Canadian Energy Viewpoint

Focusing on Outstanding Investment Opportunities in the Canadian Energy Sector

May 1, 2005 • Issue 32

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The Declining North Sea

Over the past couple of years, I have profiled a number of major oil producing regions around the world in an attempt to show that despite the many advances in technology, every region is subject to the laws of Hubbert's Peak. While it is clear that the UK North Sea and the Norwegian North Sea have surpassed Hubbert's Peak due to their falling oil production of the last few years, few investors have grasped the significance of this historic event. It should be noted that while Denmark, the Netherlands and Germany all have producing North Sea properties, the vast majority of the North Sea's production comes from the UK and the Norwegian North Sea. In this issue I will provide oil production figures for both regions and discuss what the future might hold for both of these very important sources of oil. More importantly, I will provide analysis on what the declining production from the North Sea means for Brent Crude prices and investors.

Before discussing the recent production declines in both the UK and Norwegian North Sea, a little background on the area and Hubbert's Peak may be helpful. Interest in the North Sea began to really pick up steam in Norway in 1959 when the discovery of gas at Groningen in the Netherlands caused geologists to revise their thinking on the petroleum potential of the North Sea (Source: Norwegian Petroleum Directorate). The country initiated its first offshore licensing round in 1965 with the awarding of 22 production licenses covering a total of 78 blocks. In an effort to build a domestic oil company in the face of wide-scale foreign participation in its offshore blocks, Norway's state-owned oil company, Statoil, was awarded a 50% interest in every production license that was granted, with the right to increase its stake to 85% should successful exploration be achieved. The first discovery in Norway was made by Esso in 1967 and is known today as the Balder field.

The real excitement began for Norway in late 1969 when Norway's first giant field, the Ekofisk field was discovered. Ekofisk was the largest discovered offshore oilfield at the time. In 1974, a combination of the first oil shock and the discovery of Norway's second giant offshore field, Stratfjord, provided further evidence that Norway was on its way to becoming a major exporter of oil. However, by the early 1980's, nearly all of Norway's giant fields had been found and the country is now producing far more oil than it is discovering. Today, Norway is the third largest exporter of oil behind Saudi Arabia and Russia.

The UK North Sea, similar to the Norwegian North Sea, was long believed to be far too difficult geologically and environmentally to search for oil. Lack of advanced offshore technology combined with the harsh climate of the UK North Sea, made the region a very uninviting place to search for oil. However, in early December 1965, BP made its first hydrocarbon discovery in the North Sea when its Sea Gem rig drilled into a large natural gas pool off the coast of Eakring. After a brief test of the well, the Minister of Power announced that the well, which was capable of producing 10 million cubic feet per day, was large enough to build a pipeline to shore. However, triumph soon turned into tragedy. Two days after Christmas in 1965, while the Sea Gem was moving to drill a confirmation well, two of the rig's legs collapsed plunging its crew into the icy North Sea waters, killing 13 crew members. Fortunately, a British cargo ship was only a mile away and was able to rescue most of the crew. Many of the safety measures that are now commonly found on offshore platforms were developed soon after the Sea Gem tragedy.

The first oil discovery in the UK North Sea, which is also the largest ever found in the region, was discovered in the fall of 1970. It is situated 110 miles (177km) east of Aberdeen in Scotland in 350 feet of water. The field, later to be named the Forties field after the sea area in which it lies, began producing oil in September 1975 and was officially inaugurated by Her Majesty on November 3, 1975. The field peaked in 1979 at 500,000 barrels per day – production well above early predictions. In 2003, BP sold the Forties field to US-based independent Apache.

Hubbert's Peak is a theory that was first put forward by a geologist from the Shell Research Lab in Houston, M. King Hubbert, that hypothesized that once half of the hydrocarbons of a given petroleum producing region have been extracted, the region will decline along a bell shaped curve. Mr. Hubbert went public with his theory in 1956 at the American Petroleum Institute's fall conference when he predicted that in 1970, production in the lower-48 of the US would peak and decline along a bell shaped curve. Despite much disbelief amongst his peers, Mr. Hubbert's prediction proved correct. The below production tables clearly show that Hubbert's Peak was reached by the UK North Sea in 1999 at 2.68 million barrels per day (mmbls/d). Norway's North Sea production peaked in 2000 at 3.2 mmbls/d:

United Kingdom Crude Oil Production*

(thousand barrels per day)

