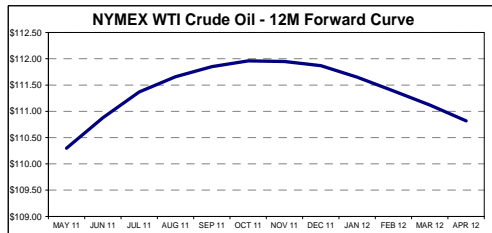


ENERGY LEVELS

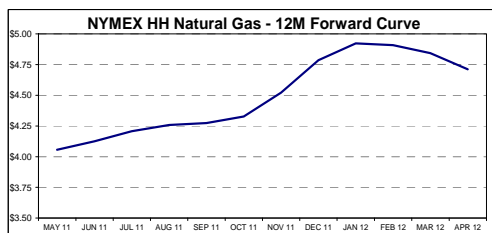
MORNING NOTE
APRIL 8, 2011

Salman
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COMMODITY PRICING



OIL (US\$/BBL)	CLOSE	CHANGE	GAS (US\$/MMBTU)	CLOSE	CHANGE
NYMEX WTI (May 11)	\$110.30	\$1.20	NYMEX HH (May 11)	\$4.500	(\$0.070)
<i>Intraday/Overnight</i>	\$111.76	\$1.46	<i>Intraday/Overnight</i>	\$4.045	(\$0.455)
Dated Brent (May 11)	\$122.67	\$0.37	NYMEX 12-Month Forward Strip	\$4.900	(\$0.030)
<i>Intraday/Overnight</i>	\$124.50	\$1.83	AECO Spot (Cdn\$/mcf)	\$0.310	(\$0.010)
NYMEX 12-Month Forward Strip	\$109.79	\$0.94	NYMEX HH Open Interest	236,931	
NYMEX 321 Crack Spread	\$23.81	(\$1.44)	(Near Month contracts)		



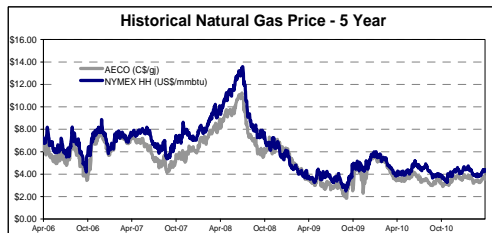
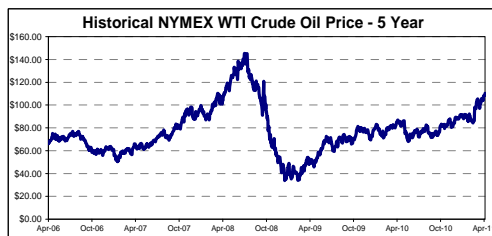
AT A GLANCE

Industry News

- Alberta Land Sale

Company News

- Canadian Spirit Resources Inc. (SPI – TSXv \$1.45; **SPECULATIVE BUY**; Target Price: \$2.25)
Updated Resource Estimate
- Vero Energy Inc. (VRO – TSX \$5.72; **BUY**; Target Price: \$6.50)
Reiterating 2011 Guidance



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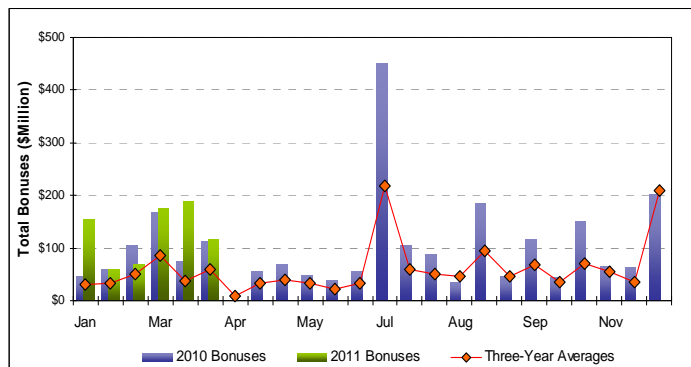
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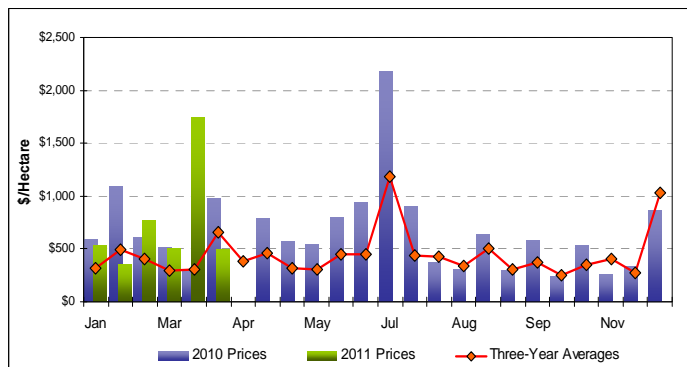
INDUSTRY NEWS

