

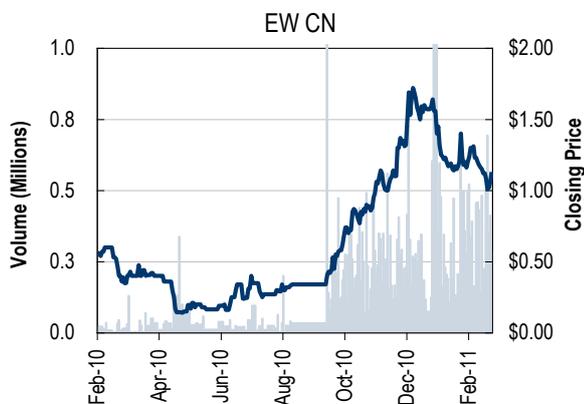
East West Petroleum¹ (EW CN)

Share Data

Recommendation	BUY
Target	C\$ 1.80
Shares - (mm, basic/f.d.)	80.6 / 113.4
52-week high/low	C\$1.89 / C\$0.125
Market capitalisation	83.8
Net Debt (mm)	(7.7)
Enterprise value (mm)	76.2
Total projected return	73%
Risked NAV	C\$ 4.16
Unrisked NAV	C\$ 16.66
P/NAV (Risked)	25%

Key financials	10E	11E	12E
Oil and NGLs (b/d)	0	173	260
Natural Gas (mmcf/d)	0.0	0.1	0.1
Total (mboe/d) 6:1	0.0	0.2	0.3
Equivalent Growth	nm	2536%	45%
Brent (US\$/b)	79.73	85.00	90.00
Natural Gas (US\$/mcf)	6.55	7.50	8.00
EPS (f.d.)	(0.03)	(0.02)	(0.03)
CFPS (f.d.)	(0.01)	(0.00)	(0.01)
Capex (mm)	1.1	5.5	30.0
Net debt (mm)	(30.3)	(7.7)	23.2
Debt/CF	21.9	88.6	nm
P/CF (x)	nm	nm	nm
EV/DACF (x)	nm	nm	nm
EV/Reserves (boe 2P)	68.73		
EV/Production (m/boe/d)	6,187.8		

All figures in USD unless otherwise stated



BUY

**EW CN
Target**

**C\$1.04
C\$1.80**

- We are initiating coverage on East West Petroleum with a BUY recommendation and a C\$1.80 target price. Our target price is based on our estimated Core NAV which includes East West's development property in Egypt and the 12 month risked upside available from its undeveloped acreage in Romania and the Burg El Arab Field in Egypt.
- East West recently entered into a strategic partnership with Kuwait Energy Company, a large private E&P company based in the Middle East which provides East West with immediate access to a significant asset portfolio with the potential for enhanced recovery and unconventional opportunities. In addition, there is extensive geological and geophysical data already covering the blocks which saves East West both the time and costs which would have been necessary to collect the data.
- East West has a seasoned management team and board of directors who have a track record of accretive tuck-in acquisitions which have created shareholder value. Led by Greg Renwick (CEO and formerly with Dana Gas) and David Sidoo (Chairman and formerly with American Oil & Gas Inc), the Company has appointed various individuals to the Board who have strong technical, financial and operational understanding to apply unconventional technologies to international basins to potentially deliver exceptional shareholder value.
- We expect further drilling on the Burg el Arab field in Egypt, securing a farm-out partner in Romania and participation in one or more blocks under the heads of agreement with Kuwait Energy to be the main drivers for share price appreciation in the next 12 months.

Prepared by GMP Securities Europe LLP
Please see important disclosures on the last page of this report.

INVESTMENT SUMMARY

East West Petroleum is a junior international oil and gas exploration company listed on the TSX Venture under the symbol 'EW' with a market capitalization of ~C\$90 mm. The Company is focused on the application of new technologies to enhance recovery from existing conventional reservoirs and to commercialize unconventional hydrocarbons. East West's business plan of forming strategic alliances with existing holders of acreage with large unconventional potential allows it to quickly evaluate and progress its portfolio at a relatively low cost.

East West announced in November a strategic partnership with Kuwait Energy Company ("KEC"), a large private E&P company based in the Middle East. The heads of agreement ("HOA") gives East West immediate access to a significant asset portfolio with enhanced recovery and unconventional opportunities. In addition, there is extensive data covering the blocks which saves East West both time and cost which would have been necessary to collect the data.

On December 6th, 2010, East West announced that it will be acquiring a 20% interest in the Burg el Arab ("BEA") block in Egypt from Kuwait Energy Company, which has 2P reserves of 10.5 mmb and production of c. 500 b/d (gross). The block has both near term upside for reserves and production growth from both untested fault compartments and deeper formations, and from the application of enhanced recovery techniques to the existing producing zones.

We estimate that East West has a core NAV of C\$0.65/sh. Our risked value per share is C\$4.16/sh and our unrisked value per share is over C\$16.66/sh, assuming East West exercises its option to participate on all the blocks covered by the HOA with Kuwait Energy Company.

TOP 3 CATALYST EVENTS AND TOP 3 RISKS

Over the next 6-12 months we believe the following events are the most important catalysts for investors to focus on which could potentially drive valuation levels forward:

- **Further drilling on Burg el Arab.** Production from BEA should increase as additional wells are brought onto production. In the medium to long-term, horizontal drilling and fracturing should have a significant impact on production rates.
- **Securing a farm-out partner to unlock Romania's potential.** East West has four oil and gas exploration blocks in the Pannonian Basin of western Romania which span a total of ~1 mm acres. The company currently holds 100% working interest in the acreage, and is now seeking a farm-in partner to help finance future costs. We estimate that a farm-in partner could fully carry East West during the exploration phase while the company will retain a 25% stake in the project.
- **Participation in one or more blocks under the heads of agreement with Kuwait Energy.** In the next six months, we expect that East West will complete technical studies and exercise its option to back in to at least one (but likely several) of the 12 blocks covered by its HOA with Kuwait Energy Company.

In our opinion the top three risks facing the company in the next six months are the following:

- **Control over assets.** The business model of East West is based on using its in-house expertise with unconventional resources to gain low cost entry into assets with unconventional resource and enhanced recovery potential. However, East West will not be the operator of the assets it acquires working interests in through exercising its back-in rights and will be dependent on the decisions made by the operator(s) of the blocks

- **Success of unconventional techniques in new basins.** Unconventional techniques such as multi-stage horizontal fracturing have had great success in the US, primarily with shale gas and shale oil plays. These techniques are relatively new to the international E&P space, and it may be difficult to find service providers with international experience.
- **Security and political risk.** East West operates in countries which have experienced recent political unrest following the wave of demonstrations across the Middle East. One of the key risks that East West could face is the potential loss of property or assets due to the threat of armed conflict or an unstable political situation. While the political situation in Egypt is stabilizing at the moment, unrest could prevent the company from completing its work programs, accessing its properties and developing its potential discoveries.

COMPANY HISTORY

East West Petroleum is a Canadian listed oil and gas exploration company with acreage in Romania and Egypt. It has formed a joint venture agreement with Kuwait Energy Corp to exploit and explore for unconventional resources on a portion of Kuwait's existing acreage. The company's shares trade under the symbol "EW" on the Toronto Venture Stock Exchange.

