



**ANDERSON**  
ENERGY LTD.

Investor Presentation  
Repositioned for Oil Production Growth

December 7, 2011



[www.andersonenergy.ca](http://www.andersonenergy.ca)

## 2 Forward-Looking Statements

Certain statements in this investor presentation including, without limitation, management's assessment of future plans and operations; benefits and valuation of the development prospects described herein; number of locations in drilling inventory and wells to be drilled; timing and location of drilling and tie-in of wells and the costs thereof; productive capacity of the wells; timing of and construction of facilities; expected production rates; percentage of production from oil and natural gas liquids; dates of commencement of production; amount of capital expenditures and the timing and method of financing thereof; value of undeveloped land; extent of reserves additions; ability to attain cost savings; drilling program success; impact of changes in commodity prices on operating results; impact of changes in the royalty regime applicable to the Company; estimates of future revenues, costs, netbacks, funds from operations/cash flows and debt levels; commodity price outlook and general economic outlook may constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation) or "forward-looking statements" (within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended) and necessarily involve risks and assumptions made by management of the Company including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodity prices; currency fluctuations; imprecision of reserves estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; adequate weather to conduct operations; sufficiency of budgeted capital, operating and other costs to carry out planned activities; wells not performing as expected; incorrect assessment of the value of acquisitions and farm-ins; failure to realize the anticipated benefits of acquisitions and farm-ins; delays resulting from or inability to obtain required regulatory approvals; changes to government regulation; ability to access sufficient capital from internal and external sources; and other factors, many of which are beyond the Company's control. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and management's future course of action would depend on its assessment of all information at the time. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and readers should not place undue reliance on the assumptions and forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Anderson's operations and financial results are included in reports on file with Canadian and U.S. securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), the EDGAR website ([www.sec.gov/edgar](http://www.sec.gov/edgar)) or at Anderson's website ([www.andersonenergy.ca](http://www.andersonenergy.ca)).

Estimates of future revenues, costs, netbacks, funds from operations and debt levels may constitute future oriented financial information or a financial outlook under applicable securities laws, and are presented to provide readers with a comparison to levels in 2009 and 2010 based on the various assumptions described or inherent in the estimates. Readers are cautioned that the information may not be appropriate for other purposes.

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The forward-looking statements contained in this investor presentation are made as at the date of this investor presentation and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

**CONVERSION:** Disclosure provided herein in respect of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

- All reserves and production are shown before royalties.
- Canadian dollars are used throughout the presentation except for WTI oil prices which are in US dollars.

## 1. Focused Development on Cardium Light Oil Production in Central Alberta

- Oil provides stronger cash flows than natural gas and reduces debt leverage over time
- Oil & NGL production is expected to grow from 18% in 2010 to more than 50% by sometime in 2012

## 2. Fully Funded 2012 Capital Program

- 4.0 to 5.5 year time horizon for a significant portion of long-term debt reduces refinancing risk
- Sufficient room on existing bank line to provide operational flexibility

## 3. Innovative Experienced Team in Place

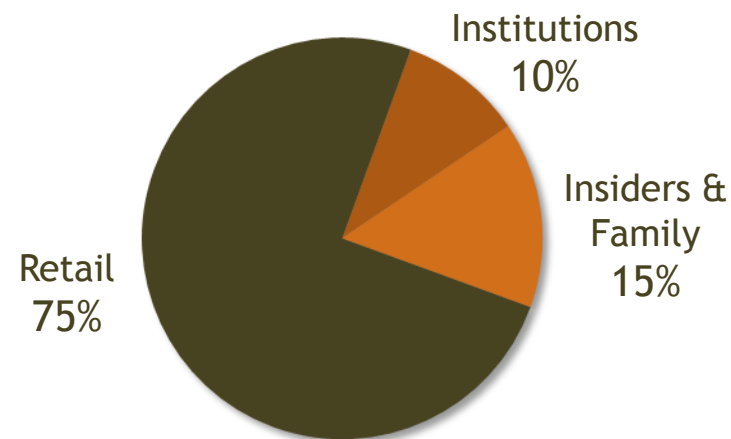
- Strong technical team provides innovative solutions to developing Cardium resources

Trading	
Equity Symbol TSX	AXL-T
Debentures	AXL.DB AXL.DB.B
Trading Volumes <sup>(1)</sup> (Past 12 months)	0.9 million shares/d
Shares Outstanding <sup>(1)</sup>	172.5 million basic

Capitalization	(\$ millions)
Market Cap <sup>(2)</sup>	100
Net Bank Debt <sup>(1)</sup>	109
Total Net Debt <sup>(1)</sup>	193
Enterprise Value	293
Tax Pools <sup>(1)</sup>	473

