Zacks Small-Cap Research

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Dejour Energy, Inc. (DEJ-AMEX)

DEJ: South Rangely in production. Four Kokopelli wells to come on line in first half of 2013.

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	02/23/2012
Current Price (01/18/13)	$0.21
Six- Month Target Price	**$0.80**

OUTLOOK

Our rating on Dejour's stock remains Outperform. Production from the first **South Rangely** well is expected to be reported in first quarter results. With $6.5 million in capital funding having been received this month, three additional wells are expected to be drilled at **Kokopelli** in the first quarter and all four wells should be fracture stimulated and completed during the first half. At **Woodrush**, management expects gross production to increase to the 700 BOEPD level during 2013. Our price target, which is based on NAV analysis, remains $0.80.

SUMMARY DATA

52-Week High	**$0.50**
52-Week Low	**$0.14**
One-Year Return (%)	**-45.85**
Beta	**1.76**
Average Daily Volume (shrs.)	**387,568**
Shares Outstanding (million)	**148.9**
Market Capitalization ($ mil.)	**$31.3**
Short Interest Ratio (days)	**0.63**
Institutional Ownership (%)	**5**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**7.4**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2013 Estimate	**N/M**
P/E using 2014 Estimate	**21.0**
Zacks Rank	**3**

Risk Level	**Above Average**
Type of Stock	**Small - Value**
Industry	**Oil – C$ E&P**
Zacks Rank in Industry	**4 of 17**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	1.36 A	1.46 A	2.34 A	2.06 A	7.20 A
2012	1.55 A	1.48 A	1.33 A	1.49 E	5.85 E
2013	1.55 E	1.80 E	2.20 E	3.12 E	8.67 E
2014					10.00 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	-$0.02 A	-$0.00 A	-$0.00 A	-$0.07 A	-$0.09 A
2012	-$0.00 A	-$0.00 A	-$0.01 A	-$0.00 E	-$0.02 E
2013	-$0.01 E	-$0.01 E	-$0.00 E	-$0.00 E	-$0.02 E
2014					$0.01 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

Quarterly revenues and EPS do not equal annual figures due to rounding.

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KEY POINTS

- The rating on Dejour's stock remains Outperform due to expected higher production levels from the oil and gas project at Woodrush and new gas production from South Rangely and Kokopelli. Our price target, which is derived from the company's net asset value (see Valuation Section) remains $0.80.
- Management continues to develop its prime properties: **Woodrush** in British Columbia's Peace River Arch, the **Kokopelli project** in Colorado's Piceance Basin and **South Rangely** unitized leasehold situated on the western side of the Douglas Creek Arch.
  - At **Woodrush**, the company has drilled eight producing wells (three oil and six gas). **The third oil production well (AB-1-I) is still in the process of coming fully online.** Management expects gross production from Woodrush to increase to approximately the 700 BOEPD level during 2013.
  - At the **Kokopelli** project in Colorado, the first well was drilled and cased in the third quarter of 2012. After three additional wells are drilled and cased during the first quarter of 2013, all four wells are expected to be fracture stimulated and completed.
  - At South Rangely, initial commercial production has commenced at a restricted rate of 250 MCF per day.
- Management has a strong track record of developing oil and gas properties. CEO Robert Hodgkinson has twice founded oil and gas companies that mounted successful, large-scale drilling programs. The companies were subsequently acquired by medium-capitalization exploration companies.

RECENT NEWS

New Corporate Presentation (January 2013) - available on the company's web site

Gross production from Halfway E Pool on the **Woodrush** property in 2012 averaged **approximately 510 BOE/day** (net 383 BOE/day), of which 52.4% was light oil and natural gas liquids. Management is targeting gross production to increase to the 700 BOE/D level with 65% being light oil.

Details of the $6.5 million capital injection for the development of the **Kokopelli** multi-well drilling and completion program have been disclosed, clarifying the Denver-based drilling fund's consideration for financing the project (see *Drilling at Kokopelli* section below). In addition, Dejour has executed a **10-year transportation contract with Williams** (WMB: NYSE). With 42 locations and four drill pads already having been permitted by the BLM, management intends to pursue the permitting process for up to 90 additional wells that will target the Williams Fork formation.

At **South Rangely**, the discovery well has become a production well and is on line, **producing at a restricted rate of 250 MCF per day** from the Lower Mancos C sands.