- East West Petroleum was previously quoted on the TSX-V as Avere Energy, which was focused on acquiring unconventional acreage in the continental United States.
- In June 2010, the existing Avere management team was replaced by Gregory Renwick who came on board as Director, President and CEO.
- In July 2010, David Sidoo and Herb Dhaliwal were appointed to the Board of Directors, while Michael Burnaman was appointed to the Advisory Board and Dr. Marc Bustin was appointed to the Board of Directors and Advisory Board. The Company's name was changed to East West Petroleum Corp.
- Also in July 2010, East West was awarded four oil and gas exploration blocks in the Pannonian Basin of western Romania. The four blocks cover a total of ~1 mm acres and the company currently has a 100% working interest in the acreage.
- In August 2010, East West announced that it had agreed to acquire an interest in the producing Carbon Property, Alberta. The eventual purchase price was \$1.125 mm. The total estimated remaining net reserves are 66 mboe, 83% of which is estimated as natural gas. Current net production stands about 22 boe/d.
- In September 2010, East West closed a private placement of \$3.4 mm raised through the issue of 13.6 mm units at \$0.25 each, consisting of one common share and one share purchase warrant with an exercise price of \$0.34. The funds were used for the acquisition of the Carbon Property. Also in September, Wak Kani was appointed to the Advisory Board.
- In November 2010, East West announced that it had entered into a partnership agreement with Kuwait Energy Company. Under the terms of the agreement, East West will share its unconventional technological resources and expertise with Kuwait Energy in return for the opportunity to earn an equity interest in any new discoveries. Total gross acreage covered under the agreement is over 21,000 km² (5 mm acres).
- In December 2010, East West announced that it would acquire a 20% working interest in a 500 b/d oil field in Egypt from Kuwait Energy for US\$17.5 mm. Also in December, the company raised ~US\$30 mm in gross proceeds issuing ~27.3 mm units at C\$1.10/unit. Each unit contained one common share and half a common share purchase warrant exercisable at C\$1.75/sh.

FINANCIAL OUTLOOK

Financial Position

The past six months have been transformational for the Company as management has restructured East West into an international oil and gas company. In August/10, it changed its name from Avere Energy, a company focused on North American unconventional natural gas resources such as shale gas, coalbed methane and tight sandstone reservoirs. Management expanded its previous domestic focus by looking to apply North American technologies to international basins. Although East West's current revenue (~\$19k in Q3/10) is driven by the Carbon property, a Canadian asset, international production particularly from Egypt in the near term is expected to generate the bulk of operating cash flow. The BEA field is currently producing ~500 b/d (gross) and Management anticipates the company will exit 2011 with 1,300 b/d of production.

East West closed a ~\$30 mm (gross) private placement in Dec/10 issuing ~27.3 mm units @ C\$1.10/unit. Each unit consisted of one common share and one-half warrant of one common share, with a strike price of C\$1.75 which must be exercised on or before December 22/12. We estimate the cash balance at March 31st/11 to be ~\$12 mm with no outstanding debt.

East West used the net proceeds of C\$28.3 mm to repay the \$13.5 mm balance due for the acquisition of a 20% interest in the Burg El Arab field in Egypt it acquired through its relationship with Kuwait Energy, to repay a \$3.5 mm bridge loan which served as a deposit for the acquisition and to fund East West's share of exploration and development costs associated with the Burg El Arab field. Management estimates 2011 capex to cost \$27.5 mm gross in Egypt, of which East West is responsible for 20% or \$5.5 mm. This includes the drilling of three development wells into deeper carbonate zones, one exploration well, and working over six wells throughout the year. Unconventional opportunities such as multi-zone completions will be explored longer term. Water-flooding is a possibility which will be considered in 3-5 years.

CATALYSTS OVER THE NEXT 12 MONTHS

- **Near term catalysts from Burg el Arab.** There are three near-term catalysts on the Burg el Arab (BEA) field which is currently producing c. 500 b/d from the Abu Roash G and Bahariya formations:
 - **Additional reserves upside from undrilled fault compartments in the field.** Cumulative production to date from the seven wells located on the central high horst block amounts to 1.6 mmb. A recent well test resulted in the discovery of a new oil accumulation in a northern fault compartment and additional untested fault blocks have been mapped using good quality 3D seismic data which covers the main license. An updated reserve report that is NI51-101 compliant is expected in 2011. We expect that success on any recent and upcoming wells drilled outside the central horst compartment will add to the reserve volumes. In addition, enhanced recovery through the application of unconventional techniques could unlock additional recoverable reserves from the OIIP.
 - **Enhanced recovery from the existing formations.** The Abu Roash G and Bahariya sandstones are both relatively tight reservoirs, with current recovery factors using conventional techniques estimated at 8% - 10%. Enhanced recovery and unconventional techniques are expected to increase recovery factors and production rates. Several companies have recently had great success applying unconventional techniques in Egypt. Apache is estimated to have increased production from its acreage in the Western Desert from 2,500 b/d to c. 20,000 b/d by the application of horizontal drilling fracturing to the Bahariya formation. In 2010, in the Gulf of Suez Egypt, TransGlobe Energy^{1.7} completed its first horizontal

fracture stimulations on the Nukhul formation at its Arta field, which resulted in a 10-fold increase in production rates. A 5% increase in the recovery factor on the BEA block could lead to a 50% increase in the existing reserves and resources.

- **Potential resources in deeper hydrocarbon bearing formations.** Development of the BEA field to date has focused on the Abu Roash G carbonate and Bahariya sandstones. Other oil-bearing reservoirs not-yet-producing and under study include the Cretaceous Alamein and Dahab formations. The deeper Jurassic section was recently drilled by the operator for the first time and is undergoing extensive testing.
- **Securing a farm-out partner to unlock Romania's potential.** East West has four oil and gas exploration blocks in the Pannonian Basin of western Romania which span a total of ~1 mm acres. The company currently has a 100% working interest in the acreage, and is now seeking a farm-in partner to help finance future costs. We estimate that a farm-in partner could fully carry East West during the exploration phase while the company will retain a 25% stake in the project.
- **Immediate access to a world class portfolio with significantly shorter time to development.** The strategic partnership HOA with Kuwait Energy gives East West immediate access to a large asset portfolio covering some of the best hydrocarbon basins in the world. East West will be able to focus on the blocks it identifies as having the greatest potential. In addition, East West also benefits from the large amount of existing data covering the assets, which will greatly decrease both time and cost required ahead of drilling its first unconventional wells.
- **Additional strategic partnerships.** East West management has additional contacts in the E&P space and will continue to look for new business opportunities. Management recently returned from a trip to India where they met with a number of Indian NOCs and IOCs. The company will explore the possibility of entering into additional strategic partnerships, similar to the Kuwait Energy agreement, with these companies. In addition, Kuwait Energy has additional blocks that could become part of the existing HOA.
- **Experienced team with relevant unconventional experience.** The Chairman and CFO previously were founding shareholders of American Oil & Gas (AMEX: AEZ), a company primarily focused on the Bakken unconventional oil formation in North Dakota that was recently acquired by Hess Corp. for US\$600 mm (the CFO, Nick DeMare was also a Director of AEZ). In addition, Dr. Marc Bustin is recognized world-wide as an expert in unconventional oil and gas and was recently a founding shareholder of Cuadrilla Resources, a UK-based company focused on shale gas in Europe and backed by a \$58 mm investment from Riverstone/Carlyle Global Energy and Power Funds and Lord Browne, the former CEO of BP. Greg Renwick brings a wealth of experience and relationships from his prior experience at Mobil, Kufpec, Centurion and Dana Gas, and has been able to quickly capitalize on these relationships as demonstrated by the recent deals with Kuwait Energy.

