

CIBC A&D Watch

Welcome to the February issue of the "CIBC A&D Watch." This issue provides an update of the current assets on the market and summarizes recent transactions and associated production and reserve metrics.

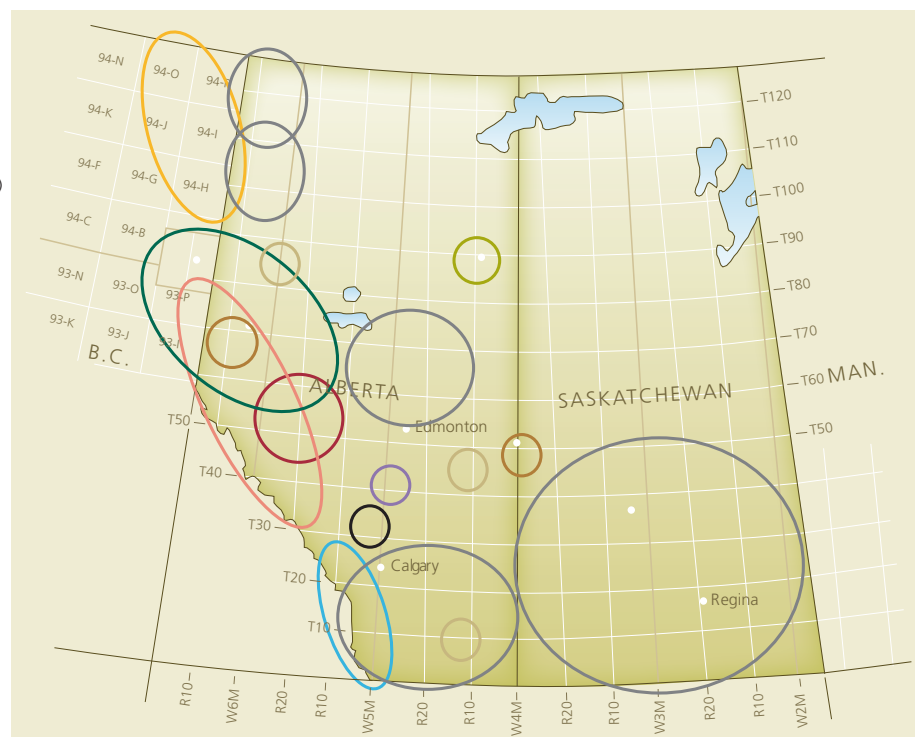
Current publicly available assets continue to be gas weighted; however, corporate activity has been weighted towards oil with Opti, Caltex and Spry all exploring strategic opportunities. Transactions in the past twelve months have been completed at an average of \$53,510/boe/d for gas weighted assets and \$88,620/boe/d for oil weighted assets.

This month's focus is the Alberta Bakken (Exshaw). The Alberta Bakken continues to attract the attention of industry and investors alike despite no publically available drilling results. To date, 44 wells have been licensed in the fairway, 21 in Alberta (13 drilled) and 23 in Montana. CIBC will continue to monitor the play and update clients as data becomes available.

CIBC World Markets' enhanced oil & gas property acquisition and divestiture group has significant in-house technical expertise. Through our active practice, CIBC maintains strong relationships with all industry players.

Recent Publically Annouced Canadian Assets on the Market

- Apache**
28,100 boe/d divided into 5 areas: Zama, Chinchaga/Hamburg/Ladyfern, Hawkeye/Martin Hills/St Lina, NGL/SGL and Greater Hatton
- Encana**
Aurora asset (~1,000 boe/d)
- Caltex**
Two core areas: Deep Basin (Elmworth, Wapiti, Kakwa) and Loydmister heavy oil (9,227 boe/d)
- Spry**
2,600 boe/d of current production offered in Graeter Pembina (Cardium)
- Opti**
9,200 boe/d oilsands production from Long Lake
- Chinook**
1,275 boe/d of current production offered in Lochead (Cardium & Viking)
- Progress**
Multiple asset packages on the market focused on Monteny and Deep Basin acreage
- Suncor**
~8,000 boe/d of conventional gas assets in Panther, Savanna, Coleman and Waterton (two additional packages will be available in May)
- Aspect**
~2,011 boe/d of gas weighted production in Birley-Nig and Prespatou-Umbach areas
- Venturion**
~2,800 boe/d produced from 3 core areas: Worsley, Killam and Retlaw
- ProspEx**
~4,239 boe/d of current production in Deep Basin, Pembina, Birch and Ricinus areas



