



INITIATING COVERAGE

October 8, 2010

ANGLO CANADIAN OIL CORP. (V-ACG) \$0.275

RATING: BUY

(initiating)

TARGET: N/A

(initiating)

Source Rocks are Becoming all the Rage. Will the Nordegg be next?

- ▶ **Anglo Canadian is a pure-play on the Nordegg Member ("Nordegg") formation –an oil-rich source rock which, to date, has a limited production history.** Capitalizing on its first mover status, Anglo-Canadian secured 269 sections of choice acreage. An AJM Petroleum Consultants ("AJM") reservoir study commissioned by the Company recognizes 6.47 billion barrels of Petroleum Initially-In-Place ("PIIP") on this land base (API^o 17-26). Anglo-Canadian is now looking to establish commercial production by applying the latest advances in completion technology. The Company is in the midst of testing its first horizontal well. Anglo Canadian's CEO (Todd Montgomery) was the individual who assembled the land package for Anglo Potash, Synenco and OilSands Quest.
- ▶ **The Nordegg is a well known Western Canadian Sedimentary Basin ("WCSB") source rock whose hydrocarbons have to date been largely exploited indirectly through a multitude of other horizons.** With advances in completions technology increasingly enabling the direct exploitation of source rocks (Bakken, Montney, Doig-Phosphate, Exshaw, Duvernay), Anglo Canadian is anticipating the Nordegg can follow suit.
- ▶ **Anglo Canadian's 269 net sections (100% working interest) of Nordegg rights are comprised of nine separate 32 maximum-section leases.** This unusual land configuration allows one commercial well (per lease) to earn all 32 sections on that lease in perpetuity.
- ▶ **Three vertical wells completed in the Nordegg have collectively achieved cumulative production in excess of 600,000 bbls.** With few wells actually completed in the Nordegg, production examples are still very rare.
- ▶ **VALUATION: It would be premature to speculate on the value of Anglo Canadian's Nordegg opportunity at this time.** That said, the scale of the assembled land base exposes investors to considerable upside if commercial production is established.
- ▶ **RECOMMENDATION: We are initiating coverage with a BUY (risk rating: SPECULATIVE).** We provide no forecasts, valuation or targets for Anglo Canadian as the lack of production and the unfunded nature of this opportunity stand in the way of any meaningful discussion on valuation. That said, few companies offer the combination of modest capitalization and vast potential opportunity found within Anglo Canadian.

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Company Statistics

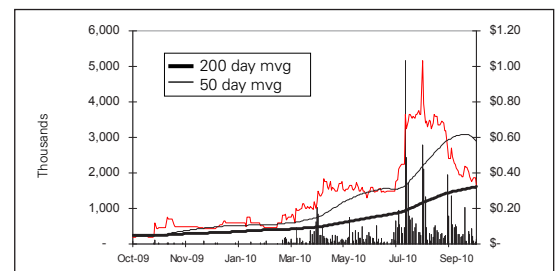
Risk	SPECULATIVE
Shares O/S	126.8 mm (basic)
	149.4 mm (fd)
Warrants O/S	12 mm
Stock Options O/S	11 mm
Market Capitalization	\$35 MM
52-week Range	\$1.07 / \$0.04
30 Day Ave Trading Volume	406,000
Enterprise Value	\$33 MM

Nordegg Key Facts

Anglo Canadian Land (Sections)	269 (100% WI)
3rd Party (AJM) PIIP (B bbls)	6.5
Area	Grand Prairie, AB
Depth (meters)	1,160 - 2,400
Net Pay (meters)	21 - 27
Reservoir Porosity (%)	5 - 18
Water Saturation (Fraction)	0.15 - 0.30
Permeability (mD)	0.1 - 10
API (Oil)	17 ->25
Lithology	vf sandstone, siltstone, shale, carbonate, coquina

Source Rock Total Organic Content Comp

Unit	TOC range (avg) (wt.%)
Wilrich	0.45 - 2.05 (1.4)
Gordondale/Nordegg	0.55 - 28 (5)
Pardonet	0.26 - 6.5 (0.94)
Baldonnel	0.14 - 2.08 (<1)
Doig/Phosphate Zone	1.12 - 11 (3.6)
Montney	0.8 - 4.7 (1.3)



Corporate Information

Anglo Canadian Corp. (V-ACG) is a pure play targeting the "Nordegg Member" source rock.

A Disclosure fact sheet is available on Pages 14-15 of this report.