RESERVES AND RESOURCES

At this stage of its development East West only has ~66 mboe of net P+P audited reserves associated with its Carbon Property in Alberta. Following its acquisition of a 20% working interest in the Burg El Arab Field in Egypt the company carries internal estimates of 2.1 mmmboe of P+P resources and during its next reserves and resources report we believe that a portion of these reserves will be reflected by the reserves auditors.

METHODOLOGY AND ASSUMPTIONS

In valuing our international E&P universe, we use a standard set of assumptions. A 10% discount rate reflects our broad views on the cost of capital for the group as a whole. There are a number of other risks that must be recognized and incorporated into our valuation of individual companies, projects, regions and ultimately, our NAV. We believe that one number (the discount rate) cannot capture every nuance of risk so we apply an additional risking to each prospect and/or project on an individual basis which is captured in our EMV tables that formulate our NAV.

Our current oil price assumptions are US\$85.00/b (Brent) for 2011, US\$90.00/b (Brent) long-term flat for 2012 and beyond (Exhibit 1). For natural gas prices, we typically assume that prices trade on an energy content equivalent with oil prices. Gas prices on the European continent, in countries such as Romania, remain linked by formulae to competing fuels, predominately oil. In the UK, historic long term gas prices are normally tied to various formulae and linked with either inflation or oil indexation.

Exhibit 1: Assumptions

	2011E	2012E	Long Term
WTI (US\$)	\$85.00	\$90.00	\$90.00
Brent (US\$)	\$85.00	\$90.00	\$90.00
NYMEX Gas (US\$/mmbtu)	\$4.50	\$5.25	\$5.25
UK Gas (\$/mmbtu)	\$6.50	\$8.00	\$8.00
UK Gas (p/therm)	48.4p	51.6p	51.6p
FX Rate (US\$/CAN)	\$1.0000	\$1.0000	\$1.0000
FX Rate (US\$/£)	\$1.5500	\$1.5500	\$1.5500
FX Rate (US\$/EURO)	\$1.3700	\$1.3700	\$1.3700

Source: GMP Estimates

Our valuation approach is to calculate a core asset value for the company based predominately on its known 2P reserves and 2C contingent resources (using the PRMS reserve and resource definitions) and where the 2C resources are actively moving towards commercialisation and adjusted for its net cash or debt position. We have built an economic model to estimate the NPV of the full field developments using known parameters where possible. Where these are not available, developments have been modeled based on analogous fields. We use fully diluted share capital taking into account potential options or warrants and include two years of G&A spend to capture the ongoing cost of running the company in the absence of additional funding.

We identify the potential upside for each company and classify this as our estimated RENAV (Risky Exploration Net Asset Value) valuation. This includes any resources that the company has and the potential for reserves upside. We have used a risky expected monetary value approach in estimating a potential value of each of the company's exploration portfolios. In some instances it has been assumed that companies will farm down their interests. Thus, we have calculated our RENAV based on the view of what the company's likely remaining net interest will be and have credited the company with the associated reduction in drilling costs. This approach may undervalue the companies' exploration portfolios, but we believe it is more realistic and reflects the likely risk mitigation that each company's management will carry out.

VALUATION/ESTIMATES

We have focused on the BEA block as the major component of East West's Core NAV. We have valued the BEA 2P reserves at \$11.90/boe based on our Egyptian field model, and discounted the 3P

reserves by an additional 10% as we estimate it will take an additional year to prove these reserves are capable of production. We have only given value to BEA's current reserves in our core NAV which were certified as at Dec 31, 2009. We have estimated that enhanced recovery could increase reserves by 50% and a further 50% increase in reserves is possible from undrilled fault compartments and deeper Cretaceous reservoirs, which provide an additional 30 mmb of upside on BEA. We have not estimated the potential for the deeper Jurassic sections.

We have estimated that East West significantly farms down their Romanian acreage to a 25% working interest with a full carry. The blocks were awarded on the basis of a bid prepared by the previous management team, and we expect current management will be focused on the blocks under the HOA with Kuwait Energy. However, the Romania blocks lie in the proven Pannonian Basin and are contiguous with existing producing fields, and we feel that a farm-out will be easily achieved. Our estimate of NPV for the Romania resources is from our onshore Romania field model, which ascribes a \$24.55/boe figure for oil discoveries, and an \$18.19/boe figure in the event of a gas discovery.

Resource volumes for the fields covered by the HOA with Kuwait Energy Company are based the company's estimates and are for conventional volumes only, unconventional resources could potentially be much larger.

Exhibit 2: East West's Net Asset Value

Net Asset Value Breakdown				
	MMBOE	US\$/BOE	US\$ mm	C\$/sh
Production Assets	2.8	9.56	26.4	0.23
Cash/(Net Debt)			11.7	0.10
Undeveloped Assets	2.5	15.86	40.0	0.35
Other Items incl G&A			(4.0)	(0.04)
Core NAV	5.3	14.02	74.01	0.65
<i>Price to NAV (%)</i>				159%
Option Proceeds			30.8	0.27
Risked Upside	31.3	11.73	366.8	3.24
Risked NAV	36.5	12.90	472	C\$ 4.16
<i>Price to Risked NAV (%)</i>				25%
			Current Stock Prices	C\$ 1.04
			Unrisked	C\$ 16.66
Notes				
Reserves evaluated by AJM Petroleum Consultants & Gaffney Cline as of Sept 2010.				
Long term Brent flat price is US\$90.00 and NYMEX Gas price is US\$5.25/mmBtu.				
All asset values are NPV10 After Tax and in USD unless noted.				
Two years of G&A are deducted to ensure 'going concern' costs are captured.				