Drilling at Kokopelli

On January 2, 2013, Dejour announced that a private Denver-based drilling fund agreed to finance the drilling of three additional wells from the existing pad at Kokopelli and the completion (perforation and hydraulic fracturing) of all four wells into the Williams Fork sandstone formation. Management has indicated that the **four-well Kokopelli project is expected to be completed in early 2013**.

The drilling fund is providing $6.5 million of capital for the multi-well project in return for priority payout from initial production until 125% of the capital contribution (or $8.2 million) is received and for permanent ownership of at least a 33% working interest in the four-well project. Also, until the $8.2 million is collected, the drilling fund will hold ownership of 51.5% working interest in the four-well project while

Dejour retains 20.0% WI. After the fund has received its 125% payout on the $6.5 million capital contribution, a working interest between 17.88% and 25% (depending on the cost participation of WI-holder Brownstone Energy) will revert to Dejour. During the entire production phase, Dejour will receive an infrastructure usage fee of $0.20 per MCF of gas produced. The fund also has the right of first refusal on the next multi-well project at Kokopelli, which would entail the fund to provide an additional $8.5 million capital funding.

The terms of the financing do NOT pertain to Dejour's 71.5% working interest in the deeper Mancos shale gas play over the entire 2,200 gross acres of the lease and Dejour's 71.5% working interest in the gas sands of the Williams Fork formation over the remaining 2,120 gross acres.

The access to $6.5 million in funding allows Dejour to fully develop four wells on the first drilling pad site without issuing debt or having to further access the company's bank line of credit. Also, Dejour will achieve economies of scale by consecutively drilling multiple wells from a single pad and by progressively perforating and fracturing all four well bores during a single developmental time period. Lastly, and according to management, most importantly, this process of developing the first four wells at Kokopelli minimizes Dejour’s risk exposure to potentially lower natural gas and NGL prices while ostensibly demonstrating the potential value of the Kokopelli lease.

South Rangely

On December 24, 2012, Dejour announced that production has commenced from the South Rangely discovery well initially drilled in June 2011. In late December 2011, the test well (Federal 36-24) was completed and fracture stimulated, testing at gas rates of 315 MCF per day. Dejour has a 30% working interest in the discovery well, and holds a 77% working interest in the remainder of the 6,300-acre unitized leasehold. The next phase entails horizontal (Hz) development to explore for oil in a down dip extension of the Niobrara formation. Production at South Rangely now secures the 6,300-acre unitized leasehold by way of Held By Production (HBP) status.

Dejour Farms Out Development of West Grand Valley

On December 6, 2012, Dejour announced the execution of an agreement to sell and farm-out approximately 7,450 acres (gross and net) to an unnamed large-cap NYSE-listed exploration & production (E&P) company. The transaction includes a commitment to carry Dejour through the drilling and completion of three earning wells, along with Dejour being able to retain a 20% working interest in over 5,100 acres of the project. As a result, Dejour can participate in the advancement of this natural gas resource in a capital-efficient manner as well as benefit from a well-capitalized operating partner continuing to secure the leases through the development of the project.

Though it is difficult to speculate on the identity of the purchaser, several large-cap E&P companies are active in the area, including Occidental Petroleum (OXY), Chevron (CVX), Encana (ECA) and ConocoPhillips (COP) while ExxonMobil (XOM), Marathon Oil (MRO), Anadarko (APC) and Newfield Exploration (NFW) also have interests in the Piceance Basin. The declines in prices of natural gas and NGLs have pressured drilling activity in the Piceance Basin over the past three years, but especially recently. However, some companies, like Encana with its recently announced joint drilling program with the Nucor (NUE), are intensifying their efforts in the region.

Part of the 7,450 acres is the 5,100+ acres in which Dejour is retaining a 20% working interest, which dovetails perfectly with the description of Dejour’s 5,180-acre West Grand Valley prospect, which is located at the southwestern edge of the Piceance Basin in the western half of Garfield County. The West Grand Valley property includes the 1,440-acre Roan Creek project, which is known to be part of the anticipated farm-out. Adjacent acreage has been successfully developed for natural gas from thick shale intervals with pervasive gas saturation in the Niobrara formation of the Lower Mancos Shale and the shallower Williams Fork formation where Dejour has estimated there are cumulatively 200-to-250 feet of potentially productive zones of gas sand on the West Grand Valley prospect. Though Dejour will not

confirm or deny the precise properties involved in the agreement due to a confidentiality clause, we strongly believe that the retained 20% working interest in over 5,100 acres pertains to West Grand Valley, which is a very positive attribute of the deal in that Dejour will participate in the development of this attractive prospect.

