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KODIAK OIL & GAS	(V-KOG)	\$5.25 -0.05
RALLY ENERGY	(T-RAL)	\$4.47 +0.04
CORRIDOR RES.	(T-CDH)	\$5.88 +0.24
PACIFIC ENERGY	(T-PFE)	\$1.70 n/c

We think he's probably the top oil and gas guy in the country and we are talking about *Andy Gustajtis* currently with *Dominick and Dominick*. There are some pretty great oil and gas guys out there, but the ones he's picked over the year last have enriched some people greatly.

Which gets us to ask, just where the heck is he anyway? What kind of gall is this, when you're in the middle of so much going on that he decides to up and run away! Right about now when we need him holding our hand the most, he's off with wife Gabi and son Burton on an adventure tour of all things!

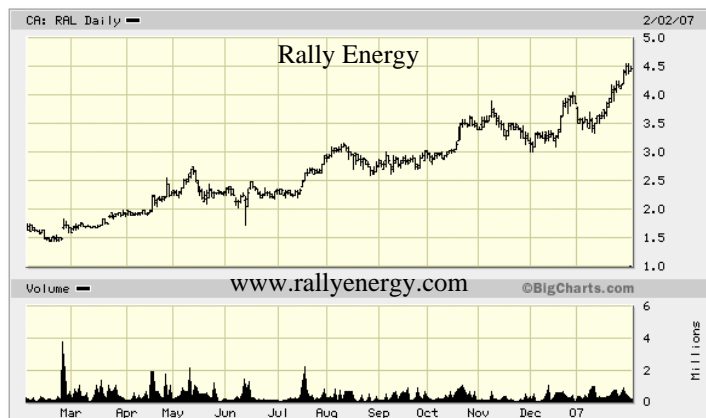
For Pete Sakes Andy, you are off on a vacation at a time that *Kodiak Oil and Gas* one of your favorite stories was due to get some news on their high impact/high risk Vermillion Basin project in Wyoming (it came in nicely Andy and has set record new prices for the stock).

And one of your other favorite stories, *Rally Energy* run by *Abby Badwi*, is only a few weeks away from getting new reserve numbers that may or may not make it a potential take over target of mid-Eastern interests and once again, where are you? We need our hand held during stuff like this.

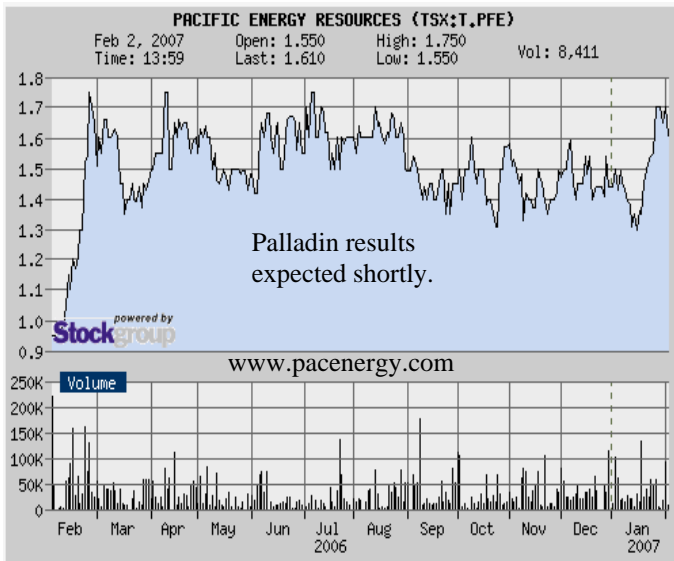
Oh yeah! Then there's one of his favorite stories over the last 12-18 months, *Corridor Resources* which had been more than a triple until current gas prices swacked it and most other gas plays. Here we are, within a few weeks of expectations of finding out whether Corridor hits on what could be a spectacular discovery—the deep Dawson Settlement sands in Sussex, New Brunswick...or not. We should point out that they've hit 30 meters plus of pay on the way down, so one way or another this play will have one iota of success.

Gustajtis is still a believer that even if the deep stuff isn't there and even in this market if bad news does hit the stock to \$5.00 or short-term possibly even worse, Gustajtis suggests when cash flow starts to flow from their gas sometime in March, people will do the addition on that math and suggest the stock is worth twice its current levels anyway.

You see what I mean? This is an important guy who seems to be way ahead of most other people in his field especially on projects that don't seem to get too broad a coverage and where is he? Oh yes, that's right. He's off in Egypt. No signing of forms in triplicate, no asking of permission, not even ten times daily updates of some sort of distant hand holding nature.