Source: East West Petroleum, GMP Estimates

Exhibit 3: East West's Risked Net Asset Value

East West Petroleum Asset Breakdown												
Current												
Country	Property/Prospect	Gross Resource (mboe)	Working Int. (%)	Costs (%)	Well Costs (US\$ mm)	Overall COS (%)	Value/BOE (US\$)	Net Risked Resources (mboe)	Risked NAV (US\$ mm)	US\$/sh (FD)	C\$/sh (FD)	Unrisked NAV (C\$/sh)
Producing Assets												
Egypt	Burg El Arab Field	10.5	20%	20%			\$11.90	2.1	25.0	0.22	0.22	
Canada	Carbon Field	0.66	100%	100%			\$2.14	0.7	1.4	0.01	0.01	
								2.8	26.4		0.23	
Undeveloped Assets												
Egypt	Burg El Arab Field	16.8	20%	20%	5	75%	\$11.90	2.5	40.0	0.35	0.35	0.35
								2.5	40.0		0.35	
Risked Upside												
Egypt	Burg El Arab Field Upside	30.0	20%	20%	6	20%	\$10.81	1.2	12.0	0.11	0.11	0.57
Romania	Block 2 (Tria)	38.0	25%	0%	15	25%	\$20.29	2.4	48.2	0.43	0.43	1.70
Romania	Block 3 (Baile Felix)	10.5	25%	0%	15	25%	\$15.03	0.7	9.9	0.09	0.09	0.35
Romania	Block 7 (Perian)	14.0	25%	0%	15	25%	\$18.45	0.9	16.1	0.14	0.14	0.57
Romania	Block 8 (Biled)	34.0	25%	0%	15	25%	\$18.45	2.1	39.2	0.35	0.35	1.38
Yemen	Block 15	123.0	12%	12%	15	20%	\$8.61	3.1	24.9	0.22	0.22	1.17
Yemen	Block 35	366.0	20%	20%	5	20%	\$10.92	14.7	160.1	1.41	1.41	7.10
Yemen	Block 43	64.0	3%	3%	5	15%	\$11.45	0.3	3.0	0.03	0.03	0.18
Yemen	Block 49	74.0	19%	19%	5	20%	\$10.41	2.8	28.8	0.25	0.25	1.31
Yemen	Block 74	24.0	10%	10%	5	15%	\$11.45	0.4	4.2	0.04	0.04	0.25
Yemen	Block 82	105.0	6%	6%	5	15%	\$11.45	1.0	12.4	0.11	0.11	0.68
Yemen	Block 83	46.0	6%	6%	5	20%	\$11.45	0.6	6.5	0.06	0.06	0.30
Ukraine	Rudis Group	61.0	10%	10%	20	15%	\$3.42	0.9	1.4	0.01	0.01	0.18
Russia	Luzkoye/Chikshina	16.0	10%	10%	20	15%	\$4.23	0.2	0.0	0.00	0.00	0.00
								31.3	366.8		3.24	
Gross Resources Total		1033.5						37	433	3.82	3.82	16.08
Fully Diluted Shares O/S (mm)		113.4										
CDN/USD		1.00										
Notes												
Estimates of Reserves and Resources are provided by third party engineering firms, management and GMP securities												
Overall COS = Chance of success after taking all risks into consideration including geological risk, political risk, etc												
Value/BOE is calculated from a field model in the specific fiscal regime of the host country after government take, all capex and costs have been removed, and the time value of money is applied												
Risked NAV is equivalent to Expected Monetary Value (EMV). Risked NAV = (Reward*C.o.S.) - [Capital at Risk*(1-C.o.S.)]												
Fully diluted shares outstanding = shares at period end + options + all dilutive securities												
Cost % = the difference (if any) in costs paid versus working interest. Of relevance when farm-outs or farm-ins occur												
Assume EW farms down its 100% stake in Romania to 25% for a full carry												

Source: East West Petroleum, GMP Estimates

We have based our valuation of East West on its risked NAV and our view of the company's current exploration portfolio. At this stage as the company is maturing its drilling program, we have set our 12 month target price of C\$1.80/sh based on our view of the Core NAV and risked upside available from its undeveloped acreage in Romania and the Burg El Arab Field in Egypt. It is important to note that we include no value in our target price at this time for any of the assets that may come out of the HOA with Kuwait Energy. We feel that within the next few months management will have selected several projects to add to the partnership and we'll need to increase our risked NAV by the appropriate amount at that point in time. With an expected return of 73% we are initiating with a BUY recommendation for East West Petroleum.

Exhibit 4: East West's Target Price

Target Price Calculation	
East West Petroleum	C\$/sh
Production Assets	0.23
Cash/(Net Debt)	0.10
Undeveloped Assets	0.35
<u>Other Items incl G&A</u>	<u>(0.04)</u>
Core NAV	0.65
Risked Upside - Included from EMV Sheet	
Egypt - Burg El Arab Field Upside	0.11
Romania - Block 2 (Tria)	0.43
Romania - Block 8 (Biled)	0.35
<u>Option Proceeds</u>	<u>0.27</u>
Sum of Parts	1.80
TARGET PRICE	1.80
Share Price	1.04
Expected Return	73.1%
Exchange Rate (USD:CAD)	1.000
Notes:	
Long term Brent flat price is US\$90.00 and NYMEX Gas price is US\$5.25/mmBtu.	

Source: East West Petroleum, GMP Estimates

ASSET OVERVIEW

East West's core assets at the moment include the Burg El Arab field in Egypt, four exploration blocks in Romania, and a small natural gas producing property in Alberta. In addition to these assets, East West recently entered into a strategic partnership agreement with Kuwait Energy Corp., a private Middle East based E&P company. The strategic partnership covers 12 of Kuwait Energy Company's blocks across Yemen, the Ukraine and Russia, and it allows East West to earn a participating interest in the blocks for assisting in the development of unconventional reserves and enhanced recovery of existing reserves.

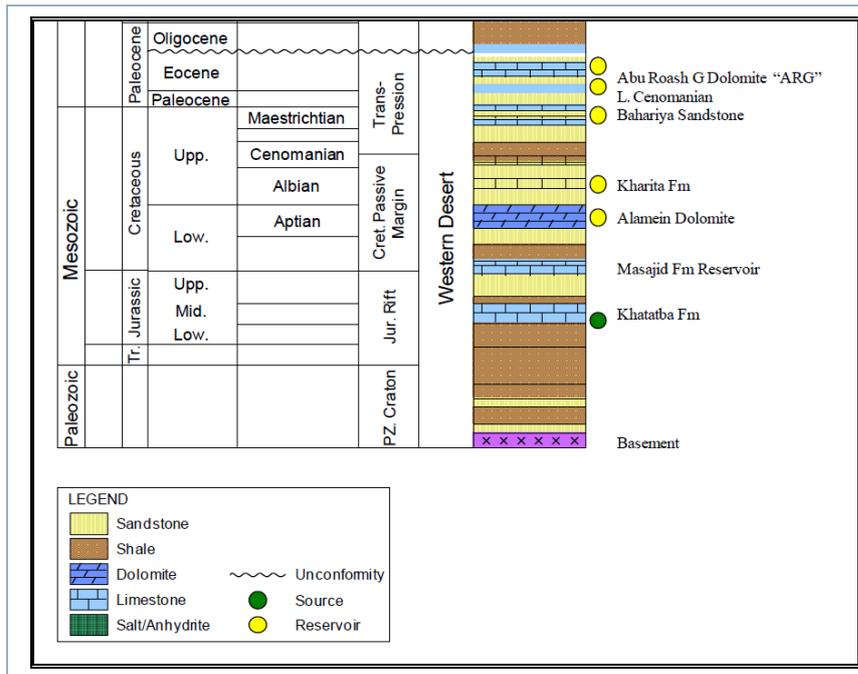
Exhibit 5: Areas of Interest



Source: East West Petroleum

Egypt

Exhibit 6: Stratigraphy of the Burg el Arab Field



Source: East West Petroleum

The BEA field is a large anticlinal structure dominated by a number of northwest to southeast trending normal faults. The original seven wells are located in a central high horst block, while a recent test of a separate northern block resulted in the discovery of a new oil accumulation. Other untested fault blocks have been mapped using good quality 3D seismic data which cover the main license area. The productive reservoirs include the “Abu Roash G” and “Bahariya” formations of Middle to Upper Cretaceous age, found at depths of approximately 7,500 - 8,000 ft. Other oil-bearing reservoirs not-yet-producing and under study include the Cretaceous Alamein formation and the Dahab formation. The productive reservoirs comprise a succession of interbedded clastic and carbonate deposits. The five oil-bearing zones can be correlated across the eight existing wells, although reservoir quality varies, as do individual sand bodies in the Bahariya. The deeper Jurassic section was recently drilled by the operator for the first time and the well is undergoing extensive testing.

Based on the Gaffney Cline YE2009 audited reserves, the transaction metrics for the BEA block are \$8.33/2P boe and \$3.18/3P boe, which are lower than the recent averages in Egypt of \$13.37/2P boe and \$5.51/3P boe, respectively.