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Investment Thesis

Anglo Canadian is a pure-play on the Nordegg formation –an oil-rich source rock which, to date, has a limited production history. Capitalizing on its first mover status, Anglo-Canadian secured 269 sections of choice acreage. AJM's reservoir study recognizes 6.47 billion barrels of Petroleum Initially-In-Place ("PIIP") on this land base. Anglo-Canadian is now looking to establish commercial production by applying the latest advances in completion technology. The Company is in the midst of testing its first horizontal well.

We are drawn to this opportunity in large measure by the industry's success over the last decade with unlocking tight resource plays. Many of today's successful resource plays are source rocks that were not commercial a decade ago –these include Bakken, Exshaw, Duvernay, Doig-Phosphate and the Montney. Rich in hydrocarbons, the thermal maturation required to transform their organic content into hydrocarbons did little to enhance their reservoir characteristics – and consequently these horizons were largely ignored for decades. Today's modern completion techniques have, to varying degrees, overcome such limitations. Thus, these formerly ignored horizons are now highly coveted.

The Company is in the midst of testing its first horizontal well (Shane 7-11). Drilled to a vertical depth of ~1,300 metres and with a stepped horizontal section (measuring ~1,250 meters), the Company opted to undertake only 6 fracs on this well on the first 600 meters, while acidizing the remainder of the wellbore. Clearly this well configuration was not drilled with the objective of maximizing production, but rather with the goal of testing multiple zones and completion techniques. With even a modest level of success, we are likely to see the company undertake an offset location combining the most successful completion aspects of this well.

We are also impressed with how this team assembled such a large and compelling opportunity in the Nordegg. Moreover, this management's track record with assembling large prospective tracts of land – the CEO (Todd Montgomery) was the individual who assembled the land package for Anglo Potash, Synenco and OilSands Quest.

While undoubtedly one of the more speculative ventures we have looked at, we find our risk tolerance tempered by the sheer scale of the assembled opportunity. Simply put, having acquired the first (and arguably most promising) 269 sections on this play, Anglo Canadian stands to effectively own this play – providing it can demonstrate commercial production. We are also influenced by the extensive body of academic research supporting Anglo Canadian's land selection and by the existing examples, of limited commercial Nordegg exploitation.

Liquidity

The Company has demonstrated strong liquidity of late – trading ~ 40 mm shares in the past quarter. That said, this increased liquidity is tied to a number of important catalysts including the release of the Company's resource study and the drilling of its first horizontal well. We would caution that a slowdown in corporate activity would likely translate into reduced liquidity.

Catalysts / Risks

With working capital of only \$2.2 MM and no cash flow, the company will require additional funding or a JV partner in order to continue to evaluate this landbase.

By focusing on the Nordegg, the company is pursuing an unproven strategy. With essentially no other assets, the fate of this company rests with its ability to demonstrate commercial production from the Nordegg.

As this report goes to press, we are awaiting the test results from Anglo Canadian's first horizontal completion. In fact, delays in the release of these results, attributed to mechanical issues, may well explain the recent decline in share price. Against this backdrop we would suggest that the likelihood of Anglo Canadian unlocking this play on its first attempt is remote, in our opinion.



Corporate Profile and History

Effectively a pure-play, Anglo Canadian has acquired an early and very dominant position in the Nordegg – a tight oil bearing horizon. In addition to its 269 sections of Nordegg acreage the Company has several non-core properties with aggregate production of 10 boe/d. To date, Anglo Canadian's evaluation of the Nordegg has consisted of the drilling of one vertical core and drilling one horizontal well. Core analysis of the vertical has shown the presence of hydrocarbons. The horizontal well is in the midst of testing as this report goes to print, however the Company has produced some oil during completion operations.

Capitalization

With ~127MM shares outstanding, no net debt and a current positive working capital position estimated at ~\$2.2MM, the Company has a market cap of ~\$35MM and an enterprise value of ~\$33MM. In July 2010, the Company issued 11.5MM shares at \$0.18 per share (and \$630,000 in cash) pursuant to the closing of the Oil Reserve Corp. acquisition announced on April 14, 2010. As part of two separate offerings undertaken in May 2010 the Company issued ~16MM units at \$0.18 and ~23MM flow through common shares at \$0.20. Each unit consists of one common share and one half of one common share purchase warrant. One whole warrant allows the holder to purchase one common share at \$0.25 per common share. In total ~10.7MM common share purchase warrants were issued in May.

The Company has ~11.7 MM warrants outstanding with a weighted average strike price of \$0.24 and ~11.3MM stock options outstanding with a weighted average strike price of \$0.11.