1. As of September 30, 2011  
 2. As of December 6, 2011

## Ownership



Source: Thomson Reuters

Management, Directors & Anderson family own approximately:  
 15% of the common shares outstanding  
 3% of convertible debentures outstanding

Net Asset Valuation (September 30, 2011)	\$ million
P&P Reserves, pre-tax NPV 10% <sup>(1)</sup>	\$350
Undeveloped Land (excluding Cardium) <sup>(1)</sup>	5
Cardium Prospective Land <sup>(2)</sup>	118
Hedging Gains & Stock Option Proceeds <sup>(3)</sup>	18
Net Bank Debt	(109)
Series B Convertible Debentures <sup>(4)</sup>	(46)
Net Asset Value	336
<b>Net Asset Value per Share</b> <b>(215.1 million fully diluted shares)</b>	<b>\$1.56</b>

1. Reserves report effective date October 1, 2011. GLJ's price forecast at October 1, 2011 for the period 2012 to 2017 is on average \$0.57/Mcf lower than at January 1, 2011, which negatively impacted NPV 10% by \$30 million. Does not include a value for acreage prospective for horizontal oil drilling in the Second White Specs, Viking, Glauconite, Belly River and Mannville zones.
2. Cardium undeveloped land valued at \$2.5 million per net section not booked in GLJ reserves report assuming \$2.4 million NPV 10% per net location drilled over a three year time span (49.3 net unbooked locations).
3. As at September 30, 2011.
4. For the purposes of this calculation, it was assumed that the Series A convertible debentures convert at \$1.55 per share and the Series B convertible debentures with a \$1.70 conversion price do not.
5. The net asset valuation shows what the Company's reserves would be produced at using forecast prices and costs. The value is a snapshot in time and is based on various assumptions, including commodity prices that vary over time. It should not be assumed that net asset value represents fair value of Anderson shares.

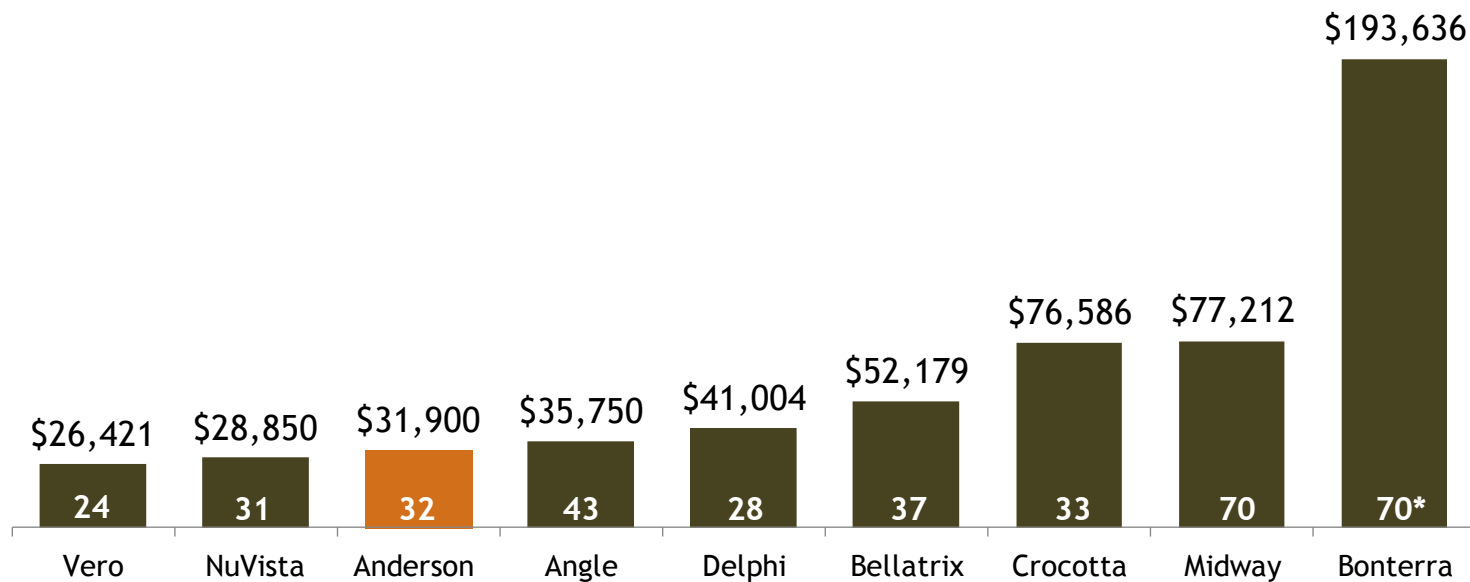
## GLJ Petroleum Consultants October 1, 2011 Reserves Report

