



17 May 2010

52-wk Range:	£0.06-0.30	Market Cap (M):	£15.0
Target Price:	£0.10	EV (M):	£15.0

## Oil & Gas

## Oil Shale Play identified offshore

### Summary

Enegi Oil is an oil and gas exploration company with assets in onshore and offshore Newfoundland, Canada.



### Key Metrics

Shares Outstanding (M):	66.7
Current Price (GBP):	£0.23

### Event

Enegi Oil Plc confirmed that preliminary analysis suggests that "Green Point Shale" extends offshore from EL1070 to onshore PL2002-01, and covers an area of approximately 24km<sup>2</sup> in the north-eastern part of PL2002-01. Having Green Point Shale in PL2002-01 adds the possibility of an unconventional shale play to the Company's assets, and furthermore, the play can be accessed from onshore. However, further analysis is required to determine more accurately the full areal extent, total thickness, and thermal maturity levels of the Green Point Shale in the Company's assets and its significance. The Company continues to prepare the Garden Hill South site for the acid fracturing previously announced and will update the market in the near future.

### Comment

This is only an announcement on the presence onshore of the play previously identified offshore. The play still needs to be validated and, if valid, assessed for resources potential. Hence we consider the release as a bit of a non-event in that respect, insofar as it should not have any bearing on valuation at this stage.

### Recommendation

The stock price more than fully reflects the potential of the assets and therefore we are changing our rating to Sell with an unchanged price target of 10p.

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### Lionel Therond

Lionel has worked at Fox-Davies since April 2009. Prior to this, he had 13 years experience as an investor at JPMorgan Asset Management and had previously spent 10 years in the Oil&Gas industry at Shell. Lionel graduated in Geology and Geophysics (MSc) before gaining an MBA at Insead; he is also a CFA charterholder.

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Research disclosure as of 17 May 2010

Company Name	Disclosure
Enegi Oil (ENEG)	1, 2, 7, 8

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Oil & Gas					
Ascent Resources	AST LN Equity	BUY	22.04.10	£0.20	£0.04
Borders & Southern Petroleum	BOR LN Equity	BUY	01.02.10	£1.50	£0.66
Circle Oil	COP LN Equity	BUY	25.03.10	£0.85	£0.36
Desire Petroleum	DES LN Equity	HOLD	29.03.10	£1.00	£0.86
Enegi Oil	ENEG LN Equity	SELL	17.05.10	£0.10	£0.23
Falklands Oil & Gas	FOGL LN Equity	BUY	01.02.10	£4.00	£1.82
Gulf Keystone	GKP LN Equity	BUY	07.05.10	£2.00	£0.81
Gulfsands Petroleum	GPX LN Equity	HOLD	04.05.10	£3.00	£2.82
Hardy Oil & Gas	HDY LN Equity	BUY	26.04.10	£3.00	£1.85
Matra Petroleum	MTA LN Equity	BUY	26.01.10	£0.11	£0.05
Max Petroleum	MXP LN Equity	BUY	24.03.10	£0.50	£0.18
Petrokamchatka	PKP CN Equity	HOLD	14.01.10	C\$0.15	C\$0.105
Po Valley	PVE AU Equity	BUY	29.04.10	A\$1.50	A\$0.285
Range Resources	RRL LN Equity	BUY	17.12.09	£0.08	£0.04
Rockhopper Exploration	RKH LN Equity	HOLD	07.05.10	£1.10	£2.18
San Leon Energy	SLE LN Equity	NA	NA	NA	£0.21
Sterling Energy	SEY LN Equity	HOLD	01.02.10	£1.50	£1.29
Tower Resources	TRP LN Equity	HOLD	23.03.10	£0.02	£0.01
Victoria Oil & Gas	VOG LN Equity	BUY	21.04.10	£0.09	£0.03

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