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OILEXCO INC.	(T-OIL)	\$8.72	+0.07
INTL. FRONTIER RES.	(V-IFR)	\$1.55	-0.09
GULF SHORES RES.	(V-GUL)	\$0.87	-0.04

This time it's different!...Well, I'm sure you've heard that phrase before and a smart person might simply better disregard it, but this time the Laurel Valley play which we think is probably "The Exploration Play for the Year", because of the size of the play and the fact that there are juniors with a chunk of it, "*is different this time!*"

The world is full of exploration plays with some little guy out there who has mortgaged himself to the hilt and bought in, hoping that maybe their 5% or 10% interest in a play does hit and overnight changes the prospects of the company, the management, the shareholders and you get the drift.

Too often in the past if not all the time, you had a junior company basically shooting its wad...if it doesn't hit, you are left with, well, squat!

What is different this time about the Laurel play of course is that *Oilexco* (the big boy) has enough work ahead of itself to keep two rigs going almost full time. Laurel is almost an incidental play to them. But then again, Oilexco with a rig worth a fortune and under onerous terms, and with people aboard who discovered the massive Buzzard play, obviously want into Laurel big time! For the little guys though, Laurel is almost everything.

What is different though is that they do have other plays this time and you should be aware that these plays are also of size and of interest.

*International Frontier Resources* yesterday announced that they along with partners Nippon Oil, Hunt Petroleum and Stratic Energy with the operator being Nippon, have just picked up more blocks in recent bidding in the North Sea.

In fact, the best he could do it seems after a week or so is a contemplative thought or two on his travels in the mid-East.

He writes, "I think I've got a few observations I want to share"... "As you probably know Egypt is Africa's largest economic unit but it is still dirt poor. But I think things will begin changing much as they have in India and China. I sense meeting Egyptian's in many different places, they really believe they have resources and the will to demand more and get it with hard work."

He suggests, "Egypt is a crossroad between the West and the Mid-East. In the short period as measured in days weeks and months, the traders can play games with all commodities, but I remain convinced that we are in a New World of Economic Growth."

He suggests, "It started in Japan and has spread throughout Southeast Asia, now China and India and the next big move will come in the mid-East." He adds, "Cheap oil is yesterday's dream and the smart money should bet on the long term picture. I think the oil sands will be the best place to play this upcoming economic stuff in the Mid-East. People here are very well educated and understand the true value of what they have."

"We have not seen the peak in oil prices, but probably have seen the peak in production which if it was not here last year it probably is here now!"

"Anyway, these are my thoughts in Egypt, driving 120 km/hr—on an eight lane highway from Cairo to Alexandria."

Well thanks for your deep thoughts Andy, but back to where you belong because more than a little hand holding is in order.



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This means tiny International Frontier doesn't have a one-shot hope, but "with the addition of Bowmore, coupled with Laurel Valley, Lytham, Ridgewood and Glen Eagles, prospects provides the Company with exposure to five firm high impact North Sea exploration wells and four contingent wells." Laurel Valley is still the biggest and naturally, because it's the first, we hope it's the one that hits. If it doesn't hit, that's not it. There is a future.

Of these plays, Lytham has a potential target of 1-3 TCF, Ridgewood has a potential target of 160 mbbls and these are big. Gulf Shores and IFR are partners on these. Gulf Shores has Quad 30 as well and dreams of 180 mbbls. These are big targets, but Laurel Valley with hopes of 600 mbbls dwarfs them all.

As we say, Laurel Valley because of potential for size is the one we prefer to hit. But finally the odds-man can take a wee bit of comfort. Instead of being a one in 20 or a one in three shot, when you've got four, five or six plays each being say, one in ten or one in two, all of a sudden there is a legitimate shot that one of these somewhere is going to hit. Not a "gimme" - but the odds are more favorable.

Meanwhile, the guy who got us into this play in the first place—Clive Stockdale, again points to the size of the prize—a \$30 billion potential if Laurel Valley hits, which some suggest this could create all sorts of excitement when drilling does finally start and he also suggests he wouldn't be surprised at all to see his pick (Gulf Shores) 50% higher when that excitement finally does start drilling.

We have to rephrase something. We called this the "Exploration Play of the Year", we own lots of shares in it, we fret about it, but we want this understood...This is our nominee for the play whether it works or not for 2007.

We now have our pick for the "Exploration Play of the Year" for 2008 and for clients, the same rules apply. Get too many, get them early and get them cheap...sell some on the way up as time gets nearer to the "Johnnie come lately's" and sell a bunch when the market's in a frenzy when drilling starts. But always keep a few because if one of these hits...

**Disclosure:** Kodiak Oil & Gas and Oilexco Inc.: Canaccord Capital covers these stocks and has a Buy rating on them. (Buy: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.) Canaccord has recently participated in financings for Corridor Resources and Pacific Energy Resources. Canaccord has recently led a financing for International Frontier Resources.

DAVE'S DITTY:  
I AM MAN (Hear me snore)

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