



Introduction to Sayer Energy Advisors
& M&A Market Update



June 26, 2007

Overview

- Introduction to Sayer
- 2007 M&A Market Overview
- Notable Transactions in 2007
- Current Trends in Corporate Transactions
- Outlook for Remainder of 2007

Sayer Energy Advisors

- 20 year history of oil and natural gas industry merger and acquisition services
- Completely independent of the public markets – not involved in financings

Sayer Energy Advisors

- Varied background and significant related experience
 - *Alan Tambosso*, B.A.Sc., P.Eng. P.Geol.
 - *Tom Pavic*, B.Comm., CFA
 - *Ryan Ferguson Young*, B.Comm.
 - *Crystal Holdershaw*, B.Comm.

Sayer Energy Advisors

Corporate Advisory Services

- Divestitures, Mergers, Acquisitions
- Valuations and Fairness Opinions
- Expert Witness Assignments

Sayer's Recent Offerings



Minority interests in two producing natural gas properties located in the Bassano and Stobart Lake areas of Alberta
Production: 214 boe/d



100% working interest in 125 sections of undeveloped Crown land located in southeastern Alberta



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Sayer's Recent Offerings



Oil and natural gas property located in the Campbell area of Alberta

Natural gas properties located in the Senlac and Poundmaker areas of Saskatchewan



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Sayer's Recent Transactions

This announcement appears as a matter of record only.



*Has acquired all of the
oil and natural gas assets of*



for

\$62.5 million

The undersigned acted as financial advisor to Exoro for this transaction.



February 2007

This announcement appears as a matter of record only.



Long View Resources Corporation

*Has successfully divested of its
Viewfield, Saskatchewan property
for approximately*

\$4.3 million

The undersigned acted as agent to Long View for this transaction.



January 2007

Recent M&A Advisory Assignments

For a full listing please see our website at
www.sayeradvisors.com



Exoro Energy
Inc.
Asset Purchase
\$62.5 million
February 2007



Long View Resources
Corporation
Asset Sale
\$4.3 million
January 2007



Connacher Oil and Gas
Limited
Asset Sale
\$10.0 million
December 2006



Response Energy
Corp.
Asset Sale
\$10.0 million
December 2006



Direct Energy
Marketing
Asset Purchase
\$7.0 million
October 2006



Innova Exploration
Ltd.
Asset Sale
\$9.6 million
October 2006



Terra Energy
Corp.
Asset Sale
\$9.0 million
August 2006



AltaCanada
Energy Corp.
Asset Sale
\$5.5 million
July 2006



Blue Mountain
Energy Ltd.
Asset Sale
\$6.1 million
July 2006



Innova Exploration
Ltd.
Asset Sale
\$7.4 million
May 2006



Accrete Energy
Inc.
Asset Sale
\$9.6 million
April 2006



Vista Resources
Inc.
Asset Sale
Undisclosed
February 2006



Eight Norrep
JV Companies
Corporate Divestitures
Undisclosed
January 2006



Innova Exploration
Ltd.
Asset Sale
<\$5.0 million
December 2005



Dragonheart
Energy Inc.
Corporate Divestiture
\$17.7 million
September 2005



Eastshore Energy
Ltd.
Joint Venture
\$12.0 million
August 2005



Innova Exploration
Ltd.
Asset Sale
\$10.2 million
June 2005



Response Energy
Corporation
Asset Sale
\$7.3 million
April 2005

Sayer's Recent Advisory Assignments

This announcement appears as a matter of record only.



Strike Petroleum Ltd.

has been acquired by



FAIRWEST

*for a total consideration of
approximately*

\$27.0 million

The undersigned acted as financial advisor to Strike and provided the Strike Board of Directors with a Fairness Opinion for this transaction.



March 2007

This announcement appears as a matter of record only.



Long View Resources Corporation

has amalgamated with

reec
energy.com

for a total consideration of approximately

\$17.1 million

The undersigned acted as financial advisor to Long View and provided the Long View Board of Directors with a Fairness Opinion for this transaction.



April 2007

Recent Fairness Opinions and Valuations

Completed by Sayer Energy Advisors


For a full listing please see our website at
www.sayeradvisors.com




Long View Resources
Corporation
*Fairness
Opinion*
\$17.1 million
April 2007




Strike Petroleum
Ltd.
*Fairness
Opinion*
\$27.0 million
March 2007



Connacher Oil and
Gas Limited
*Undeveloped Land
Valuation*
\$16.2 million
March 2007



Breaker Energy
Ltd.
*Private Valuation
on Asset Purchase*
\$88.0 million
May 2006



