



Capital Management Inc.

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Lex Capital Management Inc. (“**Lex Capital**” or the “**Manager**”) is pleased to announce that our fifth energy fund, Lex Energy Partners LP V (“**LEP V**” or “**the Fund**”), has closed at our targeted raise of \$200 million. LEP V is focused exclusively on oil and gas investment opportunities, primarily in Western Canada. The Fund received commitments from investors in Saskatchewan, Manitoba, Alberta, Ontario and Europe, but the majority of the raise came from institutional investors based in the U.S. LEP V is now closed to investors, as the Manager focuses on financing new opportunities over the next three years.

“The response to our offering was incredible”, indicated E. Craig Lothian, Executive Chair. “Being a fund manager focused on oil and gas over the last ten plus years has been extremely challenging, but our team was able to navigate through a tough environment and build a track record of value creation. To be able to raise \$200 million of capital from private investors, at a time when managers continue to pull back from investing in the energy sector, is a clear testament to our strategy and niche.”

Facing poor investor sentiment for the last seven years, environmental, social and governance (ESG) pressures have limited institutional investment in the sector, which has resulted in a real scarcity of capital, even for top-tier opportunities. Overreaching climate goals and the related government policies have created a very volatile oil market, and this will inevitably lead to a massive supply deficit. U.S. shale production has basically been flat and still faces a number of challenges, including labour and equipment shortages and degradation of key acreage. The Energy Information Agency (EIA) recently revised their U.S. production forecast lower for both 2022 and 2023.

According to Dean Popil, Managing Partner & CEO, the timing of LEP V appears to be ideal. “This feels like an opportune time to be allocating capital to the energy space. Recessionary concerns and central bank action on rates currently dominate market sentiment, but we continue to see inventory reductions around the world across all petroleum products, even after accounting for the U.S. Administration’s sale of crude from their Strategic Petroleum Reserves (SPR), which has flooded the market with as much as 10.0 MMbbls per week.”

Curtis Armstrong, Managing Partner & CFO added “Europe is already dealing with their own energy crisis, and the snow hasn’t even hit the ground yet. These issues predated the Russian invasion of Ukraine, however there is no doubt the conflict has exacerbated the situation. We believe there will be a sustained period of high oil and gas prices until supply has the chance to catch up and investment in democratic jurisdictions like Canada and the U.S. return to increase world energy security and reduce reliance on hostile parts of the world. Of course, this all assumes capital will actually flow back to the sector with government support, and that is still a very big question mark.”

About Lex Capital

Lex Capital Management Inc. is a private equity management firm, specializing in investment in upstream oil and gas opportunities in Western Canada. We look to partner with strong and energetic management teams looking to take their assets to the next level. We provide growth capital and acquisition financing and look for investment opportunities in the range of \$15.0 million to \$30.0 million. Please visit our website at: www.lexcapital.ca.

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