SW Capital Partners

IPAA
Private Capital Conference
January 24, 2012
Overview of SW Capital Partners

Background

Independent Energy Private Equity Firm in Partnership with the Bank of Nova Scotia

Emerging Team Leveraging Benefits of Strategic Alignment with Leader in Oil & Gas M&A

$187 Million in Upstream Commitments across Six Deals to Date

Competitively Positioned with Focus on an Underserved Segment of the E&P Market

Founded in January 2011, Currently Investing First Fund
Investment Strategy

Value Creation Opportunities

Microcap Private Companies
Regional Consolidation Opportunities
Low-Risk Underdeveloped Asset Plays
Management with Strong Operating Ability

Differentiated Energy Platform
Energy Private Equity Landscape
Differentiated Competitive Position

- **Oilfield Services**
  - Intervale Capital

- **Exploration**
  - Energy Spectrum

- **Upstream**
  - Blue Top Energy
  - Kem N

- **Acquisition/Exploitation**
  - AR Capital
  - EnCap Investments L.P.
  - Yorktown Partners LLC
  - EnCap Investments L.P.

- **Midstream**
  - Quantum Energy Partners

- **Power / Downstream**
  - Energy Investors Funds
  - I.S. Power Group

- **Large Generalist Funds**
  - Morgan Stanley
  - Warburg Pincus

- **Resource / Asset Funds**
  - Tenaska
  - EnergyCapital

**Target Investment Size**
- $5mm to $25mm
- $25mm to $50mm
- $50mm to $125mm
- > $125mm

**Underserved Segment of the Market**

**SW Capital Partners**
Investment Strategy
Differentiated Energy Platform

**Differentiated Energy Platform**

**Investment Managers Skills**

- Technical, Operational, Transactional, Investment & Financial Expertise

**Scotia Waterous Industry Expertise**

- Proprietary Databases on Global M&A Transactions and Oil & Gas Companies

- Specialized Market Intelligence & Extensive Relationship Network
Proactive Investment Approach

Key Targeted Areas

Identification of Consolidation Opportunities

Exploitation Potential Index

Note: Fragmentation is based on the Herfindahl-Hirschman Index (HHI), which is an approach used to measure industry concentration in United States antitrust guidelines. It is calculated as the sum of the squared market share of each firm; in this case the market share is approximated using the concentration of production (e.g. each producer’s % of total production in the area).

Source: Scotia Waterous.
Proactively Managed Footprint
Positions In Strategically Advantaged Basins

Regional Access to Technical, Valuation & Market Insights
Longstanding Relationships Drive Proprietary Sourced Deals
Recurring Themes of Initial Deals
Building A High Quality Portfolio of Investments

The Opportunity
- Ability to establish position at reasonable values
- Significant exploitation and low risk development drilling opportunities
- Existing asset base, demonstrable drilling inventory
- Ability to scale position through bolt-on property / leasehold acquisitions
- Application of big company technical expertise at small company costs
- Leverage management’s strong track record and expertise
- Solid capital efficiency and compelling project level return economics
- Visibility on exit alternatives (>2-4x ROI) within 2 to 5 years
- Partnering with technically driven management team with specialized expertise, local insights and relationships

Investment Thesis
- Investment structure with strong management alignment
- Proprietary sourcing, business development leads and acquisition ideas
- Compete on value add as partner, not on terms
- Existing SW relationships and transaction insights help inform entry and exit expectations and considerations

SW Value Add

SW Capital Partners
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