MARCH 2025

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

$26,486,006

VISIT US ONLINE

What's New in the Zoo

Tariffs, tariffs, tariffs. You are probably sick of hearing about tariffs by now, but if they continue to be a looming threat, they will continue to be a topic of discussion, as will booing national anthems at sporting events also be continued. There's been a few developments over the past month regarding tariffs and potentially some new opportunities that can be created from this (more on this below). When one door closes, another window opens.

Pricing View - March 5, 2025

	January 2025 Index Diff	February 2025 Index Diff	March 2025 Index Diff	April 2025 Index Diff View
WCS	-$12.27	-$12.17	-$13.56	-$14.05
LIGHT SWEET (MSW)	-$4.74	-$4.85	-$5.35	-$6.25
CONDENSATE (C5)	-$0.33	-$1.47	-$2.79	-$3.10
LIGHT SOUR BLEND (LSB)	-$5.24	-$5.69	-$7.58	-$8.00
MIDALE (MSM)	-$6.20	-$6.48	-$8.38	-$8.85

MARCH 2025

Market Summary

TMX UPDATE
TMX is seeking expansion projects both in the short and long term. This could add capacity of between 200,000 to 300,000 barrels per day. TMX is currently the only cost-efficient way for Canadian oil to reach markets without relying on the U.S. The pipeline is not looking to add a third line. It is looking into short term options such as using drag reducing agents in its pipeline to boost the flows and in the long term, looking to add pumps.

TMX expects to add a total of 28-30 tankers per month in Q3, once port restrictions ease to allow night-time transit. Port of Vancouver is in the process of making upgrades that would allow shippers to bring inbound unladen Aframax vessels at night.

Trump has also been calling for revival of Keystone XL. This doesn’t sound like great news with the threat of tariffs, as there’s momentum to detach from the U.S. Any resurrection would require work to start from scratch and part way through there will likely be new a President with his/her own strong stances about the project.

MACRO UPDATE
The threat of Trump tariffs sped up talks on proposed trade between Britain and India. This would include a free trade pact and an investment strategy. The Indian Trade Minister confirmed that immigration will not be part of the trade pact discussions, however some media reports would suggest otherwise. Trump has claimed that he convinced India to buy more U.S. energy.

Others also responded to Trump tariffs. China retaliated with a 15% levy on imports of U.S. LNG and coal, as well as a 10% tariff on crude. This came after China was hit with an across-the-board 10% tariff on Chinese imports.

China has also imposed export limits on critical minerals such as tungsten, molybdenum, tellurium, ruthenium, and ruthenium-related elements to “safeguard nation security interests.” Molybdenum and tungsten are used for steel alloys, while tellurium is also used for machine processing in the steel industry, these elements are needed by the U.S., as Trump wants to jump-start its steel industry. These metals are also used in defence and clean energy.

Speaking of minerals, you may remember from the last Broadcast, that the Trump administration is looking to work out a deal with Ukraine to provide aid in exchange for Ukrainian rare earth elements. Ukraine had since initially rejected the U.S. demand for half of its minerals. U.S. national security adviser, Mike Waltz indicated that the mineral rights would be in part to be compensated for billions that the U.S. has already invested in the Ukraine/Russian war. It’s not compensation enough that American defense companies (such Lockheed Martin, Raytheon, and Northrop Grumman) have heavily profited from this war. Zelensky said the reason for the rejection was that the deal didn’t tie resource access to U.S. security guarantees for Kyiv. Regardless of how you feel about the Ukraine/Russian war or Trump, exchanging half of a country’s resource earnings for the potential of security sounds like a terrible deal.

However, Ukraine did eventually agree to a “preliminary” deal with the U.S., which would give it access to Ukraine’s rare earth minerals. Zelensky confirmed no American security guarantees have yet been agreed to. All that is said so far is that an U.S.-controlled investment fund will be set up with Kyiv and Washington managing the fund on “equal terms.” Plus, Ukraine would contribute 50% of future proceeds from state-owned mineral resources and oil and gas to the fund. The fund will then be invested in projects in Ukraine itself, and U.S. will have access to Ukraine’s rare earth minerals. It is unclear to what extent. If you didn’t see the circus that ensued during these meetings in the oval office between President Trump, Vice-President Vance, and Ukrainian President Zalenski, it’s a must watch. You really get a picture of how Trump plans to run his second term as President. As of release, the U.S. has announced reduction in military support to the Ukraine in what appears to be a game of chicken on the dealings, while Trump continues to play deal maker. Reminds us of the hit HBO show Game of Thrones but in this case its very real version.

