The Broadcast

APRIL 2025

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Broadbill exists to create value differently. From our strong foundations we create unsurpassed value to boldly redefine the midstream industry as the partner of choice. We fearlessly pursue innovation and strategic opportunities. We are producer centric and we work with the right people.

The Broadcast is a monthly marketing newsletter from Broadbill Energy Inc. to provide market insight and company updates.

PRODUCER PROFIT SHARE

$27,540,609

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What's New in the Zoo

Now that we are done discussing if tariffs are to be or not to be, we are starting to see implications of Trump tariffs here at home, across the border and across the ocean (more on this below).

For those of you who are sick of hearing about tariffs, it looks like you'll be hearing about it for some time unfortunately. With Canadian elections coming up in a month and tariff wars in affect, we're sure to have plenty to chat about!

Pricing View - April 4, 2025

	February 2025 Index Diff	March 2025 Index Diff	April 2025 Index Diff	May 2025 Index Diff View Current	May 2025 Index Diff View Trend (last trade)
WCS	-$12.17	-$13.56	-$13.56	-$9.37	-$10.75
LIGHT SWEET (MSW)	-$4.85	-$5.35	-$5.35	-$2.48	-$1.90
CONDENSATE (C5)	-$1.47	-$2.79	-$2.79	-$1.00	-$0.85
LIGHT SOUR BLEND (LSB)	-$5.69	-$7.58	-$7.58	-$3.13	-$2.70
MIDALE (MSM)	-$6.48	-$8.38	-$8.38	-$3.59	-$3.25

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Market Summary

TMX UPDATE

TMX is seeking expansion projects both in the short and long term. This could add capacity of bUnder Trump tariffs, TMX and other shelved projects have been gaining momentum. Interest for building a northern branch off the Trans Mountain system has attracted renewed interest. TMX Northern Leg involves a new lateral pipeline branch off the main line near Valemount, BC to carry oil to an export terminal in Kitimat. This new interest with the promise of a faster approval process for projects from both front runners of the coming election, improves the likelihood of this project going ahead and given the threat of tariffs and U.S. trade policy, it is likely the best chance we've seen in decades at faster approvals to serve in the interest of not only the industry, but Canada at large.

MACRO UPDATE

The month began with Trump's 10% tariffs on Chinese imports to the U.S., which went into effect on February 4th and China retaliated the same day with new duties on many American goods and an anti-monopoly investigation into Google. China imposed 15% tariffs on coal and LNG products and a 10% levy on crude, agricultural machinery and large engine cars imported from the U.S. The crude levy comes at the most inopportune time as Chinese crude oil imports have decreased 5% year-over-year due to U.S. sanctions on Iranian and Russian tankers.

Trump then announced that all steel imports will be taxed at a minimum of 25% and raised aluminum tariffs from 10% to 25%, which went into effect in March. Trump also announced in February that reciprocal tariffs will be imposed to match tax rates other countries charge on imports. Between late February and early March, Trump signed executive orders instructing the Commerce Department to consider tariffs on cooper, lumber, and timber.

By March 4th, Trump tariffs on all Chinese imports went into effect at 20%. China imposed tariffs of up to 15% on a wide array of key U.S. farm exports and increased the number of U.S. companies subject to export controls and restrictions. China then retaliated against Trump's tariffs by imposing additional 15% taxes on key American farm products. A few days later, Trump announced that he will place a 25% tariff on imports from any country that buys oil or gas from Venezuela, which would mean additional taxes for China who bought most of its oil from Venezuela in 2023.

Europe has also been the target for Trump tariffs. The EU recently told the public to hold 72 hours of emergency supplies to prepare for the risks of natural disasters, cyber-attacks, geopolitical crises such as armed aggression against EU countries. Sounds like the EU is preparing for war.

Of course, this week has been filled with tariff announcements as we rolled thru "American Liberation Day," which subsequently followed April fools day. Unfortunately, this was no joke and the market has been in a free fall ever since. More on this impact below in our WTI summary discussion. Demand is now the talk of the market as the glove shifts into tariff reciprocations, with China having immediately announced matching 34% import tariffs on everything "making America great again."

OPEC & OPEC+

OPEC+ also provided of bit of headwinds this past week with announced volumes returning to market effective May 1. The planned output increase 135,000 bpd was subsequently increased to 411,000 bpd to make up for lost time on previous delays, though it is thought to likely accommodate volumes already hitting the market.

