CEO CFO

Carmen Energy Inc. (CEI-TSXV)
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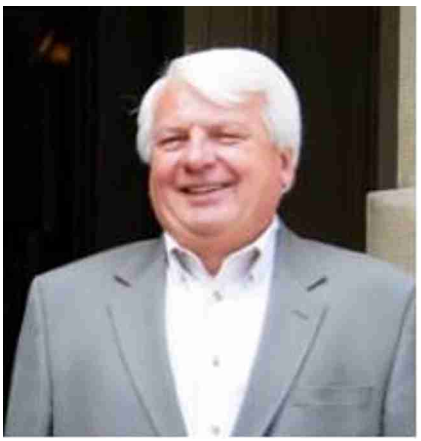
Issue:
September 30, 2011

The Most Powerful Name In Corporate News and Information

Carmen Energy Inc. is Focused on Low Risk Properties in Western Canada that Could Provide a High Rate of Return - with a Management Team that has the Experience in that Area to Deliver

Brian Doherty
President and CEO

Tyler Rice
Chief Financial Officer



Zeno Bereznicki
Vice President of Operations

Energy
Oil & Gas

Executive Bios:
Brian Doherty
President, Chief Executive Officer and Director
Brian Doherty, age 57, has over 35 years of experience in the oil and gas industry, specifically in the area of exploration and development. Mr. Doherty is currently the President and Chief Executive Officer of Carmen. Prior to his appointment in July 2010, Mr. Doherty was an independent consultant from January 2009 to January 2010. During this period Mr. Doherty undertook contract work within Taqa North Ltd's (a public oil and gas company) Mergers and Acquisitions department during the 3rd Qtr 2008 and 1st Qtr 2009 reviewing major domestic and international acquisitions.

Prior to its acquisition by Taqa North Ltd., Mr. Doherty worked as the southern business unit manager for PrimeWest Energy Trust ("**PrimeWest**") an oil and gas trust. During his time at PrimeWest (July 2006 to January 2008), Mr. Doherty was responsible for all operational aspects, including the geological, geophysical engineering and capital efficiency concerns within the business unit. Prior to his time at PrimeWest, Mr. Doherty acted as the Vice-President, Exploration for Signal Energy Inc. ("**Signal**"), a junior oil and gas company, from January 2005 to April 2006. At Signal, Mr. Doherty was responsible for all exploration and development activities and directed a staff of four professional outside consultants. Mr. Doherty also acted as the Vice President, Exploration for Predator Exploration Ltd. ("**Predator**"), a junior oil and gas company, from August 2003 to December 2004. Mr. Doherty has been employed at a number of major oil and gas firms including Shell Canada, Gulf Canada, AEC and Mobile / Canadian Superior.

Mr. Doherty holds an Honours Bachelor of Science in Geology from the University of Windsor, awarded in 1980.

Zeno Bereznicki
VP, Operations and Chief Operating Officer
Mr Bereznicki, age 62, has over 37 years of oil and gas Industry experience in various engineering capaci-

ties. Most of his experience has been in North America. However, he has work experience in the North Sea, Kazakhstan, Pakistan and various areas in the USA. In the early 1980's Mr. Bereznicki gained experience in oil and gas asset evaluation working for James A. Lewis Engineering. Following that, he became a partner and an owner of Principal Petroleum Consultants in the late 1980's. In the early 90's he became the Senior Partner and also an owner of Capital Engineering Ltd. which grew to a staff of over 30 people. Later, Mr. Bereznicki joined Mission Energy Ltd. where, as the sole engineer, he was responsible for all daily operations, including supervising all professional staff. In 1995, Mr Bereznicki supervised a staff of engineers and geo-scientists on conceptual development of two (2) oil fields in Kazakhstan for Hurricane Hydrocarbon Ltd. Mr. Bereznicki then joined with Gulf Canada Ltd. as Senior Reservoir Engineer, Business Development in 1996. During the 3 years with the company, he evaluated over $6 billion worth of assets and was directly involved in the purchase of two (2) major assets valued at approximately $1 billion and disposition of one (1) major asset valued at approximately $450 million. In the late 1990's Mr. Bereznicki was asked to join PrimeWest Energy Trust as the Senior Reservoir Engineer, Business Development and was responsible for evaluation of all major assets and most of the acquisitions in the past 13 years. Mr. Bereznicki was directly involved in acquisitions of over $3 billion worth of assets and disposition of over $300 million worth of assets. Mr. Bereznicki holds a degree in electrical engineering from the University of Alberta.