Trump, true to his promise of zero Iranian oil exports, has also sanctioned a network shipping Iranian oil to China. The sanctions target both tankers and individuals in China, India, and the UAE. This comes as an attempt to stop Iran from obtaining a nuclear weapon. Iran sought the help of OPEC members to combat U.S. oil sanctions (more on this below). The majority of Iranian oil currently goes to China, equaling to roughly 1.4% of total world supply. The loss, Iran argues, could be devasting to markets. Since then, Trump administration has slapped another round of sanctions on brokers and companies believed to facilitate Tehran’s exports to China. No proof of guilt needed by the sounds of this.

OPEC & OPEC+
Hot of the presses, OPEC plans on bringing long held back supply as soon as April 1st. This appears to have taken WTI by a bit of surprise as indicated by its price movements the last few trading days as we are now testing $67.

After Trump vowed to make Iranian oil exports zero, Iranian President Masoud Pazeshkian met with OPEC Secretary-General Haitham al-Ghais to urge OPEC to stand united against Trump sanctions on oil, calling for self-reliance and regional cooperation. Though it might be of interest to certain OPEC members that want to increase supply to not get involved with Iranian sanctions. During Trump's first term, his sanctions contributed to a large drop in Iranian oil exports leading to OPEC + agreeing to increase supply to offset losses from Iranian sanctions.

Saudi's multi-year high prices have decreased March forecasted volumes to Chinese refiners by 15%, with 41 million barrels in March compared to February nominations of 44 million barrels. Prices were hiked by $2.40-2.50 per barrel.

OPEC is sticking with an optimistic view on global demand growth for 2025 and 2026. Though it does acknowledge the threat of Trump tariffs but doesn't expect it to impact global economic growth. Their justification for strong growth is air and road travel are expected to support consumption.

NORTH AMERICA

The Liberal party of Canada will choose its new leader on March 9th. The front runners are Chrystia Freeland and Mark Carney. One is a former journalist and WEF board member, and another is an unelected candidate who's a former central banker and WEF board member. Both have better resumes than the current leader of the Liberal party. However, both will be peddling the same inflationary policies, just packaged differently with no real plan to balance the budget. Freeland has long been an advocate of disastrous climate policies and has a long history of reiterating WEF talking points on climate change. She now says she will scrap the carbon tax if elected. Carney, a more sophisticated version of Freeland, has made similar promises (more on this below).

Carney was the governor of the Bank of Canada between 2008 to 2013 and the governor of Bank of England between 2013 to 2020. He is often credited for maintaining financial stability in Canada during the global financial crisis of 2008. However, opponents argue that Canada's banking system was saved from the financial crisis not through Carney's management of interest rates and liquidity measures, but through the 19th century adoption of a single regulator concentrated banking system and the 6 major banks in Canada are perceived as "too big to fail." All Canadian banks are subject to a single consumer and market conduct regulator whereas, the U.S. has several regulators and banks could choose which regulators they wanted during 2008-2009, creating inconsistencies in the system. Since certain banks in the U.S. aren't subject to certain regulations (due to different regulations and differing regulations based on assets), barriers to entry for banks in the U.S. are lower so anyone (in theory) could open a bank. By contrast, there's a handful of Canadian banks capturing most of the market share, which allows these banks to rely more on deposits and less on commercial credit funding. Being too big to fail might not save a bank from a bank run scenario, however it builds consumer confidence that the government will bail these banks out in a crisis and this confidence in the system in turn holds up the system during turbulent times.

In other words, the Canadian banking system protected itself more than Carney's role as the governor. arney, who represents himself as more of a European with a long history of supporting carbon taxes and shutting down of Canada's resource sector, has said he would increase government spending on investments such as clean energy.