Management and Directors

Anglo Canadian's co-founder, Chairman and CEO Todd Montgomery has proven his ability to identify and capitalize on opportunities several times over. At Anglo-Potash, he secured much of the potash rights surrounding those of Potash Corp and subsequently sold the Company to Australia's BHP Group for \$284MM. (A precursor to BHP's recent \$39 billion bid for Potash Corp.) Mr. Montgomery was also responsible for assembling the land bases for Synenco and for OilSands Quest. We are quick to acknowledge that the said two companies experienced share price declines but we would note that these correspond with periods when Mr. Montgomery was no longer actively involved. Mr. Montgomery does not draw a salary and owns 14% of the share shares outstanding.

While Jim Ehret (Co-Founder and President) and Frank van der Vliet (Co-Founder Director) not only oversee the day to day operations but were the principal architects in identifying the opportunity within the Nordegg and for the execution of the land strategy that saw Anglo Canadian secure 269 sections of Nordegg rights .

Collectively, management and directors hold ~20% of the outstanding shares.

A summary of current management and directors is presented in Exhibit 1.

**Exhibit 1: Senior Management and Directors**

Todd Montgomery, CEO & Director	Former President and CEO of Anglo Potash Ltd. Former President and COO of SynEnco Energy Inc. (now OilSands Quest).
James Ehret, President and Director	Founded Anglo Canadian Oil Corp. Founded and EVP of C-TECH Energy Services.
George Gluszak, Manager of Earth Sciences	Over 20 years geophysical experience with companies including Encal Energy, K2 Energy and Petro-Canada
Brent Walter, Director	Lawyer practicing primarily in the area of securities and corporate/commercial law. Director of companies including Pacific Iron Ore Corp. and Red Rock Energy.
Frank van der Vliet, Director	30 years experience as a petroleum exploration geologist. COO, co-founder and Director of Tectonic Energy
Mason Douglas, Director	Currently President and Director of Infrastructure Materials Corp. Ten years experience in natural resource development

Source: Company reports



Nordegg Overview

Nordegg Snapshot

We begin our review with a summary of the land base and notably the commitments required of the Company to maintain it. This is followed by a review of the science supporting Anglo Canadian's land selection on this play. Next, we summarize the findings of third party resource studies, the examples of Nordegg production achieved by others and the status of the Company's drilling efforts. Last, but certainly not least, we reveal how the Company managed to secure this vast land position.

Exhibit 2: Nordegg land base



Land Base: Not only big, but built to last

Anglo Canadian's 269 sections of Nordegg rights could potentially be held in perpetuity with the drilling of as few as nine commercial wells. Typically when a vast land base is controlled by a junior there is a real risk that much of the land will expire before it can be evaluated. The case of Anglo Canadian is rather unique in this regard owing to the fact that the land was acquired by way of only nine separate leases. With a maximum of 32 sections, each lease is just shy of a Township—incidentally 32 sections is the largest lease allowed under Alberta rules except in the foothills. The key to these large leases is that each one may require one well to hold the entire lease. Yes, one producing well could hold all 32 sections on that lease—providing it can be demonstrated that the Nordegg is continuous through the lease. Owing to a large number of penetrations in the area, the existence of the Nordegg should be relatively easy to demonstrate. Moreover, one commercial well per lease, could hold the entire lease (all 32-sections) in perpetuity. Thus, in theory, nine successful wells (one per lease) could hold this entire land base in perpetuity.