Tyler Rice

Chief Financial Officer and Corporate Secretary

Mr. Tyler Rice, age 30, has over 7 years of accounting experience with public and private corporations in a wide spectrum of industries. Specifically Mr. Rice has over three years of experience in financial reporting for an international oil and gas exploration Company. Mr. Rice is currently the Chief Financial Officer of a private oil and gas company. Mr. Rice has previously served as the Controller for Shelton Canada Corp. prior to its acquisition by Shelton Petroleum Ltd. (August 2007 to January 2011), where he was responsible for managing all aspects of financial reporting, including the preparation of press releases, financial statements, MD&A and reported directly to the board of directors. In addition Mr. Rice concurrently provided consulting services to several public and private oil and gas companies in numerous capacities, including International Financial Reporting Standards, Sarbanes- Oxley implementation and providing virtual CFO services. Prior to joining Shelton Canada Corp., Mr. Rice articled with YPM Chartered Accountants in Lethbridge, Alberta. Mr. Rice is a Chartered Accountant and earned his Bachelor of Management Degree, (Finance) from the University of Lethbridge and holds a Masters in Professional Accounting from the University of Saskatchewan.

We picked up some assets in Jumpbush and in the Ferrybank area. These are a mix of very low-risk shallow gas, to a fairly exciting deep high-productivity opportunity as well. Our intent, like a lot of other outfits, is to make sure that our portfolios are balanced and that we have surefire cash flow generators mixed in with a number of opportunities, which would provide a significant upward step change in our production and cash flow. - Brian Doherty

Company Profile:

Carmen Energy Inc. is based in Calgary, Alberta and a publicly traded oil and gas exploration and production company. The focus is on exploration and development of the Western Canadian Sedimentary Basin. The current portfolio includes the Jumpbush properties in south eastern Alberta, Hamburg properties in northern Alberta and the Ferrybank properties in central Alberta.

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

CEOCFO: Mr. Doherty, what is the idea behind Carmen Energy?

Mr. Doherty: Carmen Energy is a new oil and gas venture here in western Canada. Our intent is to affirm grassroots develop to a minimum of a 5,000 barrel a day company.

CEOCFO: Why come together now as a group to start the new venture?

Mr. Doherty: Post 2008 we realized that once markets started to return that there would be an opportunity particularly in western Canada, where a number of the major outfits are focused, have a preponderance of their production from gas. In other words, they are weighted towards natural gas, Given this position on Natural Gas many of the larger outfits found themselves with cash flow impaired assets yet still had to fund ongoing operation to ensure that even these lower levels of cash flow could be maintained. To do that, these larger outfits would need to monetize smaller, but attractive assets in order to pursue their own development programs. Therefore, we felt that this was an upcoming period of shake-out in the western Canadian Sedimentary Basin with regards to the size of opportunities, and that we would put together a vehicle that would take advantage of that.

CEOCFO: What is the team at Carmen Energy looking at or what have you acquired in terms of projects?

Mr. Doherty: Under the Toronto Stock Exchange Venture requirements, we came in as a CPC (Capital Pool Corporation) and we have just completed what is called a qualifying transaction. A qualifying transaction is fairly heavily scrutinized by the Exchange and the level of regulation is pretty tight. Their intent basically is to launch a nice squeaky clean vehicle on their exchange and provide an opportunity for investors to grow with a small outfit. In that light, we picked up some assets in Jumpbush and in the Ferrybank area. These are a mix of very low-risk shallow gas, to a fairly exciting deep high-productivity opportunity as well. Our intent, like a lot of other outfits, is to make sure that our

portfolios are balanced and that we have surefire cash flow generators mixed in with a number of opportunities, which would provide a significant upward step change in our production and cash flow.