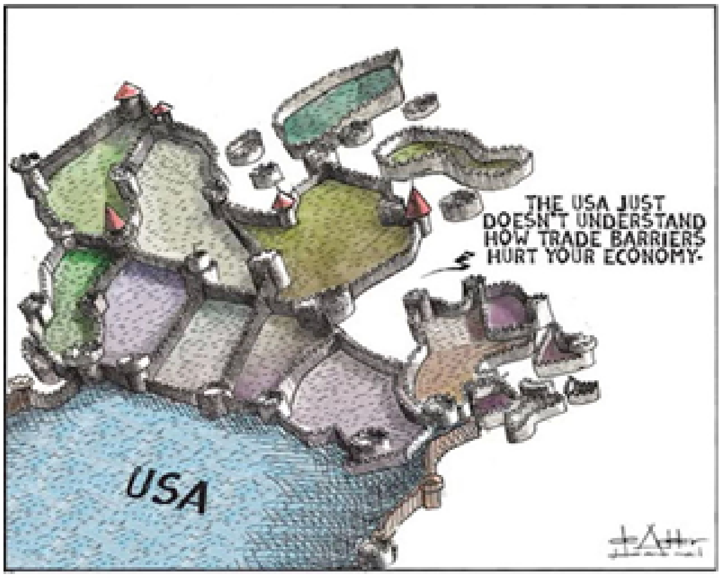
His policy proposals for replacing carbon tax involves inflationary policies such as higher industrial carbon tax, subsidies to purchase EVs not suitable for Canadian winters, financial regulations making it difficult for big emitters to raise capital and placing tariffs on products from countries with weak carbon policies. Placing tariffs on countries to make them align with your political stance, sound familiar?

Trump ordered a 25% import tax on all steel and aluminum entering the U.S. The U.S. is the largest importer of steel with Canada being its top supplier and 50% of aluminum imported into the U.S. came from Canada last year. Rio Tinto PLC, the top supplier of aluminum to the U.S. has been telling buyers that it will only stop selling metals to U.S. customers if regional premium goes below 45 cents per ton. However, many argue that weaker markets in Europe and Asia make it unlikely for the metals to go there, which means higher prices for North American consumers. Trump has also threatened Canada’s automobile sector to impose “reciprocal tariffs” on Canada’s digital services tax among other things.

Canadian premiers have cycled through Washington all month. For today, Trump has said he’ll go forward with the 25% tariff on most imports from Canada (apart from energy, which is to be levied at 10%). Trump has also threatened an additional 25% tariffs for industries such as steel, aluminum, and auto imports.

Others such as European and Asian refiners might benefit if Trump tariffs do end up going through. As U.S. tariffs on Canadian crude make barrels more expensive for U.S. refiners, it could give European and Asian refiners a competitive edge. U.S. refiners would have to either replace where they are sourcing barrels from or eventually decrease production of fuels. In the later situation, imports of fuels would have to increase from European and Asian refiners. If Europe receives the same Trump tariffs (which Trump has threatened to do), then the only beneficiary of the tariffs would be Asian refiners. Though Chinese refiners could create an opportunity for Canadian crude, as they would welcome Canadian crude that has become too expensive for U.S. refiners.

Alberta’s Minister of Environment and Protected Areas, Rebecca Schultz visited Japan earlier in the month to pitch for new LNG deals in the face of Trump tariff threats, as Canada feels pressure to diversify to other markets. It’s about time. Canada is expected to start exports to Japan later this year from the LNG Canada project. The U.S. is also looking for Japan LNG business, however Canada offers shorter shipping time compared to the U.S. Gulf Coast. The Minster also added that Alberta offers a “less geopolitical risk.”