Exhibit 7: Recent upstream transactions in Egypt

Acquirer	Seller	Announce date	Transaction value (US\$ mm)	2P reserves (mmboe)	3P reserves (mmboe)	% Gas (%)	Production (boepd)	EV/2P (US\$/boe)	EV/3P (US\$/boe)	EV/boepd (US\$/boepd)	Asset description
Apache Corporation	BP plc	Jul-10	\$650.0	24.5	0.0	41%	7,767	\$26.53	na	\$83,691	Egypt Western Desert assets
Sea Dragon Energy Inc	Premier Oil plc	Aug-09	\$14.7	1.5	0.0	0%	617	\$9.80	na	\$23,825	10% interest in the NW Gemsa license
TransGlobe Energy Corporation	Undisclosed private company	Aug-08	\$18.0	1.1	0.0	0%	400	\$16.20	na	\$45,000	25% interest in West Gharib Concession area in the Arab Republic of Egypt
Beach Energy Ltd	Egypt Kuwait Holding Co; Tri-Ocean Energy Company	May-08	\$110.0	8.0	0.0	0%	0	\$13.75	na	na	20% stake in Gulf of Suez undeveloped North Shadwan Concession
Kuwait Energy Company	Oil Search Ltd	Apr-08	\$200.0	0.0	0.0	na	4,052	na	na	\$49,358	Interests in licenses in Egypt and Yemen
TransGlobe Energy Corporation	GHP Exploration (West Gharib) Ltd	Jan-08	\$40.2	3.0	0.0	0%	900	\$13.40	na	\$44,667	30% interest in the West Gharib Concession area in the Arab Republic of Egypt
TransGlobe Energy Corporation	Drucker Petroleum; Dublin International Petroleum; Tanganyika Oil	Sep-07	\$59.0	6.3	0.0	0%	1,500	\$9.37	na	\$39,333	Interests in the West Gharib Concession area in Egypt
Citadel Capital; Logria Corp; National Petroleum Company	Rally Energy Corporation	Aug-07	\$807.5	105.2	146.5	12%	6,294	\$7.67	\$5.51	\$128,295	100% operating interest in Issaran Heavy Oilfield in Egypt and 30% working interest in Safed Koh Block in Pakistan
Dana Petroleum plc	Devon Energy Corporation	Apr-07	\$308.0	30.0	0.0	0%	12,500	\$10.27	na	\$24,640	Oil producing assets and exploratory acreage in Egypt
			Average	\$245.3				\$13.37	\$5.51	\$54,851	
			Median	\$110.0				\$11.83	\$5.51	\$44,833	
East West Petroleum	Kuwait Energy	Nov-10	\$17.5	2.1	5.5	0%	100	\$8.33	\$3.18	\$175,000	20% interest in the Burg el Arab field in the Western Desert region of the Arab Republic of

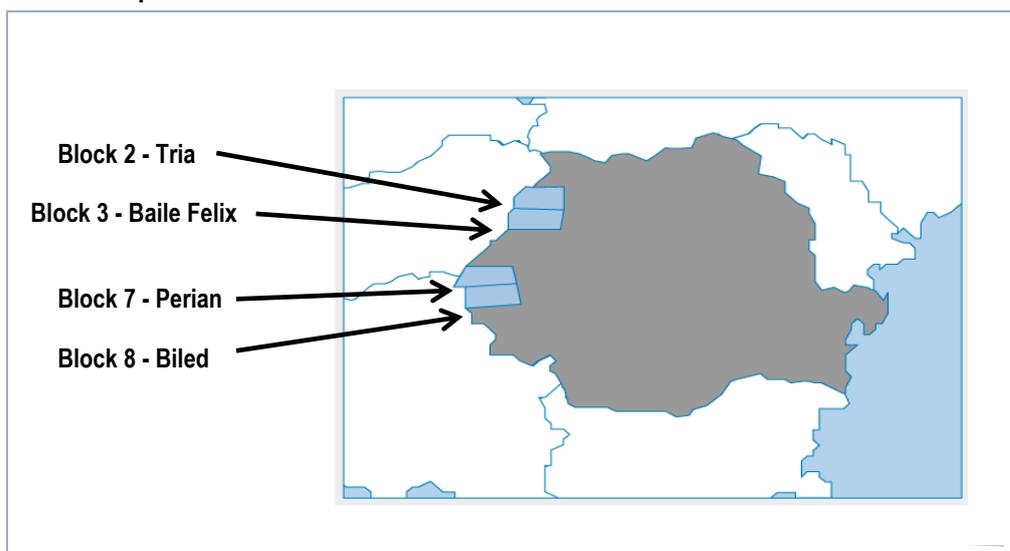
Source: JS Herold

Source: JS Herold, GMP Securities Europe

Romania

In July 2010, East West was awarded four blocks in the 10th Romanian exploration bid round. The exploration work programme submitted as part of the bid consisted of acquiring 2D and 3D seismic and the drilling of three exploration wells on each of the blocks. The four blocks cover approximately one million acres in the Pannonian Basin of Western Romania along the Hungarian border, where nearby acreage has produced substantial quantities of hydrocarbons. The blocks have both conventional and unconventional potential. East West has stated that partners will be sought to reduce East West's risk and financial exposure.

Exhibit 8: Exploration Blocks in Western Romania



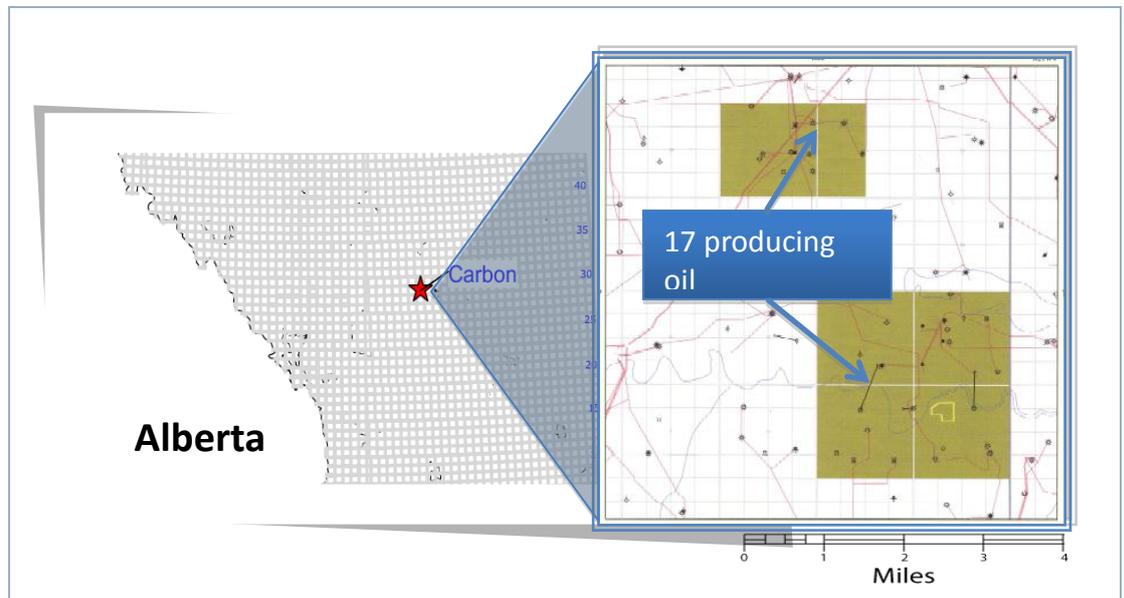
Source: East West Petroleum

In the deeper part of Blocks 2 and 3, and possibly in Blocks 7 and 8, there is widespread preservation of organic-rich Cretaceous marlstones. These are recognized source rocks and likely in a geological setting to be shale gas exploration targets. There are a number of factors that indicate the presence of shale gas, however there are a limited number of wells that penetrate the Cretaceous marls at depth. Each penetration has been described in a similar manner with similar positive factors indicating shale gas potential. Some sections were cored and described as black or dark-grey shale with natural micro-fractures, sometimes annealed with calcite. Some penetrations also describe with gas shows. Management expects to receive final Government approval for the concession award during 2011, and at this time East West will look to find farm-in partners to participate in the four exploration work programs submitted as part of the bid, which consists of acquiring 2D & 3D seismic data and the drilling of three wells on each block.