Dejour's working interest in the properties sold and farmed-out increased from 72% to 100% in September 2012 when it had been announced that the company had added approximately 31,000 net acres to its portfolio of exploration landholdings in northwestern Colorado. The incremental gain in net acreage was a result of the restructuring of the joint venture arrangement with Brownstone Energy (BWN: TSX-V, BWSOF: OTC), which has been in place since 2008. In the third quarter, management at Brownstone decided to focus on Brownstone's core assets, namely fields in Colombia (Llanos Basin) and Israel (Levant Basin), and divest its minority 28.5% in the West Grand Valley property and some other properties under the JV. However, Brownstone retained its 28.5% interest in the 2,200-acre Kokopelli project and its attendant requirement to fund a proportionate share of developmental costs.

Third Quarter Results

On November 7, 2012, Dejour Energy reported results for the third quarter ending September 30, 2012. Though there was not a conference call, we were able to speak with management in order to get some color on the progress at Kokopelli and delve into lower-than-expected oil production at Woodrush during the quarter.

Located approximately 30 miles southwest of Glenwood Springs, the initial well at Kokopelli was drilled in September. The 8,440-foot well intersected five gas bearing zones in the Mesaverde formation. Two zones of this gas column are without groundwater and are the targets for perforation and hydraulic fracturing.

Schlumberger was in charge of perforating and fracturing this initial Kokopelli well. Apparently Halliburton has a significant market share in this gas field, and Dejour Energy negotiated an attractive financial arrangement with Schlumberger that minimizes Dejour's upfront development costs while giving Schlumberger a foothold in the gas field. Schlumberger was expected to perforate and fracture stimulate the well, but the $6.5 million of capital announced this month (January 2013) gives Dejour the flexibility to seek other providers.

According to management, the lease on the entire 2,200 gross acres at Kokopelli has been preserved through a two-year extension on the original 10-year lease dated November 2002. Though the lease is not yet held-by-production, the diligent drilling effort, which includes not only the drilling of the well in September but also the surface work completed in the last couple of months (the construction of a fracturing fluid management pit and the installation of separators and tanks) is sufficient for the Colorado's Bureau of Land Management to extend the lease for two years. Dejour Energy has a 71.5% working interest of 2,200 gross acres (or 1,573 net acres).

Concerning the lower-than-expected production at Woodrush, during the early part of the third quarter, it was noticed that the production from well A-1–I was not progressing as expected. Initially, it was believed that the replacement of the subsurface electrical pump with a larger model would correct the situation. However, production did not expand despite the pump replacement. Finally, it was determined that a gas cap had formed in the oil pool. A coiled-tubing workover was performed whereby a continuous steel tube was injected through the control head into the well, which ultimately allowed additional gas production from the gas zone.

As a result of the unanticipated curtailment of production during the period of time of pump replacement and the remedial oil pool operations, field oil production declined 15.8% sequentially to 181 BOPD during the third quarter. However, a positive response was then being seen after the gas cap blowdown.

UPCOMING EVENTS

Dejour is expected to report fourth quarter and annual results in late-March. Results should indicate the rate of progress toward management's expectation of achieving production of 700 BOE per day in 2013 at Woodrush. Also, management's discussion and analysis in the annual filing may give some indication in the progress of bring the Kokopelli wells towards production.

In addition, we look forward to the annual reserve assessments by Gustavson & Associates for Kokopelli and by AJM Deloitte for Woodrush. These evaluations directly drive our valuation model. A critical factor in the methodology used to derive the net present value (discounted at 10%) for Kokopelli will be the pricing assumptions for Natural Gas Liquids, especially ethane, propane and butane. Last year, Dejour received the reserve evaluation from Gustavson & Associates LLC in late February.