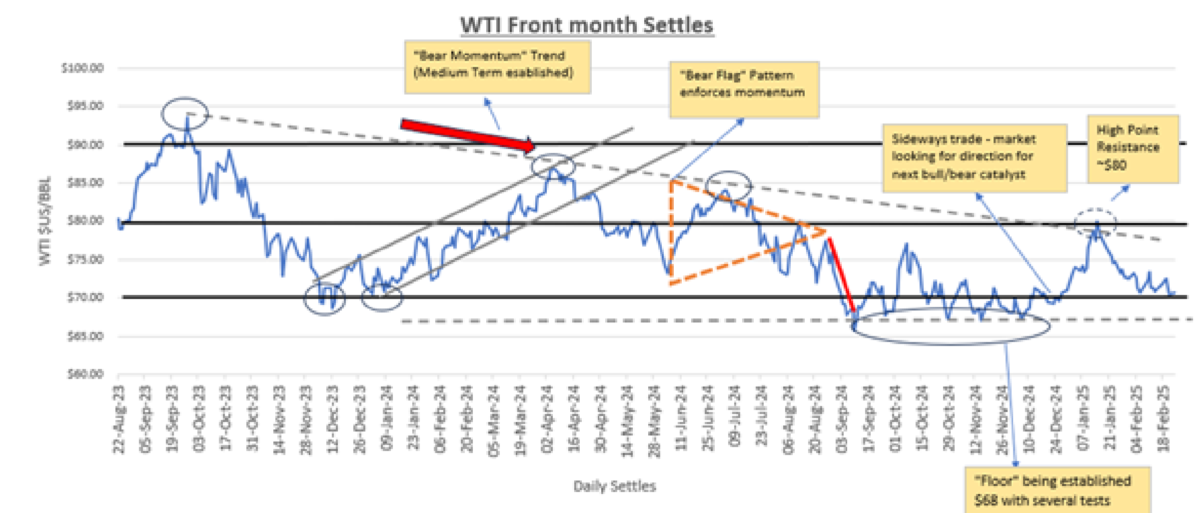
INFLATION

The Bank of Canada is scheduled to meet on March 12th. The market is not expecting another rate cut as CPI and unemployment rate have come in better than expected, though both those metrics are highly manipulated and backward looking. However, markets are more concerned with perception than reality. Some economists still forecast a 25-point rate cut for March 12th, especially with Trump tariffs.

On the other side of the border, U.S. Fed meeting minutes suggest the next rate decision will be influenced by uncertainty around Trump tariffs, fiscal and regulatory policies, trade and immigration. The Feds left the key interest rate unchanged in the last meeting in January. The next meeting is to be on March 19th. The market expects the fed will keep rates unchanged.

WTI

Another soft performing month in WTI as the market grapples with demand uncertainties. The Trump tariff rhetoric is now firmly negative, as it will drive up fuels costs that would in turn hurt fuel demand. Besides tariffs, Trump has been making good on ramping up sanctions against Iran, Russia, and of course China, which could be bullish if it forces producing nations to cut back production. Of course, with Trump you have to know this all about the art of the deal. Any supply constraints will make for immediate room for OPEC (The Saudi's) to bring long awaited spare capacity back to market which they now appear poised to follow through on based on recent OPEC+ announcements as mentioned above. While the volume isn't necessarily material, it's the fact that more volume appears to be coming on in a time of economic uncertainty that is clearly hurting WTI pricing.



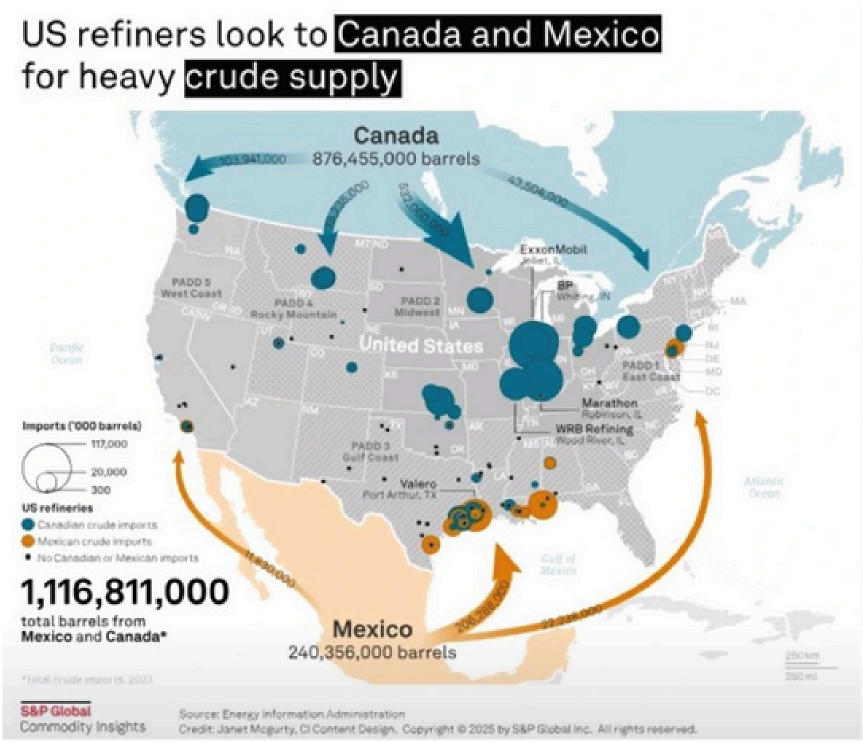
Source: Broadbill Energy Inc.