Carbon Property

The Carbon property is located approximately fifty miles northeast of Calgary, Alberta, Canada. East West Petroleum's non-operated participation interests in this property range from 4.8 to 20 percent across 4 oil wells and 13 gas wells. The wells are producing from the Horseshoe Canyon, Basal Belly River, Belly River, Viking, Glauconitic, and Ellerslie Formations. East West's net 2P reserves are 66 mboe and the property is forecast to generate approximately \$15,000 - 20,000 per month of cash flow in the near-term, declining slowing over several years. No future drilling is anticipated at this time. The Carbon Property was acquired to allow East West to gain Tier 2 status on the TSXV and to supply G&A cash flow.

Exhibit 9: The Carbon Property, Alberta



Source: East West Petroleum

Kuwait Energy Strategic Partnership

In November, 2010, East West Petroleum and Kuwait Energy Company entered into an exclusive partnership to jointly study 13 exploration and production blocks in the Middle East, North Africa and Eurasia regions. The goal of these studies is to assess the hydrocarbon reserve potential of possible unconventional petroleum systems on the acreage and determine if the application of unconventional technologies can lead to commercial production. In addition, conventional reservoirs will also be studied to determine if the application of these technologies can enhance the production rates and overall value of existing proven reservoirs. The agreement covers a period of three years and can be

renewed by mutual agreement by both parties. East West has the right to negotiate for equity positions in the blocks under study up to the following amounts:

- Up to 10% on blocks with existing production
- Up to 30% on exploration blocks
- Up to 50% on any new blocks

Exhibit 10: Kuwait Energy Strategic Partnership Opportunities

Country	Block	Block Size km ²	KEC Share (%)	Exploration / Appraisal / Production	Operator	Partners	Unconventional Potential (Y/N)	Best Estimate Resource (mmboe) ^①
Egypt	Burg el Arab	72	55.0	A, P	KEC	EWP Gharib	Y	27.3
Yemen	Block 15	9,468	41.6	E, A	KEC	Kufpec TYC	Y	127.0
Yemen	Block 35	5,533	67.1	A	KEC	Virgin, Arc MND TYC	Y	366.0
Yemen	Block 43	933	28.3	E, P	DNO	KEC, TYC	Y	64.0
Yemen	Block 49	2,088	64.0	E	KEC	CCC, TYC	Y	74.0
Yemen	Block 74	1,200	34.0	E	KEC	Kufpec, TYC, Arc, Adelphi	Y	24.0
Yemen	Block 82	1,853	21.3	E	Medco	IOC, OIL	Y	105.0
Yemen	Block 83	364	21.3	E	Medco	IOC, OIL	Y	46.0
Ukraine	Rudis Group (four blocks)	216	100	E, A, P	KEC	---	?	61.0
Russia	Luzskoye / Chikshina	25	100	E, A, P	KEC	---	?	16.0

Source: East West Petroleum

CONCLUSIONS AND RECOMMENDATION

East West Petroleum has delivered above average shareholder returns for 2010 and we expect 2011 to be no different. With an increasing focus on unconventional resources and the push to exploit discovered resources either through technology or enhanced recovery techniques investors are looking for companies, such as East West, that provide exposure to emerging resource plays. We are initiating coverage on East West with a C\$1.80 target price and a BUY recommendation based off our estimated Core NAV which includes East West's development property in Egypt and the risked upside available from its undeveloped acreage in Romania and the Burg El Arab Field in Egypt.

East West Petroleum (EW CN)

Analyst: Toby Pierce +44 20 7647 2822 Associate: Jessica Lindskog +44 20 7647 2826

Recommendation BUY
12-month target price C\$ 1.80
March 3, 2011

Current price C\$ 1.04
Total projected return 73%

(In US\$ unless otherwise stated)

Share Information

Market cap (\$mm)	\$84
Shares O/S – basic (mm)	80.6
Shares O/S – float (mm)	51.6
Shares O/S – f.d. (mm)	113.4
52-week range	C\$ 0.13 C\$ 1.89

Valuation

Risked Net asset value	C\$ 4.16
Price/NAV	0.25x
Enterprise value (\$mm)	\$45
EV/2011E production (\$k/boe/d)	\$6,187.8
EV/P+P reserves (\$/boe)	\$68.73
Return on equity (%)	-5% -8%
Return on capital employed (%)	-5% -6%

Oil & Liquids Production (b/d)

	2010E	2011E	2012E
First quarter	0		
Second quarter	0		
Third quarter	0		
Fourth quarter			
Annual	0	173	260

Natural Gas Production (mmcf/d)

	2010E	2011E	2012E
First quarter	0.0		
Second quarter	0.0		
Third quarter	0.1		
Fourth quarter			
Annual	0.0	0.1	0.1

Total Production (boe/d) - 6:1

	2010E	2011E	2012E
First quarter	0		
Second quarter	0		
Third quarter	9		
Fourth quarter			
Annual	7	193	280
% crude oil & liquids	nm	89%	93%
Production growth	nm	2536%	45%

Reserves - 6:1

	(at December 31, 2009)		
Equivalent reserves (mmboe)	Oil	Gas	Total
Proved	0.0	0.7	0.7
Proved + probable	0.0	0.7	0.7
% Proved producing	0%	0%	0%
% Proved	0%	100%	100%
% Crude oil & liquids			0%
Reserve life – P+P (yrs)	nm	nm	nm
Finding Costs - including future development capital		1 Year	3 Year
Proved F&D costs (\$/boe)		nm	nm
P+P F&D costs (\$/boe)		nm	nm
Proved + Probable replacement ratio		nm	nm

Comments

East West Petroleum is a junior oil and gas exploration company listed on the TSX Venture under the symbol 'EW.' Management is focused on the application of new technologies to enhance recovery from existing conventional reservoirs and to commercialise unconventional hydrocarbons. EW's strategic partnership with Kuwait Energy Company provides access to a significant asset portfolio with assets are located in Egypt, Romania, Russia, Ukraine & Yemen.