OVERVIEW

Based in Vancouver, British Columbia, Dejour Energy (DEJ) is a Canadian independent oil and natural gas company and holds interests in approximately **139,000 net acres** of oil and gas leases in North America. As of the beginning of 2012, net Proved and Probable Reserves were 33 million barrels of oil equivalent (MMBOE)[1]. All Proved Producing Reserves are in the Canadian **Woodrush** area of the Peace River Arch, which has nine producing wells (six gas and three light oil) and two water injection wells. The third oil production well was drilled in 2011 and was reworked with the addition of eight horizontal laterals. Acreage holdings consist of approximately 6,150 net acres[2] in northeastern British Columbia and northwestern Alberta, and 133,200 net acres (almost all undeveloped, initial production from one well at South Rangely began in December 2012 and production is expected to commence at Kokopelli in the first half of 2013) in Colorado and Utah in the Piceance, Uinta and Paradox Basins. Net Proved and Probable Undeveloped Reserves at **Kokopelli** are 12.4 million barrels of oil/NGL (MMBO) and 121 billion cubic feet (BCF) of natural gas[3]. The company is the operator of its developed acreage. During 2009 Dejour sold its shares in Titan Uranium Inc., but still maintains a 10% carried interest and 1% Net Smelter Return on approximately 966,969 acres in Saskatchewan, Canada. Dejour has a 71.5% interest in the 2,200 acre Kokopelli Project with Brownstone Energy (BWN: TSX-V, BWSOF: OTC) holding the remaining 28.5%.

SOUTH RANGELY PROPERTY (Colorado)

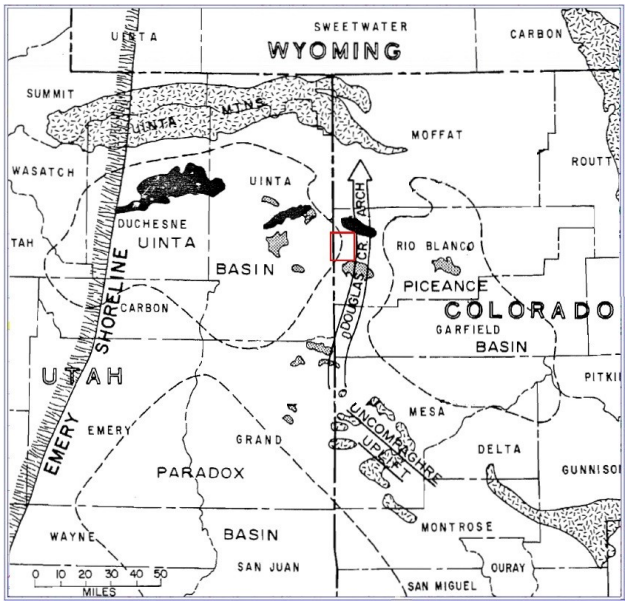
Dejour Energy has a **77% working interest of 6,300 gross acres** (or 4,850 net acres) in South Rangely area on the western flank of the Douglas Creek Arch (a broad north-south trending anticline), which is directly south of the Rangely Oil field that has been operated by Chevron since the 1960's and situated between the Piceance Basin to the east and the Uinta Basin to the west. Dejour's acreage is adjacent and approximately six miles northeast from an oil producing property operated by a private operator, RW Bayless. With the discovery well now in production, the 6,300-acre unitized leasehold is **Held by Production** (HBP).

Dejour conducted exploratory evaluation drilling at South Rangely, financed by the stock and warrant offering in January 2011. Having conducted two deep seismic soundings, a vertical well at South Rangely was drilled to test both the upper and lower Niobrara sections of the Mancos Shale, which consists largely of offshore marine shale with a middle sandy interval. The shale deposited by the western

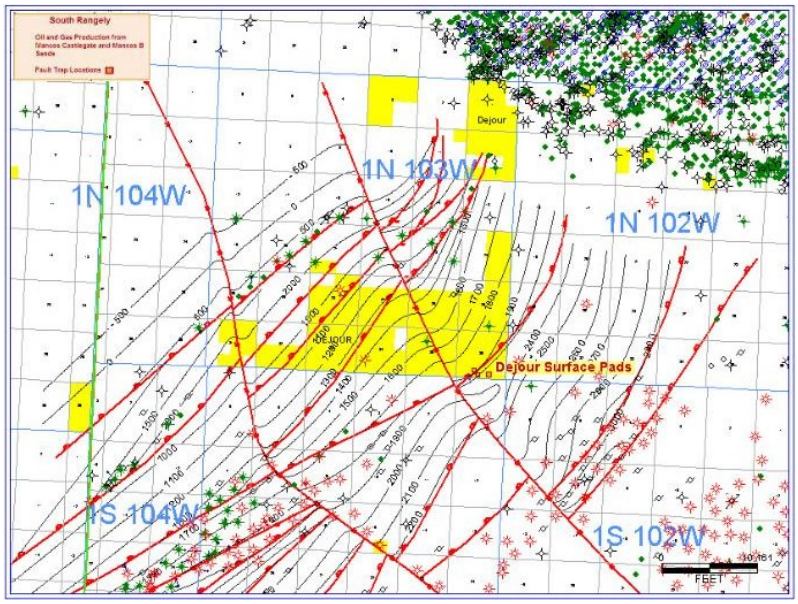
[1] As estimated by the independent consultant firms AJM Deloitte as of December 31, 2011 and Gustavson Associates LLC as of January 1, 2012.
[2] Dejour has a 75% interest in the Woodrush property located in British Columbia.
[3] As estimated by the independent consultant firm Gustavson Associates LLC as of January 1, 2012.

