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Experienced Management Teams
Find Their Way Back into Canada's Public Oil and Gas Sector

CALGARY, ALBERTA – With relatively strong oil prices and low, yet stable, natural gas prices, many of the Canadian oil and gas industry's experienced management teams that have successfully sold their companies in the past have decided to get back in the game. Such teams may be betting on a resurgence in natural gas prices or believe they can take another turn at building a company and selling it in a market that has a decent appetite for light oil resource plays.

Companies that have recently been recapitalized and restructured with a changeover to experienced management teams include Antler Creek Energy (soon to be Pinecrest Energy), Legacy Oil and Gas, Novus Energy, Renegade Petroleum, Spitfire Energy (soon to be Whitecap Resources), Tango Energy (soon to be Tamarack Valley Energy), TriOil Resources, and Triton Energy (soon to be Waldron Energy).

Recapitalization of oil and gas companies is one of the subjects of the latest iQ Report by Bryan Mills Iradesso, a national corporate communications firm. The quarterly iQ Report tracks the performance of all junior and intermediate 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 to investors at http://iq.bmir.com, defines juniors as companies that produce between 500 and 10,000 barrels of oil equivalent per day (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 55 juniors and 24 intermediates for the first quarter of 2010. Select information is also provided on oil sands players, international operators and emerging producers.

Analysis of first quarter results along with share prices shows that it pays to be bigger. Canada's intermediate oil and gas companies demonstrated their economies of scale with median cash flow netbacks of $24.89 per boe of production for Q1. This compares favourably to the median junior oil and gas company cash flow netback of $18.87 per boe. The netback per boe is calculated by dividing a company's revenue and costs by the total production measured in boe. The netback is a useful measure in the oil and gas industry because it demonstrates profitability on a unit of production basis. Strong hedging programs and lower costs on a per boe basis help intermediates make more money from of each unit of production.

Wide ranging cash flow multiples and valuations relative to reserves for each of the juniors and intermediates show that it pays for these companies to be well regarded by investors. Higher valuations translate into better access to growth capital and numerous options for corporate maneuvering. Conversely, undervalued companies can easily get stuck with few options for growth.

During the first quarter of 2010, the median increase in share prices including dividends where applicable for junior oil and gas companies was 14%. Meanwhile, intermediate share prices did not change. There are a few possible explanations for the higher returns in the junior sector. For one, junior share prices were harder hit in 2009, so had more ground to make up. Also, junior returns got skewed upwards by the market's affection for companies that recapitalized by bringing in new management teams.

Bryan Mills Iradesso's complete iQ Report is available free to media and investors who fill out an online form on the following website: http://iq.bmir.com.

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