Market Multiples

	2011E	2012E
Discretionary cash flow multiple	nm	nm
Debt-adjusted multiple	nm	nm
Earnings multiple	nm	nm
Target multiple	nm	nm
Debt-adjusted target multiple	nm	nm

Net Income

	2010E	2011E	2012E
Net income* (\$mm)	(\$2.3)	(\$1.7)	(\$2.5)
EPS (basic)	(\$0.03)	(\$0.02)	(\$0.03)
EPS (f.d.)	(\$0.02)	(\$0.02)	(\$0.02)

*from continuing operations

Cash Flow

	2010E	2011E	2012E
Cash flow (\$mm)	(\$1.4)	(\$0.1)	(\$0.9)
CFPS (basic)	(\$0.02)	(\$0.00)	(\$0.01)
CFPS (f.d.)	(\$0.01)	(\$0.00)	(\$0.01)

Capital Expenditures & Debt

	2010E	2011E	2012E
Capital expenditures (\$mm)	\$1.1	\$5.5	\$30.0
Year-end net debt* (\$mm)	(\$30.3)	(\$7.7)	\$23.2
Year-end net debt/cash flow	21.9x	88.6x	nm

*Excl. Unrealized Fin. Derivatives

Commodity Prices

	2010E	2011E	2012E
Brent (US\$/bbl)	\$79.73	\$85.00	\$90.00
UK North Sea Gas (US\$/mmbtu)	\$6.55	\$7.50	\$8.00

Netbacks (\$/boe)

	2010E	2011E	2012E
Revenue	nm	\$70.20	\$76.02
Net royalties	nm	(\$28.08)	(\$30.41)
Operating costs	nm	(\$15.00)	(\$15.00)
Operating netback	nm	\$27.12	\$30.61
Cash flow netback	nm	(\$1.23)	(\$8.37)

Management Team

Greg Renwick (CEO)
David Sidoo (Chairman)
Nick DeMare (CFO)

Prior Companies

Dana Gas
American Oil & Gas
Chase Management

Reserve Engineer

AJM Petroleum Consultants & Gaffney Cline



MANAGEMENT

East West's management team has extensive international oil and gas experience and a strong track record of success creating value for shareholders and exploring conventional and unconventional acreage.

David Sidoo, Chairman

Mr. David Sidoo is a businessman based in Vancouver where he oversees a successful private investment banking and financial management firm. David began as a broker with Yorkton Securities where he went on to become Partner and Advisory Board Member. In 1999, he left Yorkton to pursue private investment banking. He was a founding shareholder of American Oil & Gas Inc. (NYSE - AEZ), a company which now has a market cap of US\$600 million following the announcement that it had agreed to an all share offer from Hess Corporation.

Gregory Renwick, Chief Executive Officer

Mr. Renwick brings over 30 years of broad, international petroleum experience to the Company. Mr. Renwick began his career with Mobil Oil Canada as a geophysicist. Over the next 25 years, Mr. Renwick held various technical, technical management, and progressively senior management positions within Mobil worldwide. After leaving Mobil, Mr. Renwick gained experience at Kufpec, Centurion Energy and Dana Gas. Mr. Renwick has been directly involved in the mapping, the discovery, and development of numerous oil and gas fields in western and eastern Canada, the U.S. Gulf Coast, Saudi Arabia, Indonesia and the Former Soviet Union. Mr. Renwick's responsibilities have spanned various disciplines, including geophysics, exploration, field appraisal and development, E&P planning, corporate planning, corporate strategic development, commercial analysis and upstream business development.

Nick DeMare, Chief Financial Officer

Mr. DeMare is the President and principal of Chase Management Ltd., a private company providing a broad range of administrative, management and financial services to private and public companies involved in mineral exploration and development, gold and silver production, oil and gas exploration and production and venture capital. For over 20 years, Mr. DeMare has assisted numerous companies in making the transition from the private to public stage and arranging and participating in equity and debt financing. Prior to Chase Management, Mr. DeMare was employed as a General Practice Manager with Coopers & Lybrand, Chartered Accountants.

Dr. R. Marc Bustin, Director and Advisory Board Member

Dr. R. Marc Bustin (Ph.D., P. Geol., FRSC) is Professor of petroleum and coal geology in the Department of Earth and Ocean Sciences at the University of British Columbia and president of RMB Earth Science Consultants and former president of CBM Solutions Ltd. and a founding share holder of Cuadrilla Resources Ltd. Dr. Bustin has over 30 years experience in unconventional gas exploration and exploitation in industry, research and consultancy. Professional experience includes employment by Mobil Oil Canada, Gulf Canada Resources prior to joining The University of British Columbia and subsequently with Elf-Aquitaine (France), CSIRO (France) and CNRS (Australia). Dr. Bustin has consulted in the area of fossil fuel resource evaluation and functioned as director and technical advisor for a variety of small through large petroleum companies in Europe, Africa, North America and Asia. Dr. Bustin has published over 180 reviewed scientific articles on fossil fuels. Dr. Bustin has designed and managed gas shale and coalbed methane evaluation and development projects worldwide, including China, Botswana, Europe, Australia, SE Asia, India and basins throughout North America. Dr. Bustin received his PhD in geology in 1980 from the University of British Columbia and is a registered Professional Geoscientist in the province of British Columbia. He is or has been an

associate editor of the Canadian Society of Petroleum Geology Bulletin, Sedimentary Geology, International Journal of Coal Geology and the Canadian Journal of Earth Sciences. He is member of the ICCP, AAPG, TSOP and GSA.

James Dewar, Director

Mr. Dewar brings nearly 30 years of international petroleum finance, accounting and control experience to the Company. Mr. Dewar began his career with Ernst & Young in Scotland where he qualified as a Chartered Accountant. He joined BP PLC in 1982 and spent 27 years with the company, holding a number of Vice President and global/regional business CFO and finance roles for BP in the UK, Dubai, Kuwait, Indonesia, Singapore and the United States of America in multi \$ billion businesses. Most recently, Mr. Dewar was Group CFO for Dana Gas PJSC, based in the United Arab Emirates, an upstream and mid stream Gas Company with assets of \$3 billion, quoted on the Abu Dhabi stock exchange.

Herb Dhaliwal, Director

Herb Dhaliwal is a graduate in commerce of the University of British Columbia (1977). He was a senior Minister for Western Canada in the federal Cabinet of Prime Minister Jean Chretien. Between 1997 and 2004 he successively held the portfolios of National Revenue, Fisheries & Oceans and Natural Resources in Ottawa. Prior to entering national politics, Herb was - and since retiring from public life continues to be - an entrepreneur, business owner, corporate director and advisor. Before sitting in the Parliament of Canada as M.P. for Vancouver- South/Burnaby constituency from 1993 to 2004, Mr. Dhaliwal had been appointed by the B.C. Government as Vice-Chair of the B.C. Hydro and Power Authority board of directors, where he chaired the budget and audit committees.

Michael Burnaman, Advisory Board Member

Mr. Burnaman received his BSc. in Geology and a MSc in Geophysics from the University of Houston. Mr. Burnaman has over 35 years of technical and management experience in the oil and gas industry. The majority of Mr. Burnaman's career was spent with Mobil Oil, where he held a number of senior technical, advisory and managerial positions, including General Manager in Azerbaijan. Mr. Burnaman's career spans both the conventional and unconventional oil and gas sector. Over the last ten years, he has developed extensive experience in the Barnett shale play of Texas and in other shale plays in Louisiana, Oklahoma, Arkansas, Colorado and N. Dakota. More recently, Mr. Burnaman and his associates have worked closely with the large Chinese onshore operating companies developing and advising on shale plays in China.