Year	Production
1995	2,489.1
1996	2,567.8
1997	2,517.5
1998	2,615.6
1999	2,684.0
2000	2,275.1
2001	2,282.3
2002	2,291.7
2003	2,093.2
2004	1,845.3

*Source: US Department of Energy

Norway Crude Oil Production*

(thousand barrels per day)

Year	Production
1995	2,767.6
1996	3,104.2
1997	3,143.0
1998	3,017.2
1999	3,018.0
2000	3,196.9
2001	3,117.5
2002	2,990.2
2003	2,846.1
2004	2,973.4

*Source: US Department of Energy

I find the declining production from the UK North Sea particularly important for a number of reasons. First, it forced the UK to make the transition from being an exporter to an importer of crude oil in late 2003. This has added to competition for oil exports from the Middle East over the past couple of years. Second, declining North Sea production is further evidence that despite many advances in technology, a very favorable fiscal regime and record high prices, even multi-billion barrel basins peak and head into decline. Lastly, the fall off in oil production from the UK in recent years provides further evidence that once mature regions begin to decline, the decline curve can be surprisingly steep.

What does all of this mean for investors? I believe the decline in North Sea oil production will have a huge impact on Brent crude prices over the next several years. In just the past few weeks, I have seen Brent trade at higher levels than West Texas Intermediate (WTI). Historically, Brent has traded at a discount of approximately $2.00US to WTI. The closing of the differential between WTI and Brent will help the profitability of North American based producers with production in the North Sea or in countries that base their price mechanism off of Brent prices. More importantly, the decline in North Sea production will add further support to today's historically high crude prices. Astute investors should adjust their portfolios accordingly.

The CDN Dollar Set to Resume Climb

After spiking to over $.84US in 2004, the Canadian dollar has settled into a trading range near $.81US. However, I believe the Loonie is poised to resume its march towards parity with the US dollar for several reasons. First, the US Federal Reserve is unlikely to significantly raise the Fed funds rate much above current levels for the foreseeable future. After seven quarter point rate increases, the Federal Reserve no longer has the political will to raise rates in the face of weakness in the auto, financial and technology sectors. I doubt the Fed is ready to take the political fall out from its role in tightening credit with the huge problems we are witnessing at automakers Ford and GM and financial firms such as AIG and Fannie Mae. Also, Q1 2005 witnessed a parade of software companies miss guidance and lower full year expectations. With mounting signs of inflation and the inability to raise rates due to a weakening economy, America is clearly headed for a period of stagflation. Once this situation is recognized by currency traders around the world, the US dollar will weaken against all major currencies and will fall drastically against the Canadian dollar.

Second, the twin deficits of the US current account deficit and the US federal government deficit are likely to push the dollar lower. With a federal budget deficit that is likely to reach a record in 2005 and the announcement in mid-April that the March trade deficit reached a record $61US billion, the US continues to increase its reliance on the generosity of foreigners at a time when foreign interest in US assets is in decline. Canada, with its large and growing trade surplus with the US and its seven consecutive years of federal budget surpluses, is home to a currency that is not drowning in debt.

In recent months we have seen officials from several countries such as Korea, Japan and Russia provide indications that the central banks of those countries are interested in "diversifying" their reserve holdings. In other words, they don't want any more dollars. While it remains to be seen whether these countries will stop showing up at US Treasury auctions or actually reduce their existing holdings, it is becoming quite clear that foreigners are quickly loosing interest in the greenback. Diversification away from the US dollar should help the Canadian dollar since it has the best fundamentals of any OECD country.

Lastly, the Canadian dollar is likely to climb versus its American counterpart because it is quickly becoming the world's premiere commodity currency. With the bursting of the housing bubble in Australia and the problems this is causing in the country's housing and financial sector, currency traders are likely to increase their exposure to the Canadian dollar in hopes of profiting from today's high commodity prices.

Model Portfolio

While the last month has been a very difficult one for energy investors, I believe we have been provided another terrific buying opportunity. Many investors have found the recent volatility too much to stomach and have headed for the exits. Once again, contrary to conventional wisdom, **I do not believe that volatility equals risk**. After urging caution in my March and April issues, we are now presented with a terrific buying opportunity. Many of my favorite companies are once again at prices that provide excellent entry points for new investors as well as the opportunity for long term holders to add to their positions at very attractive levels.