Kazakhstan raised production in February by 13% since January, hitting a record high of 2.12 million bpd, exceeding its quota yet again. It made promises to cut output to compensate for previous overproduction, however boosted oil production at the country's largest oil field, Tengiz. OPEC plus has since rolled out a compensation plan for some of its members, mainly impacting Iraq and Nigeria.

NORTH AMERICA

The Canadian election is set for April 28th. The two real options are Mark Carney and the Liberal party or Pierre Poilievre and the Conservative party. One is a leader of a Canadian party where members are not required to be Canadian citizens to vote in the leadership of that party and the other is voted in as the leader of a Canadian party by Canadians. I would argue that Carney being the Prime Minister of Canada is undemocratic at the very least. However, the polls suggest that many of voters do not care much about democracy, as Liberals are leading the polls. If polls are to be believed, people seem to be impressed by a former central banker who has supported massive inflation through his policies during his time at Bank of England and has a record of advising the former head of the liberal party on the very same policies that benefited his asset management company's green agenda at the expense of the Canadian economy and its main industries; policies which he now claims he will undo if he is elected. Trudeau was merely the puppet, and Carney was one of the puppet masters.

Carney has overtaken Poilievre in the polls by stealing most of Poilievre's policy promises. Poilievre has said he would slash the income tax rate for the lowest income bracket by 2.25% to 12.75% (as in first $57,375 of income will be taxed at 12.75%) through cutting expenditures on consultants, foreign aid, and reducing government waste. More details of his plans are to be released. Whereas Carney promised to drop the rate to 14% by operating two different budgets, one will be balanced, and one will carry a deficit. Both parties have promised to increase spending on infrastructure and defense. Both have also said they would eliminate sales tax on newly built homes, though Carney will only eliminate the tax on first time homebuyers. How it would be checked and enforced that the tax cut only applies to first time homebuyers is yet to be determined. Currently, the foreign buyer ban is enforced by checking an ID and signing something claiming that the individual is not a foreign buyer, more administration and little reliability.

When it comes to energy projects related policies, Poilievre plans on creating "shovel-ready zones" with pre-approval permits for major resource or energy projects. This is clearly laid out on the conservative website: 1) identify location for the project 2) make sure it's safe 3) work with different levels of government to lock down zoning and permits and 4) offer pre-permitting before even getting an application so permits can be published with a checklist that businesses would need to complete to protect people and nature.

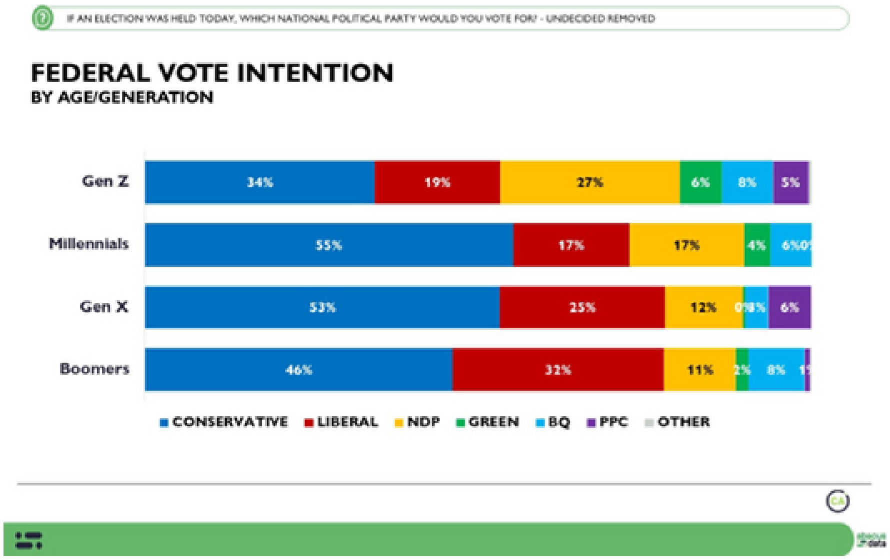
He also promises to repeal changes made by Bill C-69, which has been called out for being a federal overreach and ending prospects for future investments in oil and gas infrastructure. The bill allowed the federal government to use climate change as an excuse to stomp out large oil and gas projects. Alberta took this to court and the Supreme Court of Canada ruled with Alberta that the federal government assessment to use climate change to invoke the act part of the bill is unconstitutional. The federal government at the time said the act will stay in place and work to make amendments to comply with the court's decision. Poilievre plans to replace this act with a legislation that approves projects within a year of an application. Additionally, he promises to create a First Nations Resource Charge (FNRC) that allows companies to pay a share of their federal corporate taxes to local First Nations and local First Nations would be able to use FNRC agreement to replace the financial component in Impact Benefit Agreements (IBA) or supplement IBA. IBA allows First Nations to benefit from economic opportunities from resource development in coordination with their governments. FNRC would allow funds to skip going through government waste and go directly into communities, a more robust and original plan than Carney's extension of the Indigenous Loan Guarantee Program (more on this below).