Exhibit 3: Indications of total organic content within source rocks

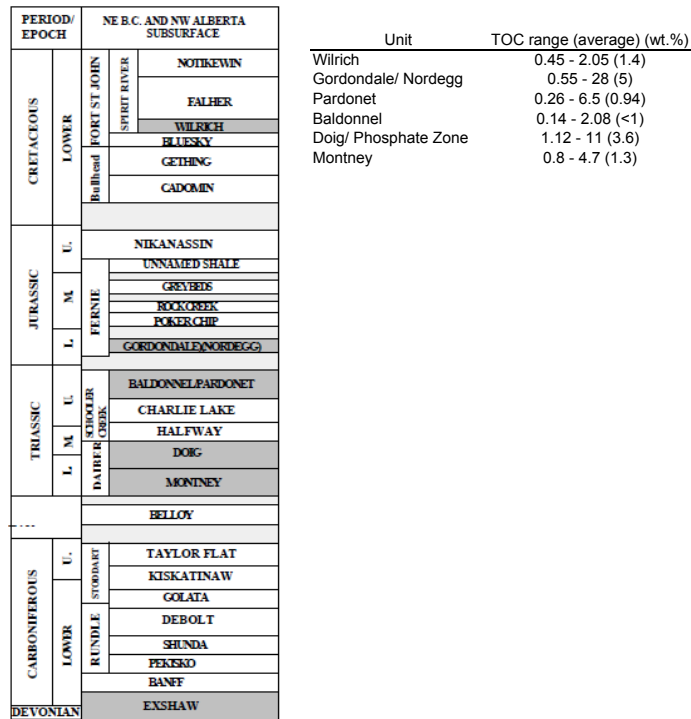


Figure 2. Stratigraphic chart of the study area (compiled from Richards et al., 1994; Henderson et al., 1994; Edwards et al., 1994; Poulton et al., 1994; Hayes et al., 1994). Potential source rocks are highlighted by shading.

Source: Resource Development and Geoscience Branch, Summary of Activities 2004, p 7 – 18. Figure 2. Reprinted with permission.

AngloCanadian’s land base has a solid scientific backing. In fact it was selected on the basis of a large body of research of the late C.L. Riediger whose seminal work on the subject has helped to redefine the industry’s understanding of the Nordegg. [While Riediger published extensively on the topic we have relied principally on the following papers: (1) *Migration of “Nordegg” oil in the Western Canada Basin. How much and how far?* (2) *The Gordondale Member: designation of a new member in the Fernie Formation to replace the informal “Nordegg Member” nomenclature of the subsurface in west-central Alberta.* (3) *Hydrocarbon Source Rock Potential as Determined by Rock-Eval 6/TOC Pyrolysis, northeast British Columbia and Northwest Alberta*]

Considered one of the richest oil-prone source rocks in western Canada owing to some of the highest indications of total organic content (“TOC”) (Exhibit 3). The Nordegg was long thought to be a contributor to the Athabasca oil sands. When biomarker analysis subsequently disproved this theory, this same technology was used to conclusively track the migration patterns of the Nordegg. This research revealed that the overlying Poker Chip shales were not breached forcing an eastward migration along the up-dip slope of the sedimentary basin (Exhibit 4). This migration continued until it reached a band located just east of the Nordegg subcrop – where an erosion of the Poker Chip shales allowed the Nordegg hydrocarbons to escape up into the porous Mannville members. Thus, the Nordegg is now understood to be responsible for much of the accumulations found in the Cretaceous (Bluesky, Gething) and the Peace River oil sands. This research also suggests that some “Nordegg” oil has been expelled downward into the subcropping of Triassic and Permian reservoirs.

Anglo Canadian lands target the medium gravity crudes still trapped within the Nordegg. Although much of the Nordegg’s hydrocarbons escaped, the less mature oil within the system (which features a lower API gravity) did not enjoy the same migrational-efficiency and was consequently trapped by (and within) the relatively tight Nordegg. The result being a large accumulation of medium gravity oil –ranging from 17 to 26° API trapped within a band that runs generally north south from Townships 80 to 60, Ranges 18W5M to 5W6M.