Recent Transaction Metrics

Announced Date	Target	Acquiror	Value (Cdn \$MM)	Gross Reserve Metrics (\$/boe 2P)	Production Metrics (\$/boed)
Feb. 17, 2011	Fairborne Energy Ltd. (PRA Assets)	DeeThree Exploration Ltd.	125	21.79	64,480
Feb. 16, 2011	Petro Uno Resources Ltd.	Renegade Petroleum Ltd.	48	27.52	98,820
Feb. 1, 2011	Molopo Energy (Assets)	Legacy Oil + Gas Inc.	185	18.89	215,125
Jan. 31, 2011	Undisclosed (PrivateCo)	Wild Stream Exploration Inc.	35	27.00	117,000
Jan. 27, 2011	Undisclosed (Garrington Cardium)	Midway Energy Ltd.	29	n.a.	94,346
Jan. 26, 2011	Undisclosed (Heavy Oil)	Palliser Oil & Gas Corporation	14	17.81	45,161
Jan. 19, 2011	NuLoch Resources Inc.	Magnum Hunter Resources Corporation	324	31.48	190,862
Jan. 14, 2011	Prosper Petroleum Ltd.	Baytex Energy Corp.	157	13.99	56,515
Jan. 5, 2011	Undisclosed (Assets)	Edge Resources Inc.	5	n.a.	36,957

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"ALBERTA BAKKEN" (Exshaw)



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Overview

Since April 2010, industry has invested \$180 million on Crown land in the southern "Alberta Bakken" Exshaw play with a record price in the September 2010 landsale in the Del Bonita area of \$4,200 per hectare. As of year-end 2010, no production has been reported in this play although several wells have been drilled. Announcements over the next few months will help to define the future development of this promising tight oil play.

To date, 44 wells have been licenced in the fairway, 21 in Alberta (13 drilled) and 23 in Montana. Wells are currently being drilled by Crescent Point and Shell in Alberta. Drilling is generally in good year-round access areas. While many existing wells were drilled vertically to assess the quality and extent of the play, directional or horizontal wells with multi-stage fracs are expected to be the standard.

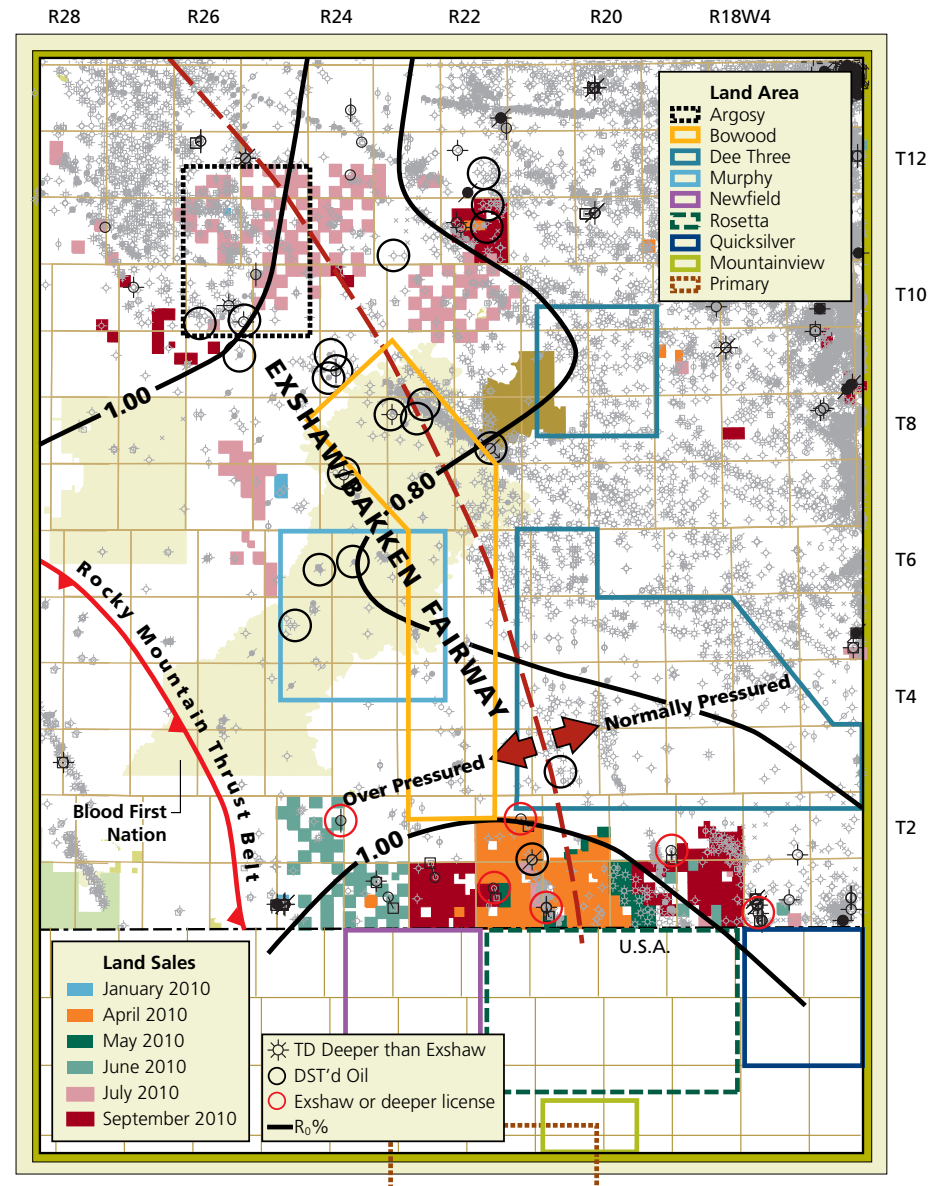
The Exshaw Formation is stratigraphically equivalent to the Bakken of southeastern Saskatchewan. It is also similar in that it is an over-pressured source rock that overlies the Devonian Big Valley Formation and is overlain by the Banff carbonate.