Cretaceous Seaway, a quiet inland sea that crossed the North American continent throughout the Cretaceous era, 145 to 65 million years ago. Considerable geological research has been conducted concerning the Mancos Shale and the hydrocarbon deposits that exist within it.

Douglas Arch



South Rangely



In June 2011, the vertical 3,863-foot well encountered approximately 90 feet of hydrocarbon bearing siltstone in the Lower Mancos C sands. The well was drilled and cased over approximately 90 feet through the Mancos B sands. In late December 2011, the test well (**Federal 36-24**) was completed and fracture stimulated with 100,000 pounds of proppant. The well flow tested rich gas at a rate of 315 MCF per day for more than 10 days with no decline in production or pressure. In late 2012, the discovery well turned into production well when it began **producing at a restricted rate of 250 MCF per day**. The next phase entails horizontal (Hz) development to explore for oil in a western down dip extension of the Niobrara formation, which typically is found at similar Mancos C attic gas accumulations in this area.

VALUATION

The valuation process for small and mid-cap E&P oil & gas companies is based upon Net Asset Value (NAV), which involves evaluating a company's assets and reserves, and then determining an appropriate discount at which the stock should trade. The NAV calculation entails applying several subjective inputs, such as land valuation (cost or market), a predicted oil price, oil versus gas mix, predicted gas price, drilling costs deep offshore wells versus, drilling success rate, mix of development and exploratory wells, etc. The discount attempts to quantify many factors, including but not limited to the average length of time that will be required to put the reserve additions on the company's books, R/P (reserves to annual production ratio), the company's PUD (Proved Undeveloped reserve) to 2P reserve ratio, and the stock's liquidity.

Dejour's NAV is estimated to be $134.7 million ($0.83 per diluted share[4]). The $134.7 million is attained by adding the company's assets of $20 million of land (at cost), $115.8 million[5] of PV-10 Proved Reserves and net cash of $3.6 million and then deducting $5.66 million in debt (listed as a current liability on the company's balance sheet) [6]. Therefore, **our target price remains $0.80 per share.**

[4] After the equity offering in the beginning of June 2012, Dejour Energy had approximately 187 million diluted shares.
[5] Based on $19 .9 million at Woodrush (AJM Deloitte reserve study effective December 31, 2011) and $95.9 million at Kokopelli (reserve study by Gustavson & Associates dated January 15, 2012).
[6] Balance sheet items valued as of June 30, 2012.

DEJOUR ENERGY, INC.		Gross Acres	Net Acres	Net Proved Reserves (PV-10)
WOODRUSH	(British Columbia) 51-101 dated 12/31/2011 (AJM Deloitte)	8,200	6,150	19,936,700
KOKOPELLI	(Colorado) 51-101 dated 1/15/2012 (Gustavson & Associates)	2,200	1,573	95,897,000
UNDRILLED LAND	(at cost)		131,000	20,000,000
NET CASH				3,644,800
(DEBT)	(line of credit)			(5,656,630)
	TOTAL		138,723	133,821,870
	Shares outstanding			148,916,374
	Fully diluted shares			187,000,000
	NAV per outstanding share			0.90
	NAV per diluted share			**0.81**

We are cognizant that there are nuances concerning the quality of reserves that are not captured in our valuation model. One such feature is that by treating PDs and PUDs similarly, our model does not capture some of the inherent risks of PUDs. Since uncertainties exist about the ultimate conversion of PUDs to PDs, there is an inherent discount valuation related to PUDs that must be considered.

In the case of Dejour, the majority of proven reserves are undeveloped ($96 million of the $116 million). However, these PUDs are within or adjacent to a known producing gas field. In addition, Williams Companies is extending a pipeline from its Grand Valley gathering system to the Kokopelli Field, where Dejour's PUDs are located. This both reduces most of the uncertainties related to the PUDs and also provides an efficient method to transport Dejour's natural gas into a large-scale, high-volume distribution system.