Wak Kani, Advisory Board Member

Wak Kani is a geologist with over 34 years in production and exploration positions with significant operations experience. Mr. Kani began his career with Chevron and Oxy in the North Sea. For 11 years he was Chief Geologist for Hardy Oil, now a part of ENI/AGIP. Hardy was a successful British independent oil exploration and production company that moved beyond the North Sea into foreign ventures including holding a stake in 3 tcf of discoveries in Pakistan operated by OMV and undertaking exploration in Libya, Tunisia, Algeria and Morocco. Since 1995 Wak Kani has consulted to various oil companies including Hess, Statoil and PA Resources. Most recently he was for 4 years Burren Oil's Chief Geologist in Turkmenistan and then Exploration Manager in Egypt and then Yemen.

RISKS

Beyond the typical risks associated with commodity price and US dollar exchange risks, there are several factors that might affect a company exploring for and/or producing oil and gas in the international arena (outside North America), including:

- Geologic and engineering risks associated with the finding and ultimate recovery of oil and gas reserves in the quantities estimated which in turn determine the company's value.
- Dry holes during the exploration phase can severely limit not only the company's current prospects but also their ability to leverage into new ventures and/or their ability to access additional capital.
- Ability to secure drilling and completion services in a timely manner and/or at a competitive rate.
- Capital and operating cost inflation which can erode the economics of a project, potentially reducing the return to shareholders.
- Current conditions of capital markets may have a material impact on the company's ability to move forward if financing is needed. High levels of debt financing through project financing are a standard method of financing development projects and ability to access debt markets and the macro assumptions used by the finance providers can have a material impact on a company's ability to move forward, realise value and/or face potential equity dilution and/or realise full value through an industry sale process.
- Sector rotation risk and market movements and the funds flow associated with reallocation of capital. Additionally, liquidity risk can affect all companies especially during aggressive market movements.
- Loss of key employees is a major concern for all E&Ps as the specific skill sets required for individual positions can make the recruiting and retaining of select individuals difficult.
- Changes to existing oil and gas fiscal regimes could defer foreign investment, increase government take and reduce the company's net asset value attributable to a specific project.
- Infrastructure risk and access to infrastructure can be a potential risk. This can lead to delays in the sale of energy products to international and local markets and can increase operating costs (such as when trucking is used, for example).
- Geopolitical and security risks are an issue in many countries and can disrupt operations and activities for a considerable length of time or, in extreme situations, result in the loss of property and assets.
- While in most instances international oil prices are closely correlated, ability to access international markets may impact crude oil realizations in some jurisdictions. International gas prices are determined by a number of factors including inter-alia, different linkages (time lags and energy ratios) to crude oil prices, other competing fuels, coal and electricity and potential requirements to supply local markets at rates well below international price levels. Ability to commercialize gas reserves to a ready market can have a significant impact on potential valuations.

GMP Securities Europe LLP (“GMP”) is authorised by the Financial Services Authority and is a member of the London Stock Exchange.

Company disclosures

- 1 GMP and/or any of its group affiliated companies has, within the previous 12 months, provided paid investment banking services or acted as underwriter to the issuer.
- 2 GMP and/or any of its group affiliated companies is a market maker for the securities of the issuer.
- 3 non-voting
- 4 subordinate-voting
- 5 restricted-voting
- 6 multiple-voting
- 7 the analyst who prepared this report has viewed the material operations of this issuer.
- 8 the analyst who prepared this research report owns this issuer's securities.
- 9 limited voting
- 10 GMP and/or any of its group affiliated companies owns 1% or more of this issuer's securities.

* The analyst is related to a member of the Board of Directors of [name of company], but that individual has no influence in the preparation of this report.

**[Other disclosure]

Disclaimer

This report is intended for the sole use of the person for whom it is addressed and is distributed only so far as may be permitted by applicable law. Securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investor. The information contained herein should not be relied upon by any other recipients including private clients. The information contained in this document is provided at the date of publication and is drawn from sources believed to be reliable but has not been independently verified, therefore, the accuracy or completeness of the information is not guaranteed, nor does the information purport to cover all information available on the subject, nor in providing it does GMP Securities Europe LLP (“GMP”) or any group company or firm or associate assume any responsibility or liability except to the extent required by applicable law. The information contained in this report may be based on assumptions and different assumptions may produce materially different information. The analyst responsible for preparation of this report may interact with sales and trading personnel and other departments in collating and interpreting market information. Information on which this report is based is retained in accordance with regulatory requirements and may be made available upon request. This report is published for information purposes and is not to be construed as an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction. Past performance is not indicative of future performance. Investors should be aware that the value of investments can rise or fall and need to be aware of these risks in exercising investment decisions. Foreign currency exchange rates can also adversely affect investment returns. GMP Research will initiate, report and cease coverage at the sole discretion of GMP and is under no obligation to update information herein.

GMP and/or affiliated companies or persons may as principal or agent, buy and sell securities mentioned herein, including options, futures or other derivative instruments thereon. Griffiths McBurney Corp., an affiliate of GMP, accepts responsibility for the contents of this research subject to the foregoing. U.S. clients wishing to effect transactions in any security referred to herein should do so through Griffiths McBurney Corp. GMP will provide upon request a statement of its financial condition and a list of the names of its principals and senior officers.

Each research analyst and associate research analyst who authored this document and whose name appears herein certifies that (1) the recommendations and opinions expressed in the research report accurately reflect their personal views about any and all of the securities or issuers discussed herein that are within their coverage universe and (2) no part of their compensation was, is or will be, directly or indirectly, related to the provision of specific recommendations or views expressed herein. GMP Analysts are compensated competitively based on several criteria, including performance assessment criteria based on quality of research. The Analyst compensation pool is comprised of general revenue sources including that from sales and trading and investment banking. GMP policies do not allow the issuer to pay any expenses associated with a visit to its material operations by the Analyst. GMP prohibits any director, officer, employee or Canadian agent of GMP from holding any office in publicly traded companies.

Key

The GMP research recommendation structure consists of the following categories:

FOCUS BUY. Small cap stocks (defined as stocks with less than \$500 million market capitalization) in this category have a total return potential (including dividends payable) of greater than 25% and large cap stocks a greater than 20% total return potential, as well as superior qualitative and timing characteristics.

BUY. These stocks will have 15% or greater (small cap) or 10% or greater (large cap) total return potential.

SPECULATIVE BUY. These stocks will have a 30% or greater total potential return and they will have a speculative component which could be material to the return expectations.

HOLD. Small cap stocks ranked Hold will have a total return potential of 0% to 15%; large cap stocks ranked Hold will have a total return potential of 0 to 10%; and stocks that have a speculative component which could be material to the return expectations ranked HOLD will have a total return potential of 0% to 30%.

REDUCE. Companies ranked Reduce have a negative potential total return.

FOCUS REDUCE. Companies ranked Focus Reduce have a significant negative potential total return and materially compromised qualitative and timing characteristics.

Note: Analysts have discretion within 500 basis points of the upper and lower limit of each rating to determine the recommendation.

All disclosures contained in this document are governed by English law.

United Kingdom: this information is issued for the benefit of persons who qualify as eligible counterparties or professional clients and should be made available only to such persons and is exempt from the restriction on financial promotion in s21 of the Financial Services and Markets Act 2000 in reliance on provision in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 particularly Article 19(5) for Investment Professionals and Article 49(2) for entities of prescribed net worth.

Other countries: circulation of this report may be restricted by laws and regulations in other countries and persons in receipt of this document must satisfy legal requirements in that country.

© GMP. All rights reserved. Reproduction in whole or in part without permission is prohibited. 5 Stratton Street, London W1J 8LA Tel 0044 20 7647 2800 Fax 0044 20 7647 2801.