The Exshaw in southern Alberta and northern Montana consists of: (1) a lower black shale member, (2) a middle siltstone member, and (3) a thin upper shale. The overlying black shale unit of the basal Lower Mississippian Banff Formation, is an additional organic-rich shale. All shales are significant hydrocarbon source rocks regionally and provide the tight oil reservoir for the Alberta Bakken play in southern Alberta and Montana. Structure, and hence variation in both thickness and degree of natural fracturing are evident in this play. Lateral variability will differentiate the quality of lands in the fairway.

The Exshaw is the primary zone, but there is multi-zone oil potential, from deepest to shallowest: Nisku/Arcs, Exshaw group (includes Big Valley, Exshaw/Bakken and Banff), Swift/Reirdon, Mannville, Barons and the Second White Specks.

Key Parameters for Exshaw/Banff shales (GSC and AAPG):

- Mid 30 degree API oil
- Oil generation maturity window ($R_0\%$ = 0.7 to 1.1)
- 35% TOC
- 3-9% porosity
- 0.1-10 mD permeability
- 12.5 – 15.0 MMbbl of OOIP/section (Rosetta numbers)
- Generally overpressured
- Depths in fairway range from 1,500-3,000 m
- No water reported in Exshaw tests



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Alberta, Canada (Alberta Bakken)

Crescent Point (January, 2011)

- ▶ >one million net acres of exploratory land
- ▶ 10% of corporate spending is in the Flat Lake and Alberta Bakken plays
- ▶ Drilled and completed first exploration well
- ▶ Second and third exploration wells spud in Q4 2010
- ▶ Purchase of **Darian Resources** for \$96 million (Del Bonita land mainly) who had previously purchased **Bowview Petroleum** who had farmed-in to **Encana** acreage
- ▶ Plan to drill 19 wells to evaluate play by end of Q4 2011

Murphy

- ▶ Farm-in to Blood Tribe lands 129,280 acres (202 sections) (5 year term and 16 well commitment)
- ▶ Licensed two new field wildcat horizontals in the Reagan area

Bowood

- ▶ 118,000 net acres (184 sections) which includes a farm-in to Blood Tribe lands 60,640 acres (95 sections)
- ▶ Farmed-out 117,000 acres (183 sections) (Dec 2010) to **Legacy** who has potential to earn 50% working interest through land equalization and drilling and includes 17,000 acres direct purchase of a 50% interest with Legacy initially remaining the operator
- ▶ Two wells planned: T3R23W4 on the reserve and T8R23W4 which offsets a vertical that has produced over 240,000 bbls to date (DOB 01/19/11)

DeeThree

- ▶ Over 100 sections of land prospective in the Exshaw
- ▶ Drilled two vertical strat tests in Q4 2010
- ▶ Licensing 20 Exshaw locations (4 vertical and 2 horizontal in Q1 2011 plus 3 more wells by Q4 2011)
- ▶ 20 section 3D seismic acquisition is planned to be completed by Nov 2011
- ▶ Ownership of all facilities and pipeline infrastructure in area

Shell

- ▶ 4 horizontals licensed in the Del Bonita area targeting the Exshaw (1 drilling or drilled)