One of the most volatile companies in the Model Portfolio over the past six months has been Oilexco Inc. (TSE.V:OIL). The company's much awaited reserve report came in well below what the market was expecting and the stock promptly sold off. Also, the company provided the disappointing news that it had not finalized its agreement with the Royal Bank of Scotland to provide project financing for its Brenda project. However, after checking with several of my industry contacts, it appears that all hope is not lost. OIL hopes to have finalized its agreement with the Royal Bank of Scotland for the development of the Brenda field by the end of Q2 2005. Also, the company has secured the services of the Trans-Ocean Sedco 720 semi-submersible drilling rig until March of 2006. This will allow the company to farm-in on four new blocks before the company begins development drilling on the Brenda field in November. Lastly, the reserve report indicated the firm has proven plus probable reserves of 20.9 million barrels. This is not as bad as it might first appear. Due to the nature of the Brenda field (which is a stratigraphic trap while most existing North Sea fields are structural enclosures), the firm's reservoir engineers were probably extremely conservative in assigning reserves to the Brenda field. Once OIL drills several horizontal wells into the field later this year and production is established in the first half of 2006, I believe there is a good chance Brenda's initial reserve estimate will more than double. Given the significant sell off in Oilexco's share price in recent weeks and the firm's excellent portfolio of development and exploration opportunities in the UK North Sea, I believe the company is an excellent investment candidate at this time.

After urging caution in the April issue with regards to the uranium companies in the Model Portfolio, there are a number of items that have caused me to become "guardedly bullish" on the sector. First, according to consulting firm UXC LLC (www.uxc.com), the spot price of uranium has reached a multi-year high of $24.00US per pound. Uranium has not had the volatility of the oil and gas markets and its spot price has steadily moved up over the last year. This is causing long term contracts to be signed at significant premiums to today's spot price. Second, on March 31st, Model Portfolio member Dennison Mines announced that it will act as Manager of the newly-formed Uranium Participation Corporation. This newly created entity plans to raise between $60C million and $80C million that will be used for the purchase of uranium. The entrance of a new participant into a very thin spot market will undoubtedly push prices to near $30US in the not too distant future. Lastly, and most importantly, I am becoming much more bullish on the uranium sector since the stock prices of nearly all explorers and many of the producers have fallen substantially in recent weeks. The dour market sentiment towards the uranium producers has created a great entry point for investors who are bullish on uranium.

For investors looking for the safety of a uranium producer, I consider Dennison Mines to be an outstanding choice. The company has had a nice pullback in its stock price and the company should have some good news in coming weeks as it steps up its exploration program at its Midwest project (25.13% working interest (WI)) later this year. The Midwest deposit, containing economic open pittable reserves of 33.5 million lbs U308 at a grade of 4%, was discovered in the late 1970's and the project was "shelved" in 1982 due to low prices. Other than one year of limited exploration in 1990, no further work was carried out.

For investors who are comfortable with high-risk/high-reward junior uranium exploration companies, Strathmore Minerals (TSE.V:STM) and UEX Corporation are excellent choices. Both companies are well funded and have very active exploration programs planned for this summer. Exploration success for either company should have a significant impact on its share price.

TransGlobe Energy (TSE:TGL) continues to make significant progress on its S1 Block (25% WI) in Yemen. The company recently announced that its An Nagyah #15 well was drilled to a total depth of 1,979 meters and completed as an Upper Lam oil well. The An Nagyah #15 well was tested from a 747 meter horizontal Upper Lam sandstone section at a rate of 2,625 barrels of light (43 degree API) oil per day, 84 barrels per day of water and 2.3 million cubic feet of natural gas per day on a 48/64 inch choke at 575 psi flowing pressure. This is the third horizontal well drilled into the An Nagyah field.

With the central production facility nearly complete on S1, the field should see a steady ramp up in production from currently 7,500 barrels of oil per day (bopd) to well over 10,000 bopd by year-end. Current production capacity is nearly 15,000 bopd. TGL remains my top idea in the Model Portfolio.

Vaquero Energy (TSE:VAQ), which is in the process of merging with newly-public Highpine Oil and Gas, recently released a very favorable Q1 2005 reserve update. The company now has 11 million barrels of equivalent on a proven plus probable basis. Given the significant exploration and development upside on VAQ's very prospective property in the Pembina area of Alberta, I expect Vaquero and Highpine to make an outstanding combination.

Western Canadian Coal Inc.

