) and the lower darker coloured bar represents operating netback excluding hedging; the difference between the two is operating costs which include crown royalties and GORRs (and in MEG's case is also net of power sales)

# Substantial, Highly Economic Growth Opportunities

## Initial Capital Intensity Benchmarking[1]




- Osum's recent Phase 2 Orion expansions achieved among the lowest capital intensities of any recent brownfield SAGD projects in Alberta
- These expansions used a strategy of a series of small smart steps that underpinned their successful execution amid the ongoing weak oil price environment, by reducing risk through growing the project in impactful, but manageable phases
  - Both expansions were built on time and under budget
  - The same proven strategy will be implemented in the execution of Orion Phases 2D & 3 and Taiga Phases 1 & 2
- Osum's low-risk approach generates attractive returns at current commodity price levels for its entire portfolio of growth projects (see table to right)

| Project | BT IRR at Adj. Strip (%)[3] | BT IRR at US$55 WTI (%)[4] |
|---|---|---|
| Orion Phase 2D *Brownfield* | 51% | 75% |
| Orion Phase 3 *Brownfield* | 25% | 38% |
| Taiga Phase 1 *Greenfield* | 16% | 27% |
| Taiga Phases 2A-C *Brownfield* | 24% | 38% |

**Osum's growth projects offer highly attractive returns at strip pricing**

Source: Company reports, Osum
(1) Initial capital intensity calculated as initial capital cost divided by bitumen capacity
(2) Excluding capital already spent, go forward capital intensity is $10,000/bbl/d after spending in past 2 years
(3) Before tax unlevered IRR based on adjusted trailing 5-day average strip pricing as at January 29, 2021
(4) Before tax unlevered IRR based on flat US$55/bbl price deck in 2022 and thereafter

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