CEOCFO: Carmen is an area with a lot of activity; what was attractive about these particular projects?
Mr. Doherty: In one respect they were assets that when we were in other ventures and other places we had looked at in the past and had recognized the potential. However, it was only recently through the actions of one of our board members that they were put in the position where they would be for sale. So there was an opportunity to be realized here and we quickly identified them as our qualifying transaction. We are moving on other projects as well. In fact, we just press released a four-section deal up in the Hamburg area. Hamburg at one time was the number-one area in Shell world portfolio. In fact on a well-by-well basis they were some of the most profitable wells Shell had in the inventory worldwide. That was twenty-five years ago, but there are still plenty of opportunities in that area and we are very pleased to have acquired access to a multi-section block there and with some drilling locations on them.

CEOCFO: What is the plan for the next year or so?
Mr. Doherty: We intend this fall to undertake the published drilling program that went along with our qualifying transaction press release and move forward on that as well as the Hamburg location. We also intend to review opportunities for additional acquisitions, particularly properties with current production where we can see an opportunity to infill with more wells and/or extend them. We see these as 300 to 500 barrel a day growth opportunities, which falls in line with what I said earlier in that these typically are very small opportunities for the larger guys. However, for us, they are our meat and potatoes and we see those as a niche for us. We intend to identify a couple more of those and then go work through the equity markets to finance them.

CEOCFO: Are there newer technologies or methods that Carmen can take advantage of in being more productive in drilling and production?
Mr. Doherty: When we were identifying our exploitation and acquisition strategy to the board this past fall, we identified four different types of plays that we thought would work for us. Of course, non-conventional oil and gas within a well understood cost framework was two of our four opportunities identified. We will be looking at what could be considered a little bit more sophisticated technologies in terms of horizontal drilling and fracking. There is a real explosion in the industry in that regard, and we intend to look at those two particular mechanisms within some of the opportunities we are looking at.

There are lots of outfits that have come in, they raise some money, drill a couple of things, then the stock pops up and then eighteen months later they are gone. Our minimum time line for people to start looking for a liquidity event is at least twenty-four to forty-eight months.

- Tyler Rice

CEOCFO: What about the availability of equipment and people to do the operations on the ground?
Mr. Doherty: Between the three current employees that you are talking to right now, we have something on the order of 75 years experience here in the patch. In over thirty years we have established a pretty extensive network of contacts, personal friends, and people that we would like to have on our team and people who have expressed the desire to be with us when we are ready to bring them on board. Therefore, acquiring people is not going to be a concern. We have the contacts that will pull together the additional members of the team down the road as we need them, such as moving a land man onto our staff as opposed to working strictly on a contract basis where we are now. The other aspect is that a number of our investors are principals of service and drilling companies, and that quite frankly smoothes a lot of the pathway in terms of acquiring equipment.

CEOCFO: What is the Carmen Energy philosophy in terms of ownership of property?
Mr. Doherty: We would like to be operators. That means typically we are looking at 50% plus. Because we are working within equity markets, we need to have control of when we are drilling and when we are putting equipment out on the ground to enhance our exposure to accretive cash flow events. If we were to take a more passive role through non-operatorship, then we will not be able to the goals that we are imposing upon ourselves.

CEOCFO: What is the financial picture like today for Carmen Energy?
Mr. Doherty: We just finished a $5 million raise as part of our qualifying transaction and, of course, those funds were earmarked for our fall drilling program. As we identify additional opportunities, some of which are in the works right now, we expect that we will be looking to enhance our financial situation through accommodation of cash flow from the newly drilled and productive properties. We expect to see that cash flow start to hit our books around the turn of the year (assuming successful implementation of the fall drilling program), but we will also be out in the market looking for equity financing in part, for some of these acquisitions.