As gas wells begin to produce, the natural gas reserves associated with the wells become proved developed producing reserves (PDs or PDPs) instead of proven undeveloped reserves (PUDs). **We expect a positive valuation increment** in the marketplace **as PUDs at Kokopelli become PDs.** When the uncertainties associated with PUDs abate, the discount to NAV that pertains to the PUDs at Kokopelli should be reduced or entirely eliminated. As PUDs become producing wells in the first half of 2013, the marketplace may eliminate the discount to NAV to a portion or all of the 220 PUDs located at Kokopelli. As the certainty of the value of the PUDs increases, we expect the valuation of Dejour's stock to migrate towards Net Asset Value.

We reiterate our Outperform rating based upon the attractive valuation level of the stock relative to its reserve valuation, along with the company's improving production profile from Woodrush in northeast British Columbia and expected production in 2013 from Kokopelli in Colorado.

ADDENDUM

In November 2012, two significant transactions were announced pertaining to natural gas leases in the Piceance and Uinta Basins: Vanguard Natural Resources LLC agreed to purchase 254,000 net acres of leasehold from Bill Barrett Corp. (BBG: NYSE) for $335 million, and a private company agreed to purchase 61,000 net acres of leasehold and the 30 miles of gathering pipeline of Antero Resources (also a private company) for $325 million. Though both transactions involve producing properties in the 50

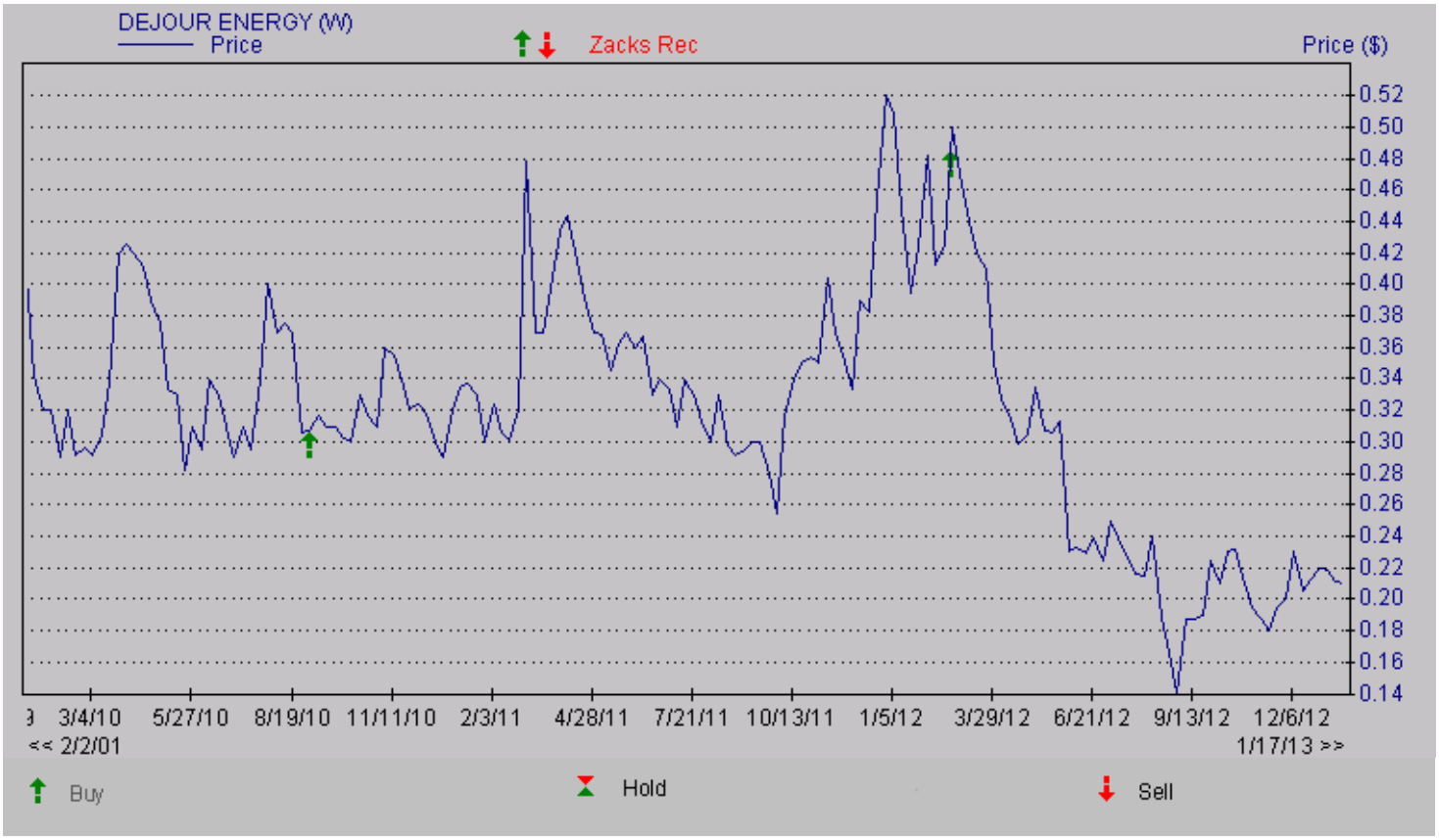
MMCFE per day range, the deals may be indicative of the value of the Kokopelli project once the field demonstrates consistent production. The average valuation of the two agreements is roughly $1.4 million per BCFE of reserves. Based on the most recent resource estimates from Gustavson & Associates LLC, we estimate that the Kokopelli project contains 71 BCFE of reserves that would be classified as proven developed reserves (PDs), which would be valued at $99.4 million in a transaction consistent with the ones executed in November 2012. That value adds confirmation to the $95.9 million PV-10 utilized in our NAV valuation model.