Exhibit 4: Nordegg Member Diagram

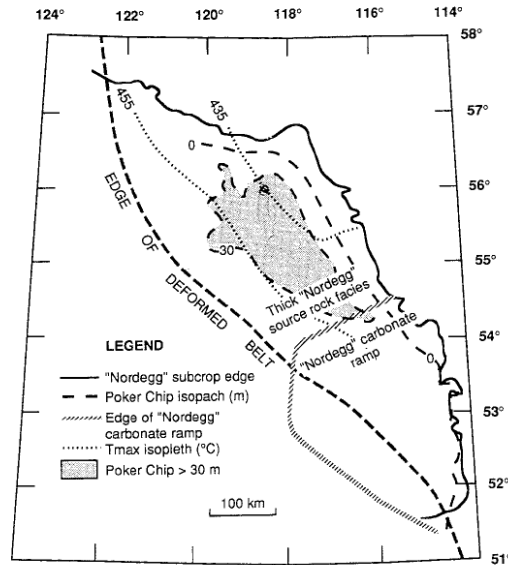
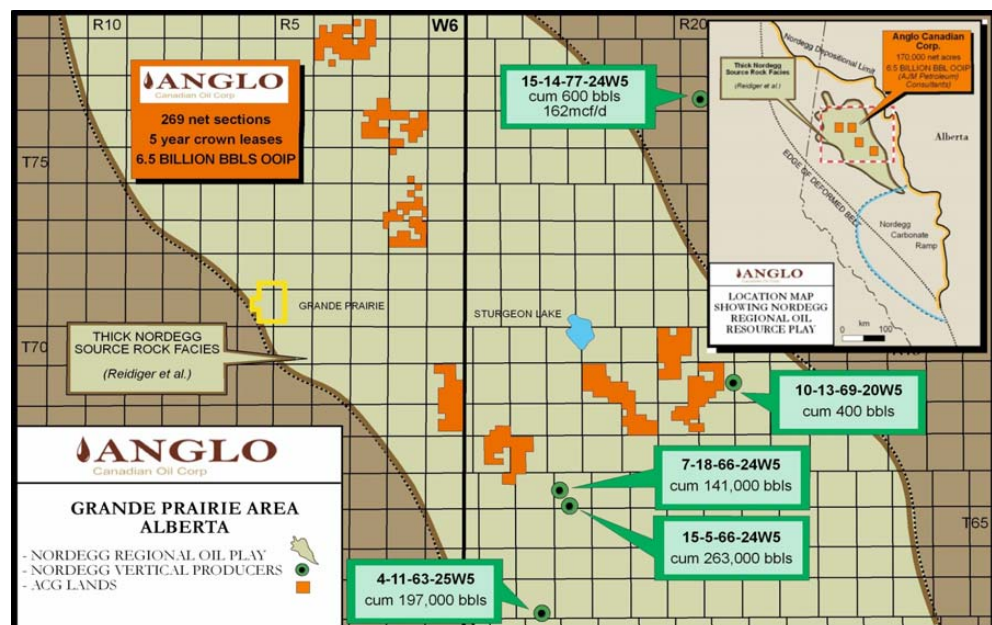


Fig. 4. Relationship between the subsurface extent of the "Nordegg Member" and the overlying Poker Chip Shale. There is only a narrow region close to the "Nordegg" subcrop edge where Poker Chip strata are missing, and the "Nordegg" is overlain by lower Mannville strata. Isopach data are from Poulton *et al.* (in press), and Tmax isopleth lines are from Riediger *et al.* (1990a).

Source: *Bulletin of Canadian Petroleum Geology*. Vol. 42, p 63-73, Figure 4. Reprinted with permission.

Although all of Anglo-Canadian lands fall within this band, each specific land block was selected on the basis of several other favorable characteristics (Exhibit 5). Discussed below, the most successful exploitation (600,000 bbls recovered from three verticals) was achieved in an area thought to be naturally fractured owing to it being in a faulted area. Accordingly much of the assembled land position is located in areas thought to be heavily fractured by a similar faulting system or where the horizon is draped over the D-3 reef complex and on the Peace River Fault system. The gravity of the Nordegg generally gets heavier as it moves south. While the aforementioned 600,000 bbls consisted of 19° API gravity crude, the Company has targeted a range of gravities – recognizing that lighter gravities are not only more valuable but may be easier to produce. Finally, certain portions of the play tend to be over-pressured which were also favored in the Company's land selection.

Exhibit 5: Grande Prairie Area



Source: Anglo Canadian corporate presentation, Sept. 2010



Petroleum Initially-In-Place Estimates

An AJM study measured petroleum-initially-in-place at 6.47 billion barrels on Anglo Canadians land base. To be clear there are no reserves assigned to Anglo Canadian. Summarized below are the findings of AJM (Exhibit 6). The reserve report (which is available on the company’s website) draws its analysis from, among other things, 90 Nordegg cores. A cross plot of permeability and porosity from these core samples is included within this resource study and can be found within Appendix 1 of our report. We highlight this because relatively little is known about the porosities within the Nordegg – as log analysis is known to be unreliable in this formation. As well a lack of exploitation, has seen few well cores cut through the entire Nordegg Member. In actual fact, a sample of 90 cores show porosities much higher than would have been expected from a “tight reservoir”. As shown in Appendix 1, the majority of core samples tested between 5 and 15% porosity. All this suggests that the industry, which has long dismissed the potential of this horizon, based on log interpretation, may have overlooked an opportunity.

