

Canadian Energy Exploration Inc. Is Well Positioned For Future Growth With A New, But Very Experienced Management And Exploration Team In Place, Three Properties In Western Canada And A Focus On Light Sweet Crude – The Name Of The Game Going Forward



Resources
Oil and Gas Exploration
(XPL-TSXV)



Larry Buzan
President and CEO

BIO: Larry Buzan graduated from the University of Calgary with his B. Comm. in April of 1981 and immediately began as an area landman for Dome Petroleum Ltd. Now almost 30 years later he has experience in exploring in Alaska, the onshore Beaufort Delta, the Central Mackenzie Territories, most of Western Canada as well as in the United States in 7 states south of the 49th parallel on behalf of Gulf Canada, AEC Oil & Gas, and

Burlington Resources. Most recently, Larry was employed at Crew Energy Inc. as a senior landman having been Vice President, Land & Negotiations at Gentry Resources Ltd. until August 2008 when Gentry was sold to Crew Energy Inc.

Company Profile:

Canadian Energy Exploration Inc. is a junior oil and gas company engaged in the exploration for and development and production of natural gas and oil reserves. The Company's common shares are listed to trade on the TSX Venture Exchange under the symbol "XPL".

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Buzan, what have been the overall changes at Canadian Energy Exploration under your leadership?

Mr. Buzan: I am delighted to speak to you this morning and am delighted that you asked me for this interview because we are a small company that has been reconstituted by virtue of new management and with a new pulse. Most importantly, beginning August 1st with the hiring of myself and also with our VP of Exploration Ralph Allen, this company has been given new life. The previous administration, although they had raised some seed capital, had a somewhat unfocused approach to the oil and gas prospects that they were chasing. We, on the other hand, are very focused and we are pleased the directors asked us to join and run this company. We are moving at a rapid pace in this new direction, which is the thing that our investors are focused

on. We have over 41 million shares issued and outstanding – and all those shareholders are expecting big things of us. I can say with great delight that my first full-fledged Board of Director's meeting was held last Thursday just prior to the press release, and I believe it truly was a great meeting. It is nice to get know we are moving swiftly in the right direction.

CEOCFO: What is the vision today?

Mr. Buzan: We are looking at large-upside plays using conventional oil prospects in Alberta and Saskatchewan. We are not chasing some of the bigger resource plays that are being consumed by the larger companies because it is both difficult to compete at their drilling cost levels and of course, to compete at the level of bids that they pay for available Crown mineral rights in both Alberta and Saskatchewan. So we are trying to stay away from those fairways, but what we are doing is staying involved and focused on light sweet crude plays in central Alberta and southeast Saskatchewan, together with another oil play in southwest Saskatchewan.

CEOCFO: Why have you chosen those two areas, and what specifically are you looking for on the properties other than upside?

Mr. Buzan: The thing that attracts us the most, and the way most good companies should look at selecting a drilling prospect, is balancing what our technical staff is recommending versus other plays that you think you can accumulate as well. But certainly you give first choice and efforts towards what they bring to the

forefront. Ralph Allen immediately brought to the table three plays that were in areas that were both highly prospective because of past history of drilling success in these areas, but still held an abundance of opportunities to pursue these plays on a conventional basis, which means vertical wells. Today's buzz word is "horizontal", and there are more horizontal wells being drilled today than any other time in history of Western Canada. Although we can appreciate that at CEE, the least cost approach that if you can find a play is a play you can acquire using vertical drilling practices – and we believe that we have found a number of plays like that.

CEOCFO: What is happening on the ground today?

Mr. Buzan: As we announced in our press release we have made two land purchases, one in Alberta and one in Saskatchewan. These would be insignificant if you were a large company, but they are very significant for us because we are looking for additional proof of concept plays. We have chosen to purchase and lease minerals from the Alberta Crown/Saskatchewan Crown, that we plan to drill and if those prove up as expected we would then certainly post and buy the Crown lands available in the area. Most of the plays that we looked at have a minimum of fifty available sections around each of the lands that we have chosen, so we have a lot of room to run. We are aware though that the way the industry works is that once you are successful, people take notice, so we are not sure in the long run if we will be able to capture "whole plays", but certainly we can procure enough mineral land along the trend to make it significant to our shareholders.