Quick Facts
Symbol: WTN (OTCBB: WXJXF)
Price: $4.10C (As of April 29, 2005)
Market Cap: $341.5C million
Shares Outstanding: 79.4 million
Q4 2004 Cash Flow per share: $-.04C
Q4 2004 Earnings per share: $-04C
Q4 2004 Production: 60 tonnes
Reserves as of 12/31/2004: 38.5 million tonnes

Western Canadian Coal has just about all of the attributes one would want in a junior coal company. The company is well financed and has the backing of a large UK-based mining firm, Cambiar Mining Plc. Cambiar and its wholly-owned subsidiary Deepgreen Minerals Corporation own 39% of Western's outstanding shares. Western also has an outstanding portfolio of coal properties in northeast British Columbia in various stages of development. Lastly, the company has the potential to vastly increase production over the next several years. This makes WTN very exposed to today's record coal prices.

In an effort to achieve the company's goal of producing five million tonnes of coal per year within five years, the company is aggressively developing several of its BC properties. In December 2004, the company's Dillon mine on its Burnt River property began producing at an annual rate of 240,000 tonnes of pulverized coal injection (PCI) coal per year. In March 2005, the company applied to the BC provincial government to expand production at the Dillion to 80,000 tonnes per month.

While the Dillon mine currently has a reserve base of 1.56 million tonnes, additional drilling in August 2004 on adjacent areas of the property was completed to update and confirm approximately 30 million tonnes of historical resources defined by TeckCominco in the early 1980's. Also, Western Canadian Coal has filed for an Environmental Assessment Certificate and Permit to mine the adjacent Brule deposit. Production at the Brule mine is expected to begin in early 2006. Once the Brule mine comes on production, the Burnt River property will have total production of 1.5 million tonnes of PCI coal per year.

The company's other property that is set to go into production in 2006 is its Wolverine project. The Wolverine deposit consists of two metallurgical coal deposits, Perry Creek and EB Trend, that will be mined using the open-pit method sequentially. Construction of the Wolverine mine is estimated to be $180C million. The majority of the capital requirements for Wolverine were raised in a $115C private placement earlier this year. The company recently received the mine permit for Wolverine and is in the final stages of acquiring all required approvals prior to commencing construction. Western expects the mine to produce 1.6 million tonnes of metallurgical coal per annum over its 11 year life.

Possibly the most attractive aspect of Western Canadian Coal is its portfolio of undeveloped projects for which it has not booked any reserves. WTN has seven projects, all located in northeast BC, that contain approximately 250 million tonnes of historical reserves. Historical reserves can be defined as reserves that have been identified by prior operators that have yet to be brought up to national standards through additional drilling.

In addition to WTN's 100%-owned properties, the company also has a 50% interest in a significant joint venture with Northern Energy and Mining Inc. (NEMI). The joint venture will advance the exploration and development of WTN's Belcourt and NEMI's Saxon property, which are both located in British Columbia. The partners will spend up to $20C million to update feasibility reports and on work programs on both groups of coal properties with a view to developing a 6 to 10 million tonnes per year operation. These properties currently have several hundred million tonnes of indicated and inferred coal resources.

Recently, WTN signed an agreement with a group of major steel mills in north Asia including POSCO of South Korea, Baosteel of China, China Steel of

Taiwan and four major Japanese steel mills to sell the firm's low-volatility PCI coal production for approximately $100US per tonne for the contract year beginning April 1, 2005. Given that the recently signed contracts should allow for nearly a 50% gross margin, I believe WTN is line to have a very profitable year. I consider Western Canadian Coal to be an outstanding investment candidate at this time.

Pine Valley Mining

Quick Facts
Symbol: PVM (OTCBB: PVMCF)
Price: $3.70C (As of April 29, 2005)
Market Cap: $249.3C million
Shares Outstanding: 67.4 million
Q4 2004 Cash Flow per share: $.01C
Q4 2004 Earnings per share: $.01C
Q4 2004 Production: 110,000 tonnes
Reserves as of 12/31/2004: 24.7 million tonnes

While Pine Valley Mining was one of the best performers in North America in 2004 in terms of stock price appreciation, 2005 has seen the company's shares weaken significantly due to operational difficulties and cost overruns. However all hope is not lost for Pine Valley shareholders. Despite difficulties in the ramp-up of the company's flagship Willow Creek mine, I believe the company has the management depth and the capital to overcome its recent difficulties.