Exhibit 6: Anglo Canadian Nordegg petroleum initially in-place estimates (Mbbbl)

	Low	Best	High
Rycroft, Alberta	605,310	781,862	1,009,909
Kakut, Alberta	1,287,287	1,691,537	2,222,736
Sturgeon Lake, Alberta	1,845,799	2,465,124	3,292,252
Ante Creek North, Alberta	1,193,885	1,537,890	1,981,016
Total	4,932,281	6,476,413	8,505,913

Source: AJM Petroleum Consultants

Results Pending on Recent Drilling Activity

The Company is in the midst of testing its first horizontal well (Shane 7-11). Drilled to a vertical depth of ~1,300 metres and with a stepped horizontal section (measuring ~1,250 meters), the Company opted to undertake only 6 fracs on this well on the first 600 meters, while acidizing the remainder of the wellbore. Clearly this well configuration was not drilled with the objective of maximizing production, but rather with the goal of testing multiple zones and completion techniques. With even a modest level of success, we are likely to see the Company undertake an offset location combining the most successful completion aspects of this well. At this point we are awaiting results from this well.

The Company has also drilled the Sturgeon Lake South 5-10 vertical well. The primary purpose of the vertical was to cut a full suite of cores within the Nordegg Member. Many of the core sample available include only the bottom most portion of the Nordegg --this in preparation to core deeper horizons. Analysis of this core reveals that the Nordegg Member is compared to other North American tight oil plays (Exhibit 8). The Company is now exploring the possibility completing this vertical well with a multi-stage vertical fracture stimulations using short radius and ultra short radius technologies such as PetroJet© (Exhibit 7).

Exhibit 7: Short radius completions technique



Source: PetroJet client presentation



Well costs at this time are running \$2.7MM for a horizontal completion. However these costs are inflated by activities (some planned some not) which have provided a better understanding of the horizon. On a program basis it is expected that a horizontal wells could be drilled for \$1.7MM to \$2.1MM. At this time we do not have any corresponding production forecasts. That said, even a modest level of initial success would be sufficient to effectively earn this lease.

Exhibit 8: “Nordegg Member” Economic Comparison

	Cardium	Bakken	Viking	L. Shaunavon	Nordegg
Area	Pembina	Viewfield	Doddsland	Leitchville	Grand Prairie
Depth (m)	1,250 - 1,400	1,550 - 1,650	670- 730	1,350	1,160 - 2,400
Net Pay (m)	6 - 14	6 - 12	3 - 8	4 - 8	21 - 27
Reservoir Porosity (%)	6 - 16	9 - 12	21 - 24	15 - 18	5 - 18
Water Saturation (Fraction)	0.40	0.40 - 0.60	0.45	0.30 - 0.45	0.15 - 0.30
Permeability (mD)	0.5 - 10	0.2 - 1.0	1.0 - 150	0.1 - 0.9	0.1 - 10
API (Oil)	36 - 41	42	32 - 38	22	17 ->25
Lithology	vf sandstone, argillaceous	siltstone, dolomitic	vf sandstone, argillaceous	microcrystalline limestone	vf sandstone/siltstone, shale, carbonate, coquina
Water Present	No	Oil-water contact to the southwest	No	Yes	No

Source: AJM Petroleum Consultants

Land acquisition strategy: A delightful bit of calculated chaos

Such an unprecedented land position begs the question of how does one secure such a large land base. In a rather cheeky bit of deception, Anglo Canadian actually posted some ~60 Townships of rights in the March 2010 land sales – ~90% of all land posted at the sales. Half of these postings were for the Montney rights which were calculated to draw widespread industry attention –but were ultimately not the true Anglo Canadian target. Anglo Canadian was after the Nordegg (and shallower rights) which were posted separately. Taking the strategy a step further, postings were arranged such that large Nordegg posting overlapped numerous Montney postings making it very difficult for those pursuing Montney rights to secure the corresponding shallow rights. Thus, with the industry preoccupied by the deep rights, the company hoped to be successful in acquiring the targeted Nordegg (and shallower) rights. When the dust had settled, the industry had spent over \$243 MM in the March land sales; meanwhile Anglo Canadian had quietly acquired 9 of its 15 targeted Nordegg postings for a total of 269 sections. Better yet it acquired these posting for a mere \$3.5 MM.

Given the company already posted what is considered to be the most promising acreage, we believe the window on assembling Nordegg acreage is closing rapidly. The latest land sale saw a 6 fold increase relative to what Anglo Canadian paid. Specifically, an eight section block of Nordegg rights sold in September 2010 for \$300/ha. Moreover this land was posted as a license (not a lease). Meaning that it will ultimately take numerous wells to earn the entire block. By comparison, one well into Anglo Canadian’s 32 section leases could hold all the sections on the lease.