Similarly, Carney promises to create a federal approval process for large infrastructure and natural resource projects to "create clear, predictable, and efficient review processes." He would require all federal regulatory authorities to complete reviews for "projects that serve the national interest" on a two-year timeline and faster for large investments. It is not clear how it will be determined which projects serve national interest yet. He also made promises to establish a fund to build transportation networks to connect energy extraction sites to rail lines and roads. I wonder who will be managing this fund? More government bureaucrats or asset management companies? Carney says he'll direct federal departments to take actions to reduce red tape and strengthen internal trade. He intends to double Indigenous Loan Guarantee Program from $5 billion to $10 billion. More information is needed to understand the full impact of this, but currently not much is available.

Both candidates claim to/want to get rid of carbon pricing. However, Poilievre committed to repealing the entire carbon pricing laws, whereas Carney just repackaged it by repealing for consumers from April 1st and committed to putting the burden on industrial polluters, which will ultimately be passed down to consumers. Steel and aluminum plants are among these industrial polluters that Carney wants to hit just as hundreds of steel and aluminum sector workers have been laid off as a result of Trump tariffs.

Poilievre has also committed to eliminating the proposed Oil and Gas Sector Greenhouse Gas Emissions Cap and Carney has no plans to remove the proposed emissions cap. Poilievre also plans on revoking changes made by Bill C-48 (regulation of vessels that transport oil to/from BC's north coast). He also plans on lower taxes on energy, though it is unclear which taxes on energy.

This election will likely come down to the young vs. the old priorities. Unlike the past, today's younger voters are more likely to vote conservative and boomers are more likely to vote for liberals. The young are concerned more about affordability, whereas the boomers have coasted through one of the best economic times in this country and have been easily able to afford what they need. The boomers are likely to vote based on their fear of Trump tariffs' impact on their equities portfolio as many have put all their eggs in the equities basket.



INFLATION

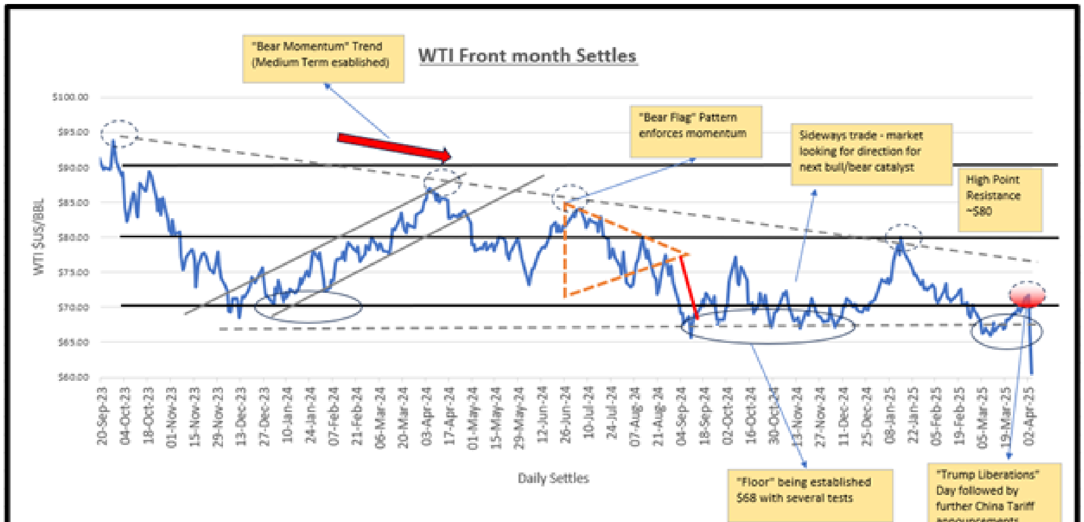
The Bank of Canada cut its rate by a quarter point to 2.75%. The decision to cut was influenced by uncertainty around tariffs from the U.S. The bank's key decision makers signaled that the rates would have been held steady if it weren't for tariffs. That would make sense since central bankers mostly look at past data to determine future implications.