Argosy

- ▶ Has lands in Granum/Pearce area (Lethbridge) with at least one well licenced: 12-22-11-26W4

Wildstream

- ▶ 31,750 undeveloped acres (15 net locations) mostly in the Del Bonita and Coutts areas

Blacksteel

- ▶ 2,530 net acres

EnCana, **Exxon**, **Nexen** and **Conoco** also hold land in fairway

Yangarra (near Medicine Hat) and **Connaught** appear to be minor players with one or more well licences

Montana, USA (Alberta Bakken)

Rosetta (as of December 2010)

- ▶ 300,000 undeveloped net acres (469 sections)
- ▶ 13 – 15 MMboe per square mile of resource in place
- ▶ Drilled 8 exploratory delineation wells, 2 wells on strike 28 miles apart, 1 well 8 miles downdip
- ▶ Some completions planned for 2011
- ▶ Initial vertical delineation wells Tribal-Gunsight 31-16H was extended horizontally and fracture stimulated. It produced oil to test facilities on location.
- ▶ Drilled a north east extension into interesting Banff–Big Rock 29-13
- ▶ Drilled in middle of area to establish continuity–Little Rock Coulee 27-16
- ▶ Confirmed significant oil hydrocarbons in place and overpressured reservoirs
- ▶ Conducted vertical tests in several zones
- ▶ Multi-well vertical program underway
- ▶ Additional five wells to be drilled early 2011
- ▶ Depths ranging from 1,370 to 2,300 m TVD

Newfield (January 2011)

- ▶ 260,000 net acre position (406 sections)
- ▶ Blackfeet agreement (Dec. 2009) added 156,000 net acres average working interest of 74%
- ▶ Farmout partner with **Stone Energy**
- ▶ Prospective Formations: Lodgepole, Bakken, Nisku
- ▶ No reported production but company has six 400 bbl storage tanks on the wellsite with large 640 pumping unit

Quicksilver

- ▶ 130,000 net acres (203 sections)

Primary Petroleum

- ▶ Over 200,000 net acres
- ▶ 26 square miles 3D and 250 km 2D (proprietary)
- ▶ 13-15 MMboe/section

Mountainview Energy

- ▶ Plans to drill 2 Bakken tests in 2011

Abraxus Petroleum and **Anshutz** also active in northern Montana

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Current CIBC Public Mandates



Alberta Liquids Rich Natural Gas Assets



Quebec Light Oil Joint Venture



Montana Gas Assets (Light Oil Potential)



Tunisian Assets



Onshore/Offshore Italy Natural Gas Assets



Shallow Water Gulf of Mexico

Select CIBC A&D Transactions

<p>has been sold to</p> <p>Undisclosed buyer</p> <p>Undisclosed Amount</p> <p>Financial Advisor to Sifton Energy Inc. December 2010</p>	<p>has been sold to</p> <p>C\$82 million</p> <p>Financial Advisor to Excelsior Energy November 2010</p>	<p>has been sold to</p> <p>C\$15 million</p> <p>Financial Advisor to North Peace November 2010</p>	<p>sold a second package of undeveloped oil and gas acreage in Southeast Saskatchewan to</p> <p>Undisclosed</p> <p>Financial Advisor to Tundra August 2010</p>
<p>has formed a strategic partnership with</p> <p>SCDM Énergie</p> <p>\$15 Million</p> <p>Financial Advisor to Petrolia August 2010</p>	<p>sold a first package of undeveloped oil and gas acreage in Southeast Saskatchewan to</p> <p>Financial Advisor to Tundra May 2010</p>	<p>has sold its interests in Tunisia assets to</p> <p>An Undisclosed Buyer</p> <p>C\$25 million</p> <p>Financial Advisor to Talisman March 2010</p>	<p>has been sold through a series of transactions to</p> <p>Undisclosed Buyers</p> <p>Undisclosed Amount</p> <p>Financial Advisor to Martin Head March 2010</p>
<p>sold its Warburg Assets to</p> <p>C\$147 million</p> <p>Financial Advisor to Talisman November 2009</p>	<p>sold select Western Canadian assets to an</p> <p>Undisclosed Buyer</p> <p>C\$65 million</p> <p>Financial Advisor to Encana January 2009</p>	<p>sold select Western Canadian assets to an</p> <p>Undisclosed Buyer</p> <p>C\$64.5 million</p> <p>Financial Advisor to Encana December 2008</p>	<p>sold its Canadian Assets to</p> <p>C\$24 million</p> <p>Financial Advisor to Voyager Energy Ltd. June 2008</p>

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