The economics of the coal industry have never been better. While most market observers are aware of China's enormous use of coal, supply constraints in the US are also helping coal prices reach multi-year highs. We have seen upward pressure on coal prices due to a falling reserve life at existing mines and few new large projects on the horizon. According to the US Department of Energy, in the decade from 1991 to 2002, reserves at producing mines in the US have fallen 17% and the reserve life of producing mines has fallen from 22.1 to 16.6 years. US mine operators have deferred opening new mines in recent years because future reserves tend to be in deeper thinner seams that are more costly to access.

PVM's 100%-owned Willow Creek Project, located in the Peace River coal fields of northeastern British Columbia, began commercial production on July 30, 2004. Willow Creek, which is currently producing approximately 75,000 tonnes per month of PCI coal, is still in the early of a multi-stage development program. PCI coal is used by steel mills, often times as a replacement for more expensive coking coal. One of the more attractive aspects of the Willow Creek project is its close proximity to rail lines. Coal is currently being extracted, crushed and trucked from the mine pit to the company's rail siding. From there it will be loaded onto rail cars, railed to the Neptune Bulk Terminals coal port in North Vancouver and then shipped to steel mills in Asia and Europe.

Management recently filed an application with the British Columbia provincial government regulators requesting an increase to the currently permitted production level of 0.9 million tonnes per year to 2.2 million tonnes per year. PVM has completed the majority of the required equipment commissioning for Phase I and II. The company recently began Phase III of the Willow Creek expansion plan. This phase, consisting principally of a coal preparation plant that is required for coal seams planned to be mined later this calendar year, is targeted for initial completion in the autumn of 2005. The company expects to achieve a monthly mine production rate of approximately 180,000 tonnes upon the completion and full commissioning of Phase III.

While the investment community punished the company's share price for lower than projected coal production and a significant increase in the costs associated with the contract miner, higher railing costs due to fuel surcharges, higher site stripping costs and higher labor costs, PVM is still quite profitable. Even with the higher costs, the company still expects that operating costs for the year ending March 2006 will be in the range of $48C to $54C per tonne with an average for the year of $53C per tonne. Given that fellow Model Portfolio member Western Canadian Coal recently signed a contract for its PCI coal output for approximately $100US a tonne, PVM should become a very profitable company as it expands production into today's robust pricing environment.

I consider Pine Valley Mining an outstanding investment candidate at this time.

Managed Account Service

For investors interested in receiving assistance in profiting from today's rising energy prices, I now offer a managed account service. For more information please give me a call at 773-271-7574. Thanks.