On the other side of the border, the U.S. held interest rates steady. However, the Feds still see two rate cuts this year. They downgraded their collective outlook for economic growth and forecast higher inflation. The Feds also announced further unwinding of its quantitative tightening (QT) program. QT is reducing assets on balance sheet to reduce money supply and this is why it is usually implemented at times of high inflation. You might remember from a previous Broadcast that the Feds intended to slow the pace of reducing its treasury securities portfolio starting June 2024 and by 2025 they planned to stop QT all together. If the Feds are still talking about cutting back on QT instead of stopping all together, then it would suggest that the Fed expects a recession to be more imminent than higher inflation.

Given all of the noise above, the Canadian dollar has had a month to remember almost bottoming out to 1.5000 early in the month on the first round of tariffs instituted, only to see them deferred (again) and ultimately repealed for all goods that meet USMCA/CUSMA requirements. After April 2, we see the Canadian dollar rallying to a multi month high of nearly 1.4000. We are now seeing bounce back on weak jobs data back to 1.4225 and a likely fall out from equity markets simply not finding any footing given the uncertainty engulfing the market.

WTI

Oh me oh my…things were starting to turn that corner when all of a sudden Trump decided to bring out his science fair tariff board and show the world that tariffs are for certain not going away (at least just yet). The Opec decision to bring on incremental volumes as above, including some extra barrels to compensate for previous months delays, also weighing on the WTI this week as we saw a good deal of air come out of the balloon post U.S. Liberation Day celebrations. Last but not least, a healthy serving of reciprocal tariffs announced by China at 34% has many questioning energy demand across the globe in this tariff war climate. Oil has shed almost $10 US/bbl over the last few trading sessions and is unbelievably flirting now with $50s.



Source: Broadbill Energy Inc.

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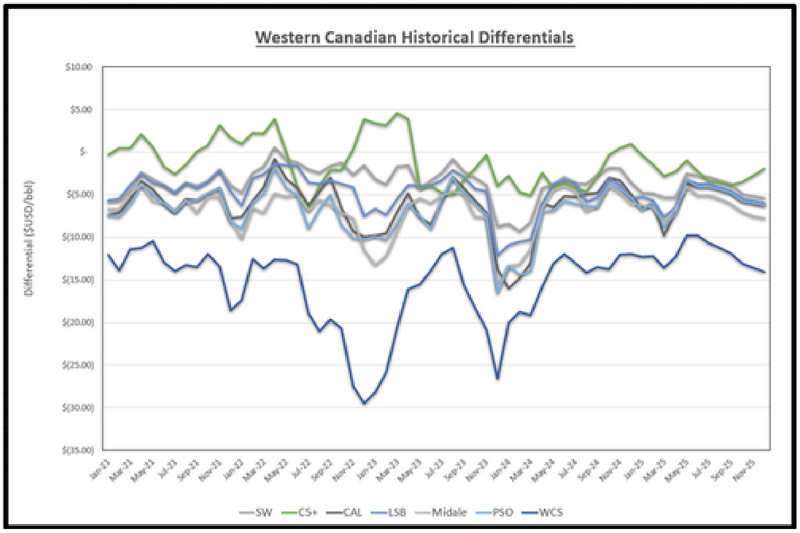
WCSB Pricing Summary

The beginning of the April cycle had a very similar feel to the March window with market participants waiting on official news regarding the direction of President Trump's tariffs. The market once again stood at a standstill until -$13.80 US/bbl exchanged hands for the first heavy print late in the day. Beginning the second day of the cycle we saw the heavy barrel gap 40 cents weaker with -$14.20 US/bbl, before falling to -$14.50 US/bbl for a cycle low. After news broke on March 6th that tariffs would once again be delayed (April 2), WCS gained strength to hit a high of -$12.50 US/bbl off that positive headline.

With the U.S. government revoking licenses from Chevron in Venezuela and adding additional tariffs on Russian volume, the heavy barrel saw demand spike with low global supply. This became evident as the WCS Houston contract "ARV" hit -$2.00 US/bbl down the curve letting the market know it was desperate for heavy barrels in PADD 3. This has become the theme of May trading: "Where's the crude?" The WCS May contract opened the cycle with a single digit handle coming across at -$9.65 US/bbl. A factor behind this is PADD 2 refiners coming out of seasonal turnarounds and looking ramp up refinery runs.

In light markets, April started trading with -$6.00 US/bbl for light sweet, exchanging hands before falling to a cycle low of -$7.50 US/bbl. However, once tariffs got delayed just like the heavy market, the sweet market got support and traded up to -$5.00 US/bbl on March 6th. Sweets eventually settled at -5.30 for the month. Post cycle we saw April prompt barrels trade up to a -$1.00 US/bbl with supply shortages being the main factor, as buyers were looking for as many barrels as they could not subject to tariff risk. Issues with Syncrude are also playing into this as end users are having to audible to the Sweets to fill up their light refinery units.