CEOCFO: Do you care if it is oil or gas, or is it strictly opportunistic?
Mr. Doherty: We have a hierarchy of opportunity that we have ranked, and obviously conventional oil is at the top; no surprise there I am sure. However, we also have non-conventional oil and gas opportunities, particularly non-conventional gas, which has higher liquid content. In fact, the Hamburg deal we just announced falls within that sort of category, being a high-rate gas with significantly rich liquid cut, which would of course add greatly to the cash flow stream out of that property. Of course, the right gas target, if you can drill a shallow to intermediate depth gas target with two

to three BCFs and keep your costs in that $1.50 to 1.75 range on per MCF, so at a four and a half to five dollar market for gas, you are going to make money. But they have to be the right opportunities; in other words, low-cost relatively high rate dry gas opportunities. That would be priority four.

CEOCFO: Is this the time a good time for acquisitions?
Mr. Bereznicki: I follow the brokerage markets and their forecast is that in 2011 it is going to be a very high market with a lot of property turnover in many billions of dollars. They foresee that this year there are going to be more properties and more assets available than in previous years. Therefore, we are looking forward to those assets coming on stream. We are monitoring it on a regular basis and they are aware of what we are looking for.

Mr. Doherty: We have a number of contacts, both personal and professional, with a number of the divestment houses here in town. We have put our framework of what the "bite size" we are looking for out in front of them, and we also get direct emails from these guys indicating what is coming up in the market. They are just drawing it to our attention, of course, they are publishing it out there at the same time but they want to make sure that they think this one fits our bill.

CEOCFO: How much is science and how much is instinct when you decide on a project?
Mr. Bereznicki: On every project that we run through, we do economic analysis, which gives us the rate of return; the time or number of months it takes to pay out and that allows us to weigh opportunities that have higher returns and lower risk. There is quite a bit of science involved in the decision-making if we are interested in a property or not, besides the four qualifying things that Brian has mentioned, which is the starting point for screening these assets. Probably the biggest thing is sellers knowing that we are looking for these types of opportunities and they arrived. You just happen to be in the position to have capital available or the ability to raise money, so you can bid aggressively then.

Mr. Doherty: The other thing is I am a geologist by training, and I do the risk assessment from a geological point of view, and from an exploration prospecting point of view. We have been operating in this basin for thirty years and have seen a great deal of these plays in one form or another during our time. Having said that, we still pull together a variety of offset analogies, do statistical analysis to generate what the risk profile is, using some of the P90/P10 type of language to help us quantify just exactly where we sit and what is the most likely case to be expected on any specific prospect. We undertake a fairly rigorous analysis approach. We are just not gut-players per se. We all have instincts that lead us to look at something, but at the end of the day we still have to have the spread sheet that backs up our initial assessment.

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- Zeno Bereznicki

CEOCFO: Carmen has recently done your qualifying; do you do much investor outreach?
Mr. Doherty: One of our directors is a professional long-term investor relations and promoter. We defer a lot of that sort of activity to him. However, having said that, over the next six months to a year I can see us spending more time looking at bringing someone in-house to direct that particular aspect of our relationships.

CEOCFO: In closing, there are many companies to choose from in your industry, why should investors look at Carmen Energy?
Mr. Doherty: I think Carmen is top quartile in terms of having access to deal flow and to wrinkling out those opportunities that are going to have significant upside. There are lots of outfits out there that even in the public stream will stall out at a 200 or 300 to 400 barrels a day opportunity. The principals have a couple opportunities in mind, they launch and it works out, but they do not have the board and the financial context to allow them to make the step up through the 1,000 or 2,500, to 5,000 barrels a day levels. Once you hit those sorts of levels you are in the top 10% of outfits and I think we have the relationships within the Western Canadian basin to allow us to do that.

Mr. Bereznicki: Another reason to consider Carmen Energy is that we do not plan to go for a Hail Mary type pass. We are not into high risk, very high opportunity type plays. We plan to grow through acquisitions, which provide the company security of cash flow. These opportunities do not have a high risk, high reward, but they provide steady cash flow. Once we grow to the sizable entity with cash flow that can support riskier plays, then it is our intention to go into more risky plays. That is going to be a year or two down the road, so the investor should be looking at us from that point of view.

Mr. Rice: There are lots of outfits that have come in, they raise some money, drill a couple of things, then the stock pops up and then eighteen months later they are gone. Our minimum time line for people to start looking for a liquidity event is at least twenty-four to forty-eight months.