MARCH 2025

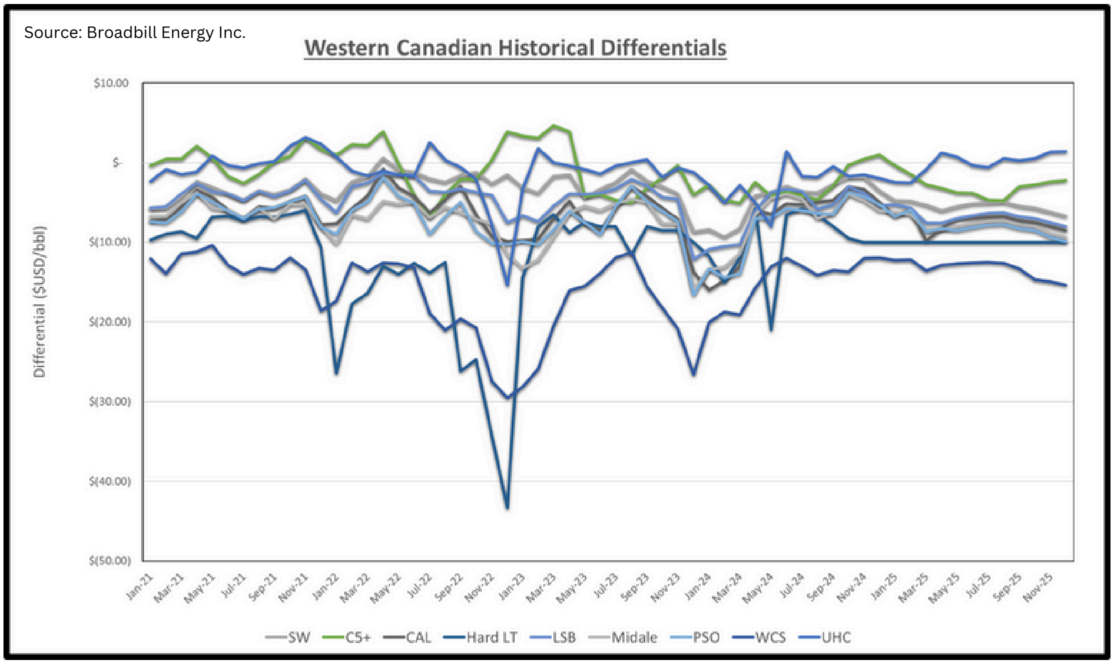
WCSB Pricing Summary

The first day of the trade cycle was certainly interesting to watch. With tariffs just hours away from coming into effect, the market was at a complete standstill until news started to break that Trump was kicking the can for a month on both the Mexican and Canadian tariff start date. This came with approximately an hour left in the first day of March trading. It later traded up to -$13.50 to close out day one. In the second day of trading, WCS continued to gain strength as -$13.30s exchanged hands, but it was shortly after that, WCS faced pressure and traded down to -$13.80 likely due to news of a U.S. crude build. The heavy benchmark did continue to fall before getting support at -$14.25. However, after hitting that low, WCS trended upwards throughout the second half of the window and later traded at a -$12.00 handle for a cycle high. Some factors that could be part to the price momentum could come from a few different factors such as new sanctions that were put on Iran and Russia by the U.S. Saudia Arabia also increased the price for their product, which saw Chinese refiners reduce their usage to low levels. There were also reports of Mexican crude showing up to USGC refineries with higher-than-normal water cuts, which reportedly caused refiners to turn to more Canadian heavy barrels and turn away the Mexican product. The March heavy index eventually settled at -$13.56.

Light markets held a similar story to begin the cycle, as we did not see any prints until late on the first day of trading with the sweet barrel closing out for the first session at -$5.60. South of the border UHC and Bakken field barrels continued to transact without concerns of tariffs. After comments from Marathon mentioning they could fill their refineries with more domestic product such as “Bakken, Rockies and Marcellus,” we saw Edmonton sweet fall to a -$6.00 handle. The sours also faced pressure with LSB and CAL products falling. It seemed that PNW refineries purchased more than normal amounts of ANS “Alaskan North slope” in preparation of the potential tariffs if they came into place. In the second half of the window, just like the heavies, Sweet caught a second half cycle bid. It gained strength as it traded up to a high of -$4.00, eventually settling at -$5.35 to close out the month.