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Model Portfolio as of May 1, 2005									Current Pricing Date: April 29, 2005	
	Date of Initial Price	Production Focus	Beginning Price		Current Price		% Change			
Company Name			US$	CDN$	US$	CDN$	US$	CDN$	TSE Symbol	US Symbol
Acclaim Energy	2/15/2004	Oil	8.96	11.80	11.52	14.50	29%	23%	AE.UN	ACNJF ##
Admiral Bay Resources	11/15/2004	Gas	0.79	0.94	1.14	1.43	44%	52%	ADB	ADBRF
Adv. Energy Inc.	2/15/2004	Gas	13.26	17.46	14.78	18.60	11%	7%	AVN.UN	AVNNF ##
Ausam Energy	1/15/2005	Oil/Gas	0.94	1.14	0.72	0.90	-24%	-21%	AUZ	ASMEF
Canadian Natural Resources	10/15/2002	Oil/Gas	14.98	23.61	49.59	62.40	231%	164%	CNQ	CNQ*
Centurion Energy	9/15/2003	Gas	1.24	1.70	9.63	12.12	677%	613%	CUX	CEYIF
Cline Mining	10/15/2004	Coal	0.48	0.60	0.78	0.98	62%	63%	CMK	CLMNF
Compliance Energy	12/15/2004	Coal	0.56	0.69	0.87	1.09	55%	58%	CEC	CPYCF
Compton Petroleum	9/15/2002	Gas	2.46	3.90	8.23	10.35	234%	165%	CMT	CPUXF
Denison Mines	5/15/2004	Uranium	3.28	4.62	12.72	16.00	288%	246%	DEN	DNMIF
Duvernay Oil	7/15/2004	Gas	10.18	13.45	21.06	26.50	107%	97%	DDV	DVNLF
Encana Corp	9/15/2002	Gas	30.32	47.46	64.01	80.54	111%	70%	ECA	ECA*
First Calgary	6/15/2003	Gas	1.99	2.69	10.38	13.06	422%	386%	FCP	FCGCF
Fortune Minerals	11/15/2004	Coal	3.51	4.20	3.46	4.35	-2%	4%	FT	FTMDF
Gastar Exploration	8/15/2004	Gas	2.53	3.31	3.43	4.32	36%	31%	YGA	GSREF
Gentry Resources	9/15/2003	Oil/Gas	1.32	1.80	3.36	4.23	155%	135%	GNY	GYRLF
Northern Sun Exploration	2/15/2005	Oil/Gas	0.51	0.63	0.46	0.58	-10%	-8%	NSE	NSEFF
Oilexco Inc.	9/15/2004	Oil	2.97	3.85	1.91	2.40	-36%	-38%	OIL	OILXF
Pine Valley Mining	8/15/2004	Coal	1.03	1.35	2.94	3.70	185%	174%	PVM	PVMCF
Resolute Energy	7/15/2004	Gas	2.80	3.70	4.08	5.14	46%	39%	RSE	RSEEF
Strathmore Minerals	4/15/2004	Uranium	0.43	0.58	1.47	1.85	242%	219%	STM	STHJF
Talisman Energy	9/15/2002	Oil/Gas	13.74	21.65	30.17	37.97	120%	75%	TLM	TLM*
Thunder Energy	9/15/2002	Gas	2.59	4.10	5.90	7.42	128%	81%	THY	TDEYF
Transglobe Energy	12/15/2002	Oil	0.40	0.65	5.21	6.56	1203%	909%	TGL	TGA**
True Energy	9/15/2003	Oil/Gas	0.95	1.30	3.18	4.00	235%	208%	TUI	TUENF
UEX Corp	4/15/2004	Uranium	0.56	0.75	1.36	1.71	143%	128%	UEX	UEXCF
Vaquero Energy	9/15/2003	Oil/Gas	1.62	2.21	5.41	6.81	234%	208%	VAQ	VAQEF
Western Cdn. Coal	2/15/2004	Coal	1.40	1.82	3.26	4.10	133%	125%	WTN	WXJXF
Removed from Portfolio		Removed	Beginning Price		Final Price					
Bankers Petroleum	9/15/2005	1/15/2005	0.31	0.4	0.43	0.52	28%	30%	BNK	BNKFF
JNR Resources	4/15/2004	1/15/2005	0.33	0.44	1.08	1.32	227%	200%	JNN	JNRRF
Dynamic Oil & Gas	11/15/2003	9/15/2004	3.83	5.1	3.06	3.98	-20%	-22%	DOL	DYOLF***
Gemini Energy	4/15/2004	1/15/2005	2.57	3.45	3.29	4	28%	16%	GNI	GMNEF
Espirit Exploration	9/15/2002	9/15/2004	1.55	2.4	2.71	3.52	75%	47%	EEE	EPRTF
Peyto Expl & Dev	9/15/2002	4/15/2003	5.39	8.55	8.91	12.95	65%	51%	PEY	PEXDF
Upton Resources	9/15/2002	1/15/2004	2.4	3.81	3.68	4.77	53%	25%	URC	UPTRF
Olympia Energy	9/15/2002	4/15/2004	1.97	3.15	2.75	3.7	44%	18%	OLY	OMEAF
Tusk Energy	9/15/2002	9/15/2004	1.93	2.8	3.61	4.68	87%	67%	TKE	TKEGF
Viracocha Energy	3/15/2004	4/15/2004	2.03	2.7	2.16	2.9	6%	7%	VCA	VCACF
Oiltec Resources	9/15/2002	6/15/2004	1.32	2.1	0.94	1.31	-29%	-38%	OLT	OLTRF
Defiant Energy	2/15/2004	11/15/2004	3.37	4.43	3.64	4.35	8%	-2%	DEF	DFEEF
Canoro Resources	12/15/2004	Oil/Gas	2.24	2.75	3.17	3.99	42%	45%	CNS	CUOSF
Currency Exchange Rate:	$ 0.7947									

Notations: *Traded on NYSE **Traded on AMEX ***Traded on NASDAQ ##Denotes Royalty Trust

Notes on Firms Removed: Following announcement of acquisition or conversion to a Royalty Trust: EEE, PEY, URC, OLY, TKE, VCA, OLT, DEF. DOL was removed due to declining risk/reward ratio, BNK, JNN, GNI and CNS were removed following full valuation.