Capital Budget and Future Activity

With estimated working capital of ~\$2.2MM, Anglo Canadian could internally fund the drilling only one more horizontal well. Although this may be possible, it could put them in a tenuous cash position if there were unforeseen expenses. In order to continue to prove this play there are really only two choices: Raise capital through market offerings (and thus maintain control of the project’s development) or enter into a joint venture (“JV”) with a partner that will carry them on a drilling program, and most likely defer operatorship and control to their JV partner. With nine parcels, a JV could be undertaken on a relatively small scale allowing the Company to maintain control over much of its land base. Effectively demonstrating the commerciality of one area would better position Anglo to raise capital for future development or other strategic alternatives to maximize shareholder value.



Forecasts and Valuation

Given the preliminary nature of the Company's Nordegg initiative we are providing no forecasts at this time. As such, it would be premature for us to offer any comments on valuation either. Currently the Company has 10 boe/d of production of Bakken oil from one (of the two) well(s) received in the Oil Reserve Corp. acquisition.

Investment Conclusion

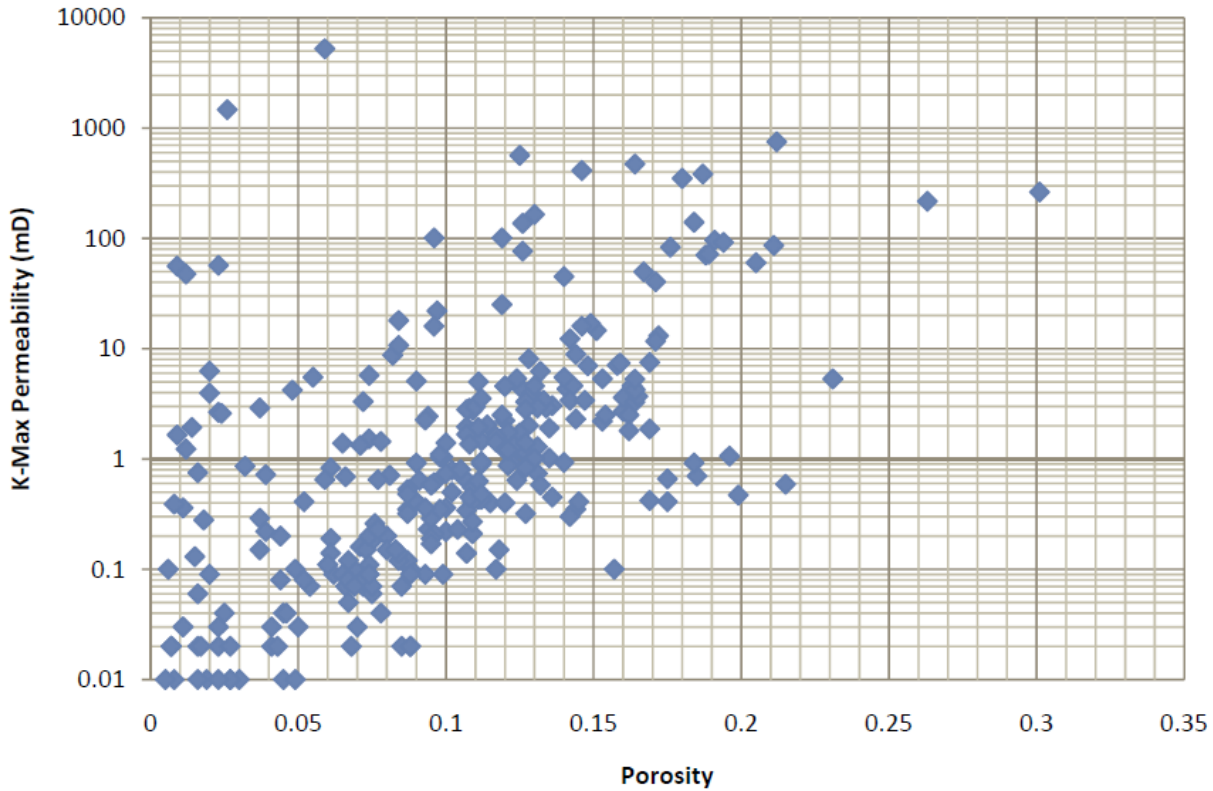
Speculative Buy. The Bakken, Exshaw, Duvernay, Doig-Phosphate and Montney are more than hot resource plays –they are examples of source rocks which are increasingly being exploited by the industry. Rich in hydrocarbons, the thermal maturation that transformed their organic content into hydrocarbons did little to enhance their reservoir characteristics. So much so, that for decades little thought was ever given to exploiting them –until multi-stage frac'ing redefined our definition of what constitutes reservoir quality rock. These source rocks now represent some of the most sought after horizons within the WCSB. We are unable to say with any conviction if the Nordegg is destined to follow suit, however, we can say no other Company offers the relative exposure to the Nordegg that Anglo Canadian does.