The Tariff trade is back in play with Trump enacting the March 4th Tariff on energy at 10%. We are seeing April 2025 heavies slipping out towards -$14.75 while lights are also pushing wider to -$6.50 on the light sweet grades. Its early in the cycle so we'll see where the market works out to given a moment of certainty until the next tweet...



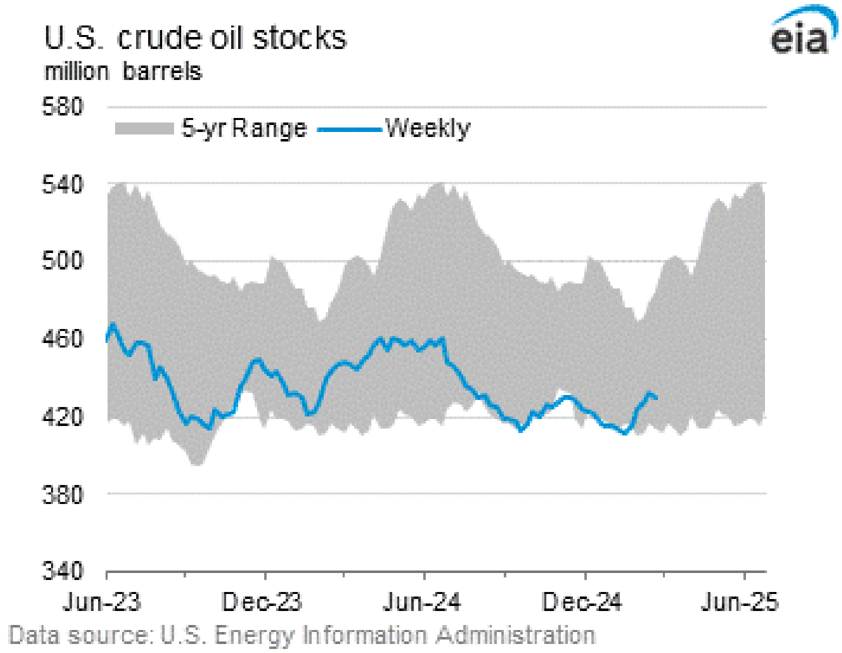
The Broadbill Energy Team

Broadbill Energy - 1000-355 4th Avenue SW, Calgary, AB, T2P 0H9, Canada

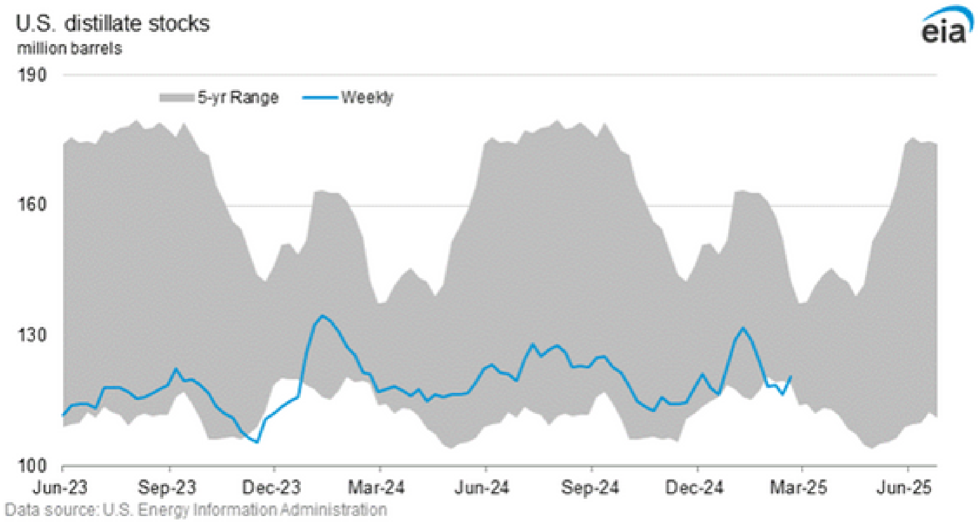
www.broadbillenergy.com

MARCH 2025

Appendix



	Stocks	Change from last	
	02/21/25	Week	Year
Crude oil	430.2	-2.3 ↓	-17.0 ↓
Gasoline	248.3	0.4 ↑	4.1 ↑
Distillate	120.5	3.9 ↑	-0.7 ↓
Propane	51.546	-3.722 ↓	0.366 ↑



MARCH 2025

Appendix