Thunder Energy
Trust
*Valuation of
"Goodwill"*
Undisclosed
January 2006




Rolling Thunder /
San Telmo
*Fairness
Opinion*
\$29.5 million
November 2005



Dragonheart Energy
Inc.
*Fairness
Opinion*
\$17.7 million
September 2005



Private
Company
*Valuation on Share
Buy-Out*
\$9.1 million
August 2005



Long View /
Wedona / Wedona II
*Valuation
Opinion*
\$6.6 million
July 2005




Endless /
Marauder
*Fairness
Opinion*
\$33.6 million
May 2004



Olympia Energy
Inc.
*Review of Shareholder
Value Alternatives*
>\$100.0 million
December 2003




Drilcorp /
Exall
*Fairness
Opinion*
\$11.4 million
March 2003



Kicking Horse
Resources Inc.
*Maximize
Shareholder Value*
Undisclosed
February 2003



Undisclosed
Public Company
*Valuation of a
Merger Candidate*
\$20.0 million
September 2003




Undisclosed
Royalty Trust
*Management
Contract Internalization*
Undisclosed
December 2002



Private
Company
*Valuation
Opinion*
>\$70.0 million
December 2002



NAL Oil & Gas
Trust
*Management
Contract Review*
Undisclosed
September 2002



NCE Petrofund /
NCE Energy Trust
*Merger,
Valuation Opinion*
\$706.4 million
April 2002

Sayer Energy Advisors

Industry Publications

- Well-known for M&A market analysis
- Publish complete Canadian oil industry M&A and financing information
- Best source for complete listing of current Canadian oil & natural gas industry asset and corporate dispositions

2007 M&A Market Overview

- So far, 2007 has been a “Buyer’s Market”
 - 2007 started with well over 100,000 boe/d available
 - Many corporate and property offerings
- Issues:
 - Lack of services in 2006 led to rising prices, curtailing drilling and production growth.
 - Many juniors have stressed balance sheets

First Half of 2007 – Property Packages

LARGE PACKAGES

- Talisman Energy Inc.
 - Pengrowth Energy Trust
 - Trilogy Energy Trust
 - Compton Petroleum Corporation
-
- Total ~ 28,000 boe/d

First Half of 2006 – Property Packages

LARGE PACKAGES

- Talisman Energy Inc.
- Samson Canada Ltd.
- ExxonMobil Canada Energy

- Total ~ 35,000 boe/d

First Half of 2005 – Property Packages

LARGE PACKAGES

- Devon Energy Corporation
 - EnCana Corporation
 - Nexen Inc.
 - Pioneer Natural Resources Inc.
-
- Total ~ 100,000 boe/d

First Half of 2007 – Property Packages

SMALL PACKAGES

- Mystique, Mancal, Patterson Bros., Flagship, JED, Magnus, Silverwing, Owl River, Imperial, Grand Banks, Great Plains, True, Penn West, Intrepid, Paramount, CNRL, Shiningbank, Mahalo, Sound, True, GEOCAN, Aurado, Energy Ventures, Exoro, COSTA, Canada Southern, PrimeWest, Pearl, Orleans, Trilogy, SunOcean, Capitol, Challenger, Arapahoe, Exalta, Tulum, Siksika, Red Mike ...
- Total ~ 15,000 boe/d +

First Half of 2007 – Corporates

PUBLICLY MARKETED

- Renegade, Innova, Newpact, Mazzaredo, WIN, Garran, Silverwing, Adamant, Magnus, ENCO, Caribou, Milagro, Thunder, Bear Ridge, C1, Pogo, Dominion, Desmarais, Compass, Rideau, Blue Parrot, Sound, Mystique, EOG, Vanquish, Javelin, Bow Valley, Empire, Real, Seneca, Synenco, Western Oil Sands, Koch ...
- Total ~ 90,000 boe/d +

First Half of 2007 – Corporates

“QUIETLY” MARKETED

- Total ~ 25,000 boe/d – 35,000 boe/d

Trends in Corporate Transactions

- The majority of the transactions in the first half of 2007 have been corporate
- Many corporate transactions are a result of stressed balance sheets (Silverwing, Magnus, Caribou, Milagro, Bear Ridge, C1, Desmarais, Mystique, Vanquish)
- Many corporate transactions were preceded by non-core asset sales (Silverwing, Magnus, Caribou, Milagro, Bear Ridge, Desmarais, Mystique, Sound)

Trends in Corporate Transactions

- “*Soft sells*” or quietly marketed transactions
- Corporate transactions going “*no sale*” (Renegade, Newpact, Garran, Innova, Adamant, Milagro, Silverwing, Desmarais, Vanquish)
- The recent return of CCAA to the oil patch (Point North, Caribou, Mystique, Vanquish)
- Buyers continue to be other E&P companies **and** trusts

Outlook for Remainder of 2007

- Rush is on to sell assets before the summer
- Slowdown of activity over summer
 - We are seeing July bid deadlines this year
 - Some hands forced to do deals soon
- Increased deal flow in the last four months of the year

Questions?

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