The Alberta government collected \$115.8 million on land sales yesterday, which is flat compared to last year's \$112.7 million in bonuses. The producers paid an average of \$496.13/hectare on 233,431 hectares of land. After six sales so far this year, \$776.6 million in bonuses were brought into the provincial treasury on 1.4 million hectares (\$573.14/hectare). During the same period last year, the province collected \$567.1 million on one million hectares (\$559.26/hectare).

Figures 1 and 2 Alberta Land Sales Bonuses (Left) and Average Prices (Right)



Source: Government of Alberta



COMPANY NEWS

Canadian Spirit Resources Inc. (SPI – TSX \$1.45; SPECULATIVE BUY; Target Price: \$2.25) – 74.5 shares outstanding

Updated Resource Estimate

Canadian Spirit will report 2010 year-end reserve estimates next month, but as an interim measure it has released the results of a resource estimate conducted by its independent engineers, Sproule Associates. Sproule evaluated Montney gas on 29.4 sections of land owned by CRSI at Farrell Creek, B.C., assigning contingent resources of 48 – 577 bcf (P50 = 134 bcf) and prospective resources of 202 – 675 bcf (P50 = 274 bcf). Canadian Spirit's goal is to prove up a net one trillion cubic feet of gas, so they are only at 400 bcf at this point, although there is potential for 1.3 tcf at the high end of the range of estimates.

If we give full value to the contingent resources, even though they are still contingent resources, and risk the prospective resources at a 25% POS, the net asset value of the company is between \$1.31/share and \$2.27/share (P50 = \$1.63/share).

In conducting its evaluation, Sproule only recognized gas down to the industry standard 6% porosity cutoff but CSRI believe that it will be able to recover gas from even tighter rock, down to the 3% porosity cutoff, in which case the resource estimates could be much larger. The engineers also evaluated only 29.4 sections of land and CSRI has since acquired five more sections.

Canadian Spirit estimates that it would require 900 wells to fully develop the property at a cost of \$4.5 billion, so they are not likely to do the development work themselves. The objective is to prove up the property and sell it.

Analyst Coverage: Gordon Currie

COMPANY NEWS CONT.

Vero Energy Inc. (VRO – TSX \$5.72; BUY; Target Price: \$6.50) – 48.9M shares outstanding
Reiterating 2011 Guidance

Vero drilled ten successful wells in 11 attempts during the first quarter and is now producing 11,000 boed, up from 8,341 boed in the fourth quarter of 2010. It will tie one more well in on the weekend to get to 12,000 boed, weighted 75% natural gas. Drilling activity for the rest of the year will focus on crude oil in the Cardium formation and Vero hopes to be one-third oil-weighted by year-end, which would improve its netbacks.

With breakup contributing to a slowdown in field operations production will begin to decline, but Vero reiterated its expectation that the 2011 average will be 10,000 – 10,500 boed. Our estimate is that the company will generate \$93.0 million in cash flow (\$1.91/share), so the stock is trading at a multiple of only 3.0x forecast cash flow, which makes it the cheapest stock in our universe.