As we look ahead to May we see the light market gaining traction with Edmonton Light Sweet beginning May trading into the -$2.00s US/bbl territory and Southeast Saskatchewan Sours trading up into the -$3.00s US/bbl. Again, showing the desire to fill PADD 2 refinery post turnaround maintenance. The only grade that is of notice that hasn't gotten the same lift to begin May trading is the North Dakota field barrel on DAPL.



Source: Broadbill Energy Inc.

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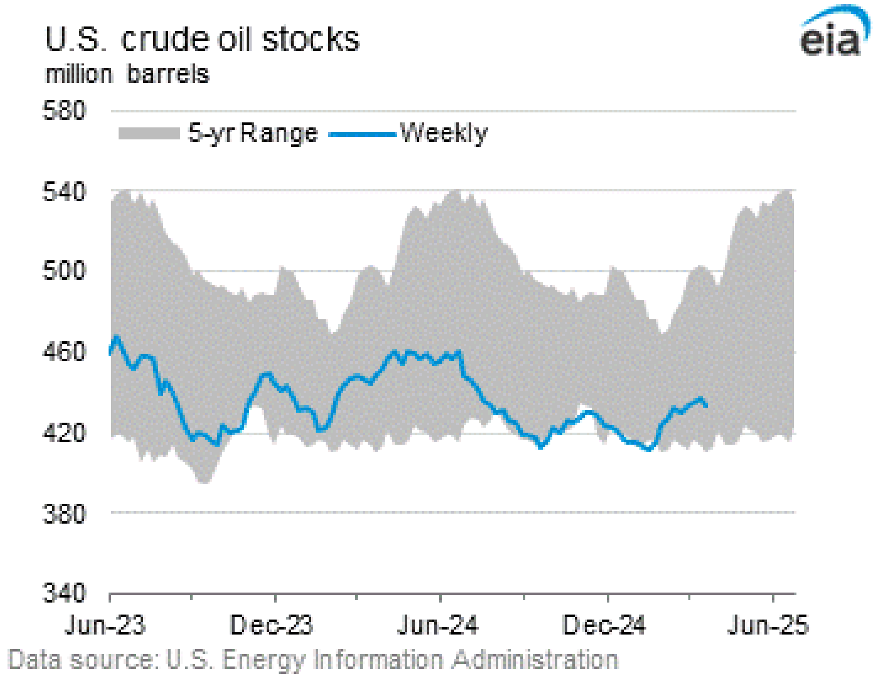
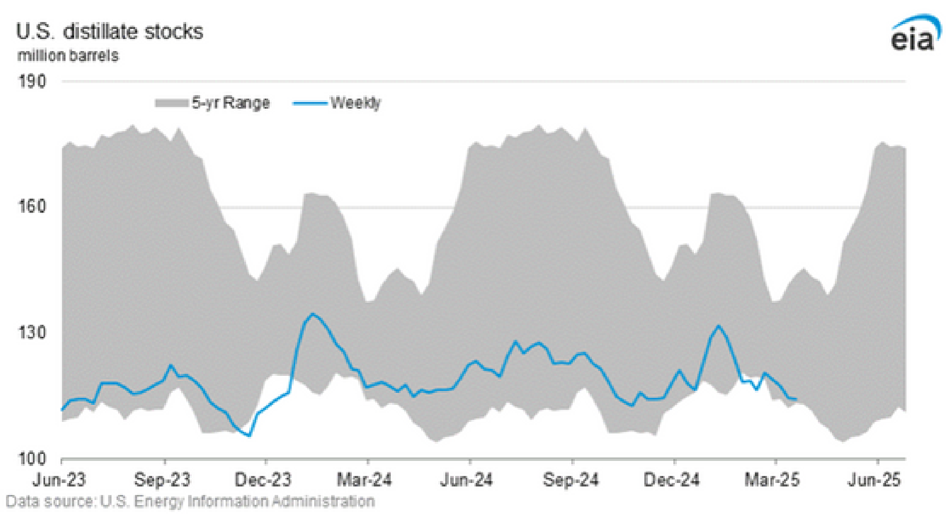
Appendix



	Stocks 03/21/25	Change from last Week	Change from last Year
Crude oil	433.6	-3.3 ↓	-14.6 ↓
Gasoline	239.1	-1.4 ↓	7.1 ↑
Distillate	114.4	-0.4 ↓	-3.0 ↓
Propane	43.159	-0.191 ↓	-9.005 ↓



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Appendix