

## **Oil potential driving strong returns for some of Canada's gas-weighted explorers**

CALGARY, ALBERTA – Some of Western Canada's gas-weighted oil and gas companies have been delivering the strongest returns for shareholders, a report released today shows.

Bryan Mills Iradesso's iQ Report for the third quarter of 2010 shows that the top four juniors in terms of share price appreciation from July through November 2010 are all among the most gas-weighted companies in the sector. The top four performers over that period were Bowood Energy (TSX-V:BWD), Sure Energy (TSX:SHR), DeeThree Exploration (TSX:DTX) and Argosy Energy (TSX:GSY). All four companies had a natural gas weighting of more than 84 percent of overall production in the third quarter of 2010 and returned an average of 99 percent over the five-month period compared with a median return for the juniors of nine percent.

"Opportunistic investors see some of the gassy juniors of today as the oily juniors of tomorrow," said Geoffrey Vanderburg, co-editor of the iQ Report. He said the best performing natural-gas weighted companies have all announced plans for oil exploration and development. "Investors see significant growth potential in select companies that may be undervalued because of their natural gas weighting."

This is just one of the findings of Bryan Mills Iradesso's iQ Report, a comparison of the third quarter 2010 operating and financial results for all publicly traded junior and intermediate oil and gas companies operating in Western Canada. The report defines junior oil and gas companies as those with production between 500 and 10,000 barrels of oil equivalent per day (boe/d) and intermediates as companies with production between 10,000 and 100,000.

The iQ Report shows Western Canada's oil and gas companies making a slow but steady shift away from natural gas production to oil exploration. The natural gas weighting for the median junior oil and gas company has fallen from 76 percent in the first quarter of 2009 to 71 percent in the first quarter of 2010 and 65 percent in the latest quarter. Over the same period the natural gas weighting for the median intermediate oil and gas company declined from 67 percent in the first quarter of 2009 to 66 percent in the first quarter of 2010 and 64 percent in the latest quarter.

With the price of oil at more than three times natural gas based on energy equivalency at the burner tip, Vanderburg suggests the switch to oil is likely to continue until the gap narrows between oil and natural gas prices.

In addition to robust oil prices, Vanderburg says investor interest in the potential of the latest horizontal drilling techniques is also driving the increase in share prices. While the 14 most oil-weighted juniors performed better on average than the 14 most gas-weighted juniors, the biggest gains in the sector were reserved for select gas-weighted companies.

Vanderburg said gassy juniors with serendipitous or strategic land positions on promising oil plays are reaping the rewards.

"Modern technology is breathing new life into old plays," he said. "New companies are forming and old companies are transforming to take advantage of continued strength in oil prices and drilling techniques that are opening new avenues for production from known oilfields."

During the third quarter of 2010, an investment in the median junior would have resulted in a loss of five percent. The median intermediate had a return of seven percent over the same period. When the subsequent two months are factored into the calculation, the gap closed thanks to an upswing for the juniors. The median return over the five months since the start of the third quarter was nine percent for the juniors and 16 percent for the intermediates.

While there was no apparent correlation between natural gas weighting and performance with the intermediate oil and gas companies, the correlation for the top performing juniors was surprisingly strong:

<b>Share price performance of the 14 most gas-weighted juniors in Q3 2010</b>	<b>Rank within peer group of 56 companies</b>	<b>Share price change from July through Nov 2010 (%)</b>	<b>Natural gas weighting in Q3 2010 (%)</b>
Bowood Energy Inc.	1	122.2	90
Sure Energy Inc.	2	120.0	87
DeeThree Exploration Ltd.	3	83.7	97
Argosy Energy Inc.	4	70.1	84
Tamarack Valley Energy Ltd.	10	39.7	98
Open Range Energy Corp.	28	9.6	91
Seaview Energy Inc.	29	8.5	87
Cinch Energy Corp.	34	-2.4	92
ProspEx Resources Ltd.	44	-14.1	84
Anderson Energy Ltd.	45	-14.4	82
Cequence Energy Ltd.	46	-14.6	85
Petro-Reef Resources Ltd.	47	-14.6	84
Twoco Petroleum Ltd.	50	-18.8	100
Fortress Energy Inc.	51	-20.0	99
<b>Median for the 14 most gas-weighted juniors</b>		<b>3.1</b>	<b>89</b>
<b>Median for all 56 junior oil and gas companies</b>		<b>9.0</b>	<b>65</b>

### **About the iQ Report**

The quarterly iQ Report tracks the performance of all junior and intermediate conventional oil and gas companies and trusts that operate primarily in Western Canada and trade on the TSX and TSX Venture Exchange. The comparison, available free at <http://iq.bmir.com>, defines juniors as companies that produce between 500 and 10,000 boe/d and intermediates as companies that produce between 10,000 and 100,000 boe/d. Bryan Mills Iradesso's latest report compares the results of 56 juniors and 27 intermediates for the third quarter of 2010. Select information is also provided on oil sands players, international operators and emerging producers.

### **About Bryan Mills Iradesso**

Bryan Mills Iradesso helps clients identify, reach and influence key audiences through a broad spectrum of disciplines, including investor relations, websites, annual reports, branding and marketing solutions. With offices in Calgary and Toronto, Bryan Mills Iradesso has a national scope, with 50 professionals with backgrounds in communications, investor relations, brand strategy, design, marketing and journalism. The firm's Calgary office publishes the iQ Report as part of its specialty communications services for energy clients.

### **For further information contact:**

Geoffrey Vanderburg  
 Co-editor, iQ Report  
 Senior Vice-President  
 Bryan Mills Iradesso  
 400, 805 10th Avenue SW  
 Calgary, Alberta T2R 0B4  
 T: (403) 503-0144 x203

or

Peter D. Knapp  
Co-editor, iQ Report  
President  
Bryan Mills Iradesso  
400, 805 10th Avenue SW  
Calgary, Alberta T2R 0B4  
T: (403) 503-0144 x202

[ircontact@bmir.com](mailto:ircontact@bmir.com)

<http://iq.bmir.com>