We are initiating coverage with a **BUY (risk rating: SPECULATIVE)**.

We provide no forecasts, valuation or targets for Anglo Canadian as the lack of production and the unfunded nature of this opportunity stand in the way of any meaningful discussion on valuation.

Appendix 1: Nordegg Core Permeability vs Porosity Plot

K-Max vs. Phi: Nordegg Cores >5m (90 wells)



Source: AJM Petroleum Consultants

Appendix 2: Detailed petroleum initially in-place estimates

Rycroft Area

	Low	Best	High
Area (acres)	19,200	19,200	19,200
Gross Thickness (feet)	95.0	99.9	105.0
(metres)	29.0	30.4	32.0
Net to Gross Ratio (fraction)	0.83	0.84	0.85
Porosity	0.06	0.08	0.12
Hydrocarbon saturation (fraction)	0.70	0.77	0.85
Oil Shrinkage (STB/rbbl)	0.950	0.956	0.962
Petroleum initially In-Place	605,310	781,862	1,009,909

Kakut Area

	Low	Best	High
Area (acres)	40,000	40,000	40,000
Gross Thickness (feet)	92.0	100.1	109.0
(metres)	28.0	30.5	33.2
Net to Gross Ratio (fraction)	0.86	0.87	0.88
Porosity	0.06	0.08	0.12
Hydrocarbon saturation (fraction)	0.70	0.77	0.85
Oil Shrinkage (STB/rbbl)	0.950	0.956	0.962
Petroleum initially In-Place	1,287,287	1,691,537	2,222,736

Sturgeon Lake Area

	Low	Best	High
Area (acres)	71,840	71,840	71,840
Gross Thickness (feet)	113.0	123.1	134.0
(metres)	34.4	37.5	40.8
Net to Gross Ratio (fraction)	0.55	0.57	0.60
Porosity	0.06	0.08	0.12
Hydrocarbon saturation (fraction)	0.70	0.77	0.85
Oil Shrinkage (STB/rbbl)	0.950	0.956	0.962
Petroleum initially In-Place	1,845,799	2,465,124	3,292,252

Ante Creek North Area

	Low	Best	High
Area (acres)	40,960	40,960	40,960
Gross Thickness (feet)	86.0	89.4	93.0
(metres)	26.2	27.3	28.3
Net to Gross Ratio (fraction)	0.85	0.86	0.88
Porosity	0.06	0.08	0.12
Hydrocarbon saturation (fraction)	0.70	0.77	0.85
Oil Shrinkage (STB/rbbl)	0.950	0.956	0.962
Petroleum initially In-Place	1,193,885	1,537,890	1,981,016

Source: AJM Petroleum Consultants

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Alistair Toward, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

Research Disclosures

	Applicability
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Analyst	Company	Type of Review	Operations / Project	Date
Alistair Toward	Anglo Canadian Oil Corp.	Management Meetings	Calgary AB	09/10

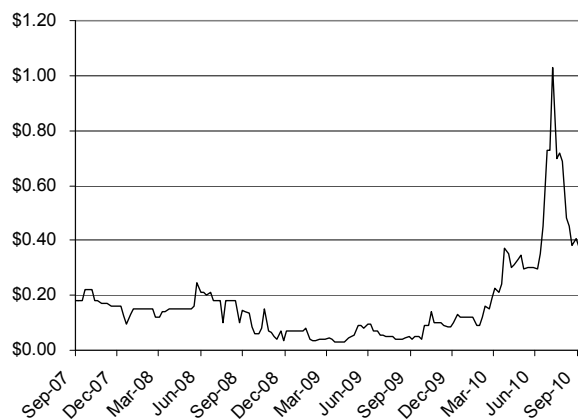
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Recommendations	Number of Recommendations	Percentage
BUY	35	97.22%
NEUTRAL	0	0.00%
SELL	1	2.78%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	36	

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Anglo Canadian Oil Corp. (Initiated Coverage: Oct 8/10)

Date	Rating Change	Target Change	Share Price
Oct 8/10	Buy	N/A	\$0.275

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