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Oslo Stock Exchange Luring Canadian E&P Companies

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 Page: 4
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Senior representatives of the **Oslo** Stock Exchange were in Calgary yesterday, pitching to about 30 Calgary-based oil and gas companies their message that if they are interested in European markets, **Oslo** is the place to be.

According to Calgary-based investment bank Saether Capital Corp., which hosted the event, there are 193 companies listed on the OSE -- 20% of them oil and gas related - with a market capitalization of \$210 billion.

The average daily turnover at the OSE has increased from \$260 million in 1998 to more than \$1.08 billion in 2005. Non-Norwegian investors comprised 68% of the 2004 trading volume, most of them from the United States (45%) and the rest from the United Kingdom (30%).

Total trading volume in 2004 was \$190 billion, triple what it was at the end of 2002, said Sven Arild Anderson, president and chief executive officer of the OSE.

In comparison, Canada's TSX Venture Exchange, which lists 1,967 companies, 12% of them oil and gas related, has market capitalization of \$27.1 billion. Total trading volume in 2004 was \$16.6 billion.

The Alternative Investment Market (AIM) of London, lists 1,127 companies (seven of them Canadian oil and gas companies) with total market capitalization as of April 2005 of \$43 billion. Total trading volume in 2004 was \$43 billion.

"The oil and gas industry is the backbone of the Norwegian economy," said Ragnar Saether, president of Saether. "As a result, the investors are sophisticated; they understand the energy industry."

The OSE has one of the best liquidities in terms of turnover in its listed shares, Michael Binnion, president and chief executive officer and chairman of Questerre Energy Corporation, told the Daily Oil Bulletin.

"It has more than double the liquidity of the AIM market, for example," said Binnion.

That's one of the reasons his company will be listed on the OSE as of next month. Questerre hopes to raise \$5-10 million contemporaneously with the listing, he said.

Another reason is that Binnion is familiar with the exchange, through CanArgo Energy Corporation, where he was founding shareholder and president until 2000. CanArgo, a former Calgary-based oil and gas company now based in the U.S. and operating in the Republic of Georgia, has been listed with the OSE for the past 10 years.

It continues to have a lot of success on that exchange, said Binnion. Indeed, last year CanArgo had a turnover velocity of 801% on the OSE.

In addition, Questerre has a significant Norwegian shareholder base and its operations are similar to what Norwegian investors understand - frontier assets. While Norway's main industry has been based on North Sea offshore drilling and shipping, Questerre has assets in Quebec and northern British Columbia and Alberta.

Artumas Energy Group, with interests in Tanzania, is the third Canadian energy company that will soon be listed on the OSE. Richard Grant of Artumas told reporters Artumas is not listed on the TSX because of difficulty raising money

in Canada for an international project. "We just didn't get the recognition. Europeans recognize the value of our project," said Grant.

The size of the offering is \$40-50 million and Artemus has raised \$28 million through private placements in the past year and a half.

David Robson, president and chief executive officer of CanArgo, told the meeting he highly recommends the OSE for its transparency, ease of access, efficiency and low listing and transaction costs.

Introduction fees on the OSE vary from \$50,000 for companies with market capitalizations of less than \$50 million to \$150,000 for those with market caps of more than \$200 million. Annual listing fees on the OSE range from \$22,000 to \$200,000. The prospectus fee is \$10,000.

OSE rules and regulations are clear and precise, the exchange has a strong code of practice for corporate governance and it has good liaison with companies on an ongoing basis and in the event of sudden stock movements, said Robson.

Harald Erichsen of Norwegian investment bank ABG Sundal Collier told the group liquidity of the oil companies listed on the OSE has been about two to four times as high as of those listed on the London Stock Exchange - both in the long and medium terms.

Erichsen said the OSE offers by far the best liquidity amongst relevant exchanges for listing of E&P companies. The main reason appears to be the relatively small size of the exchange, with energy being the dominant sector. There is also significant investor focus, hence good knowledge and research coverage, and a significant number of retail investors with understanding of and focus on the sectors.

Gary Griffin was at the presentation on the part of start-up company Buried Hill Energy, which is looking for prospects and how to fund them. He told the DOB he was impressed with the short amount of time it takes to be listed on the **Oslo** stock exchange (about eight weeks) and the access to funds and investors the listing provides. He was also struck by the fact it provides access to markets 18 hours a day as opposed to eight, due to the time-zone overlaps, he said.

The OSE executives are staying in Calgary today and tomorrow for interviews with interested parties.

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