CEOCFO: Do you own the properties 100%, and what is your philosophy on property ownership?

Mr. Buzan: Operate everything, control everything, and do it as close to 100% as you can. We own both of new Crown lease parcels 100%.

CEOCFO: When does the work start?

Mr. Buzan: Well, we are a "new company", and although we have well insurance, but we need to get registered to operate in both Alberta and Saskatchewan. Right now we are using brokers to handle what they can but we should be off the ground by the end of November. So we hope to have some results here for our shareholders in the first part of December of this year (2010).

CEOCFO: What is the financial picture like for Canadian Energy Exploration today?

Mr. Buzan: We have enough money to launch, but we are going to have to go to the market for financing for any major drilling program and certainly for any

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acquisitions that we plan to do. The thing that I like about our company is that normally a company this size with 19 BOE, has on average one broker and one friend that finances the company. In our case we have 25 brokers that hold our shares and they are in Vancouver, Calgary, New York and Toronto. We are very happy to see this broad coverage and so these folks are not only depending on us, but if we make the moves I think we are going to make, then they have a number of their clients that would like to invest. So I am hoping we can amass those investors in the near future.

CEOCFO: What is your take on the overall energy, oil, gas industry?

Mr. Buzan: Right now we are looking at an industry that certainly on the Alberta

side, is beleaguered. Natural Gas prices are down, and we expect them to stay down for quite some period of time. Why is that? It is for different reasons. One is that there is an over supply. There is a tremendous amount of shale gas resources that have been discovered and are in production in the United States as well as in Canada that are putting real pressure on the selling of natural gas to the United States. Of course the USA is our biggest trading partner in North America for taking our gas, they used to take 4.4 billion cubic feet every day at the least, but now they have shale gas plays on-stream that satisfy a lot of their appetite for natural gas. So if you are a natural gas player, which a lot of smaller companies in Alberta are, I think this is going to be

still another two years to go for those folks unless there are some major moves by President Obama and Prime Minister Harper with respect to making natural gas the fuel of choice for vehicles. I think that is on the horizon somewhere in the future, but not in the near term. For us oil and natural gas liquids are the opportunity of the day and I believe that the demand for such products is going to continue to escalate. So much so that we are predicting within the industry that we are going to see some very high prices again here in the next six months for oil. Even though we run our economics

at \$70 a barrel, we can see prices going much higher – perhaps even over \$100 again in the future. It is such that there is pent up demand out there that things escalate very quickly as far as oil is concerned. Natural gas liquids are what make a play like the Montney play up in Northeast BC economic. It is very important for us to pursue light sweet oil as a play, because it certainly allows us to be able to focus in on a play that gives us substantial economic return.

CEOCFO: So you have a well-thought-out plan and you are executing it!

Mr. Buzan: Correct.

CEOCFO: In closing, there are many companies to choose from; why should

and why does Canadian Energy Exploration stand out?

Mr. Buzan: Why choose us? Good question Lynn. On the face of it we are 19 barrels a day equivalent, so why would you invest in a company trading at \$0.24 a share, really when it should be much less than that. To answer that question, it is really because the staff that we have, the folks that we are going to have. It definitely is a risky investment as you go forward until we prove ourselves. Really, what people are looking for is the proof based on the historical performance of the individuals. In Ralph Allen, our VP of Exploration and I, we have a long history of proven acquisitions and proven drilling

successes that bring forward large economic returns to shareholders. Our resumes are excellent ones in that regard, and the kind of plays that we are already involving ourselves in should be the kind of investment that people would look forward to, whether in a big company or a little company. But certainly a lot of leverage with a little company like ours. Right now a lot of investors are hurting over the last twenty months of negative returns from , as they say, with regards to the natural gas performance. A lot of them invested in natural gas, when natural gas was over \$10 a GJ and now what do they do when gas is sitting around, \$4.00. It makes it really tough on them.

For us. we have some choices. We raised \$1.5 million in the past with some flow-through and some with just a straight share offering and that gave us enough leverage to at least get the staff on board and then move forward. But for us we certainly are providing a exciting opportunities as we look forward for light sweet crude and that will be the name of the game as we go forward. I think the pedigree of our directors is excellent, as we have knowledgeable and powerful directors from Vancouver, Calgary and New York. We are pleased to have these people on board with us.



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