PROJECTED INCOME STATEMENT

Dejour Energy Inc. Earnings Model

FISCAL YRS ENDING 12/31	Q1	Q2	Q3	Q4	2010	IFRS Q1	IFRS Q2	IFRS Q3	IFRS Q4	IFRS 2011	IFRS Q1	IFRS Q2	IFRS Q3	IFRS Q4 E	IFRS 2012 E	IFRS 2013 E
PRODUCTION VOLUMES (net)																
Natural gas (MMCF)	96.6	136.5	167.3	148.5	**548.9**	146.7	55.9	103.0	125.5	**431.1**	115.7	104.3	91.3	115.0	**625.0**	**650.0**
Crude oil (MBO)	11.8	31.8	28.2	13.7	**85.5**	12.3	16.9	30.1	22.1	**81.3**	18.6	19.6	16.6	18.0	**72.8**	**98.0**
Natural gas liquids (BBLS)	0.6						0.5									
Total (MMCFE)	100.3	136.5	167.3	148.5	**1,061.9**	146.7	58.9	103.0	125.5	**918.8**	115.7	104.3	91.3	115.0	**1,061.6**	**1,238.0**
Total (MBOE)	28.5	54.5	56.1	38.4	**177.0**	36.7	26.7	47.3	43.0	**153.1**	37.8	36.9	31.9	37.2	**176.9**	**206.3**
OIL PRICE REALIZATIONS / GAS HUB PRICES																
Natural gas (CAD/MCF)	5.04	4.29	3.81	3.73	**4.22**	3.89	3.91	3.66	3.23	**3.67**	2.47	2.16	2.49	2.45	**2.39**	**2.50**
Oil (CAD/BBL)	71.60	65.79	66.77	71.17	**68.83**	82.51	94.83	85.37	93.00	**88.93**	88.46	78.85	79.66	81.70	**82.17**	**88.24**
Natural gas liquids (CAD/BBL)	23.58															
INCOME STATEMENT (CAD 000 except EPS)																
Natural gas revenues	487	586	638	554	**2,264**	571	218	377	425	**1,591**	286	225	227	282	**1,020**	**1,625**
Crude oil revenues	846	2,089	1,885	975	**5,795**	1,013	1,598	2,570	2,053	**7,233**	1,643	1,543	1,325	1,471	**5,981**	**8,647**
Natural gas liquids revenues	15		11		**26**											
Total oil and gas revenues	1,347	2,676	2,534	1,529	**8,085**	1,583	1,816	2,946	2,478	**8,824**	1,928	1,771	1,552	1,752	**7,001**	**10,272**
Royalties	221	551	362	178	**1,311**	237	348	614	430	**1,628**	331	291	234	266	**1,121**	**1,600**
Total oil and gas revenues (net)	1,127	2,125	2,173	1,351	**6,774**	1,347	1,468	2,333	2,048	**7,196**	1,598	1,480	1,318	1,486	**5,880**	**8,672**
Financial instrument gain (loss)		-	-	-	-	(47)	(12)	0	0	**(59)**	(55)	0	-	-	**(55)**	**0**
Other operating income	9	93	10	7	**68**	8	8	9	8	**34**	8	8	8	0	**24**	**0**
TOTAL REVENUES	**1,135**	**2,218**	**2,183**	**1,358**	**6,841**	**1,308**	**1,465**	**2,341**	**2,056**	**7,171**	**1,551**	**1,489**	**1,326**	**1,486**	**5,849**	**8,672**
Operating expenses																
Operating and transportation	845	660	543	559	**2,605**	507	471	664	857	**2,499**	952	840	1,209	355	**3,357**	**3,351**
General and administrative	987	769	670	997	**3,423**	960	990	718	1,374	**4,042**	927	855	714	675	**3,171**	**3,200**