Analyst Coverage: Gordon Currie

COMPANY/COMMODITY FORECASTS

	Q1	Q2	Q3	Q4	2010	Q1A	Q2E	Q3E	Q4E	2011E	2012E
WTI Crude Oil (US\$/bbl)	78.72	78.03	76.12	85.31	79.52	93.12	100.00	100.00	100.00	98.25	100.00
Edmonton Par (C\$/bbl)	80.56	75.46	73.67	80.81	77.87	87.59	97.96	98.06	97.56	95.25	98.45
Hardisty Heavy (C\$/bbl)	66.43	58.29	57.20	61.43	60.76	70.62	78.37	78.45	78.05	76.35	78.75
Brent (US\$/bbl)	77.26	79.47	76.96	87.45	80.25	103.64	98.50	98.50	98.50	99.80	98.50
HH Natural Gas (US\$/mmbtu)	5.04	4.34	4.24	3.98	4.40	4.18	4.25	4.25	5.00	4.50	5.25
AECO (C\$/mcf)	5.39	3.90	3.54	3.50	4.17	3.79	3.90	3.91	4.57	4.00	4.85
Canadian Dollar (US\$)	0.9607	0.9470	0.9600	0.9630	0.9710	0.9890	0.9800	0.9790	0.9840	0.9830	0.9753

Company	Symbol	Rating	Current Price	P/CF	2011E CFPS	Target Price	Projected Return
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P1 - Growth+Income

Progress Energy Resources	PRQ	HOLD	\$13.61	12.0x	\$1.14	\$14.50	6.5%
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P2 - Growth

Anderson Energy	AXL	BUY	\$1.18	3.4x	\$0.34	\$1.40	18.6%
BlackPearl Resources	PXX	TOP PICK	\$7.79	n/m	\$0.33	\$9.75	25.2%
Birchcliff Energy	BIR	HOLD	\$12.30	9.7x	\$1.27	\$13.25	7.7%
Compton Petroleum	CMT	SELL	\$0.33	1.9x	\$0.17	\$0.25	-23.1%
Delphi Energy	DEE	BUY	\$2.46	3.6x	\$0.68	\$2.80	13.8%
NuVista Energy	NVA	HOLD	\$9.70	5.6x	\$1.73	\$10.75	10.8%
Rock Energy	RE	BUY	\$5.19	4.5x	\$1.14	\$6.00	15.6%
Sure Energy	SHR	BUY	\$1.91	4.5x	\$0.42	\$2.15	12.6%
TransGlobe Energy (USD)	TGL/TGA	HOLD	\$15.34	7.6x	\$2.01	\$15.75	2.7%
Twin Butte Energy	TBE	BUY	\$3.22	4.5x	\$0.72	\$3.75	16.5%
Vero Energy	VRO	BUY	\$5.72	3.0x	\$1.91	\$6.50	13.6%

P3 - Speculative

Antrim Energy	AEN	SPEC BUY	\$1.13	n/m	\$0.01	\$1.45	28.3%
Canadian Spirit Resources	SPI	SPEC BUY	\$1.45	n/m	\$0.08	\$2.25	55.2%

Source: Salman Partners Inc. estimates

Salman Partners Inc. Disclosure

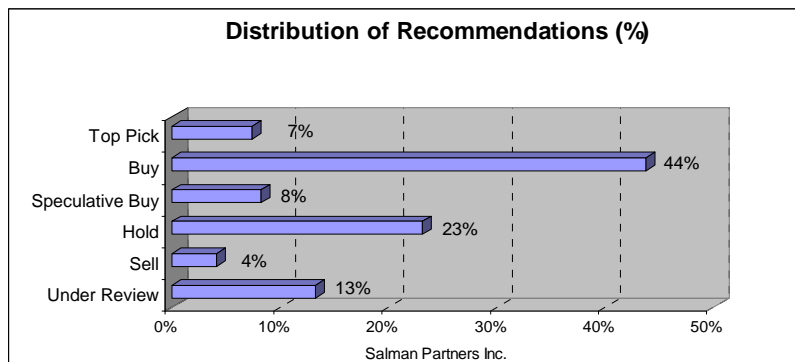
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Buy	A recommendation to purchase the stock at the current price.
Hold	A recommendation to maintain one’s current position in the company, given the current share price and the outlook for the company, sector or underlying commodity.
Sell	A recommendation to reduce one’s share position, either in part or in whole.
Speculative Buy	A recommendation to purchase shares in a company which is considered speculative because of the risk associated with owning shares. This added risk can be attributed to the company’s size, financial stability, liquidity, the outlook for a commodity or commodities or other factors beyond Salman Partners’ control. Suitable for risk-tolerant investors only.
Under Review	Salman Partners is in the process of an update based on recently released information. The analyst’s recommendation and target price may or may not change upon completion of analysis.

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