

Energy

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Industry Brief

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International Oil & Gas

Int'l Oil & Gas: Peru Elections - Company Exposure

The second round of the Peruvian General Elections took place yesterday (June 5, 2011), and based on recent media reports, the Peruvian Nationalist Party's Presidential candidate, Ollanta Humala, has claimed victory with 87% of the votes counted (BBC News). None of the international oil & gas companies in our coverage universe currently have either production or reserves in Peru. While we do not foresee any drastic changes, if any changes at all, to the Peruvian Oil & Gas fiscal terms post this election, the below table highlights the risked NAV from each company's exploration land in Peru.

Exhibit 1: Risked NAV Exposure to Peru

C\$/shr	Peru Risked NAV	Total Risked NAV
GTE	1.55	13.53
PRE	0.62	47.73
PDQ	0.12	1.13
TLM*	2.18	26.86

*Risked NAV for Latin American Upside (which includes Peru)

Source: Raymond James Ltd.

We also note that given the current share price levels, we don't believe that markets are attributing any value for Peru. Thus, at this point, Peru still represents free option value. Should shares decline as the new Peru government takes office, we would recommend investors add to their positions in Gran Tierra and Pacific Rubiales.

Company	Ticker Primary	Ticker Secondary	Current Price	Target Price (6-12 mths)	Dividend Yield	Total Return To Target	Rating
International Oil & Gas							
Alange Energy Corp.	ALE-TSXV		C\$0.22	C\$0.30	0.0%	36%	Outperform 2
ArPetrol Ltd.	RPT-TSXV		C\$0.12	C\$0.35	0.0%	192%	Outperform 2
Bankers Petroleum	BNK-TSX	BNK-AIM	C\$7.72	C\$23.00	0.0%	198%	Strong Buy 1
Gran Tierra Energy	GTE-TSX	GTE-AMEX	C\$6.80	C\$13.50	0.0%	99%	Strong Buy 1
Greenfields Petroleum Corp.	GNF.S-TSXV		C\$9.00	C\$13.00	0.0%	44%	Outperform 2
Niko Resources Ltd.	NKO-TSX		C\$77.02	C\$68.00	0.2%	-11%	Underperform 4
Pacific Rubiales Energy	PRE-TSX		C\$26.53	C\$48.00	1.4%	82%	Strong Buy 1
Pan Orient Energy	POE-TSXV		C\$5.40	C\$12.00	0.0%	122%	Outperform 2
Parex Resources Inc.	PXT-TSXV		C\$7.67	C\$8.50	0.0%	11%	Outperform 2
Petroamerica Oil Corp.	PTA-TSXV		C\$0.15	C\$0.35	0.0%	133%	Outperform 2
PetroDorado Energy Ltd.	PDQ-TSXV		C\$0.35	C\$1.00	0.0%	186%	Outperform 2
Petromanas Energy Inc.	PMI-TSXV		C\$0.35	C\$1.50	0.0%	329%	Outperform 2
Petrominerales	PMG-TSX		C\$31.30	C\$25.00	1.6%	-19%	Underperform 4
Petronova Inc.	PNA-TSXV		C\$1.30	C\$2.75	0.0%	112%	Outperform 2
Porto Energy Corp.	PEC-TSXV		C\$0.90	C\$2.00	0.0%	122%	Outperform 2
ShaMaran Petroleum Corp.	SNM-TSXV		C\$0.70	C\$1.00	0.0%	43%	Market Perform 3
Suroco Energy Inc.	SRN-TSXV		C\$0.66	C\$1.60	0.0%	142%	Outperform 2
Talisman Energy Inc.	TLM-TSX	TLM-NYSE	C\$19.67	C\$27.00	1.1%	39%	Outperform 2
WesternZagros Resources	WZR-TSXV		C\$0.80	C\$0.25	0.0%	-69%	Underperform 4

Source: Raymond James Ltd.

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