Amortization, depletion & acc.	1,109	1,351	1,393	1,357	**5,250**	718	498	1,417	819	**8,652**	691	696	597	528	**2,511**	**3,105**
Change in fair value of warranty liability	499	-	-	-	-	874	(795)	(543)	2,044	**1,580**	(1,110)	(681)	(16)	0	**(1,807)**	**0**
Stock based compensation	237	150	150	156	**621**	189	210	150	113	**662**	300	66	26	175	**568**	**625**
Total operating expenses	**3,677**	**2,930**	**2,756**	**3,069**	**11,899**	**3,247**	**1,375**	**2,407**	**5,207**	**17,436**	**1,760**	**1,777**	**2,530**	**1,733**	**7,800**	**10,281**
OPERATING INCOME	**(2,541)**	**(713)**	**(574)**	**(1,711)**	**(5,057)**	**(1,939)**	**90**	**(66)**	**(3,151)**	**(10,266)**	**(209)**	**(288)**	**(1,204)**	**(247)**	**(1,950)**	**(1,608)**
Interest (expense)	(256)	(275)	309	(239)	**(458)**	(243)	(283)	(270)	(72)	**(868)**	(125)	(208)	(67)	(347)	**(747)**	**(750)**
Interest income	0	8	9	11	**37**	-	-	-	-	**0**	-	-	-	-	**0**	**0**
Gain (loss) on investments	(42)	-	-	-	**0**	-	-	-	-	**0**	-	-	-	-	**0**	**0**
Equity income (loss)	-	-	-	-	**0**	-	-	-	-	**0**	-	-	-	-	**0**	**0**
Other income	-	-	-	-	**0**	-	-	-	-	**0**	-	-	-	-	**0**	**0**
Impairments	-	-	(10)	-	**(10)**	-	-	-	(5,200)	**0**	-	-	-	-	**0**	**0**
Foreign exchange gain (loss)	(16)	13	(9)	(16)	**(28)**	(84)	4	(11)	0	**(98)**	(20)	(84)	(95)	0	**(199)**	**0**
Pretax income	(2,855)	(968)	(275)	(1,955)	**(5,517)**	(2,266)	(189)	(347)	(8,422)	**(11,231)**	(353)	(580)	(1,365)	(594)	**(2,896)**	**(2,358)**
Inc. tax recovery (expense)	271	0	464	504	**968**	187	0	0	0	**187**	0	0	0	0	**0**	**0**
REPORTED NET INCOME	**(2,584)**	**(968)**	**189**	**(1,451)**	**(4,549)**	**(2,079)**	**(189)**	**(347)**	**(8,422)**	**(11,044)**	**(353)**	**(580)**	**(1,365)**	**(594)**	**(2,896)**	**(2,358)**
Foreign currency translation adjustment	(430)					(287)	(66)	991	(347)	**292**	(160)	177	(309)	0	**0**	**0**
Comprehensive Income (loss)	(3,014)	(968)	189	(1,451)	**(4,549)**	(2,366)	(255)	645	(8,769)	**(10,752)**	(514)	(403)	(1,674)	(594)	**(2,896)**	**(2,358)**
Weighted Avg. Shares Out.	97,727	98,698	99,198	100,698	**99,789**	116,652	118,000	121,391	125,159	**120,300**	130,786	136,165	148,916	150,416	**141,571**	**155,000**
EPS before NRI	(0.03)	(0.01)	0.00	(0.01)	**(0.05)**	(0.02)	(0.00)	(0.00)	(0.07)	**(0.09)**	(0.00)	(0.00)	(0.01)	(0.00)	**(0.02)**	**(0.02)**
REPORTED NET INCOME	(0.03)	(0.01)	0.00	(0.01)	**(0.05)**	(0.02)	(0.00)	(0.00)	(0.07)	**(0.09)**	(0.00)	(0.00)	(0.01)	(0.00)	**(0.02)**	**(0.02)**

HISTORICAL ZACKS RECOMMENDATIONS



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