### Highlights

- Total Proved plus Probable “P&P” BOE reserves increased 13% to 35.8 MMBOE
- P&P oil reserves increased 62% to 6.3 MMbbls
- P&P oil & NGL reserves increased 45% to 9.5 MMbbls
- Replaced 650% of oil production, 571% of oil & NGL production and 297% of BOE production with P&P reserves with 9 months of drilling activity
- Cardium reserves more than doubled to 9.9 MMBOE (now 28% of reserves) and almost half the value of the Company’s pre-tax NPV 10% reserves



## Current Enterprise Value/ Q3 Average boe/d Compared to Cardium Peers



\* Percentage of oil and NGL's produced

Source: Bryan Mills Iradesso/Yahoo Finance December 6, 2011

## Repositioned for Light Oil Production

## Completed

- ✘ Restructured technical team
- ✘ Built production tank batteries to facilitate new light oil production
- ✘ Developed a drill ready prospect inventory of 2 to 3 years
- ✘ Implemented risk management program
- ✘ Operate 95% of Cardium production

## Next Steps

- Drill and complete approximately 30 net Cardium horizontal wells annually
- Evaluate Cardium enhanced oil recovery opportunities
- Drill and evaluate non-Cardium light oil reservoirs

## Results

Achieve a balanced production portfolio

Increase cash flow per barrel

Reduce op costs per barrel

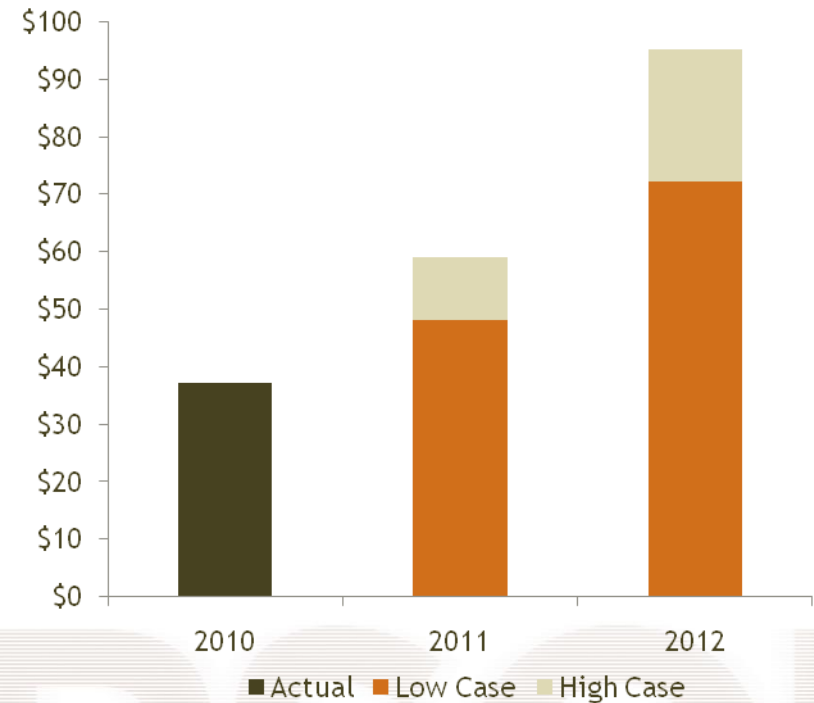
Strengthen balance sheet

TIME

## Evolving to an Oil Weighted Company

- Replacing natural gas production declines with oil volumes improves funds from operations in 2012
  - estimate approximately 200% oil production growth in 2011
  - Oil production growth, cash flow growth and reduced leverage is anticipated for 2012
- Significant hedges in place to protect capital requirements

Potential Impact of Higher Oil & NGL Volumes on Cash Flow (\$mm)



Forecasts based on analyst consensus estimates at October 25, 2011

## Potential Impact of Higher Oil & NGL Volumes on Netbacks

	Average Wellhead Gas Price (\$/Mcf)	Revenue (\$/BOE)	Operating Netback (\$/BOE)	Funds from Operations (\$/BOE)
2009	3.95	27.74	15.07	11.26
2010	3.96	31.31	17.44	13.22
Q1 2011	3.58	36.80	21.96	15.63
Q2 2011	3.79	44.71	25.47	19.75
Q3 2011	3.85	42.16	26.10	18.71
Q1 2012	3.75 to 4.00	53 to 56	36 to 39	27 to 30

Estimate of impact of increasing oil and NGL weighting from 16% in 2009 to approximately 45% in 2012. Assumes estimated oil prices of \$90 - \$100 WTI Canadian plus oil hedging program in Q1 2012.

First nine months 2011 Cardium Operating Netback \$63.78/BOE, Non Cardium Properties \$14.01/BOE.

## 2012 Capital Program Funded with Cash Flow and Existing Credit Facility

### Convertible Debentures

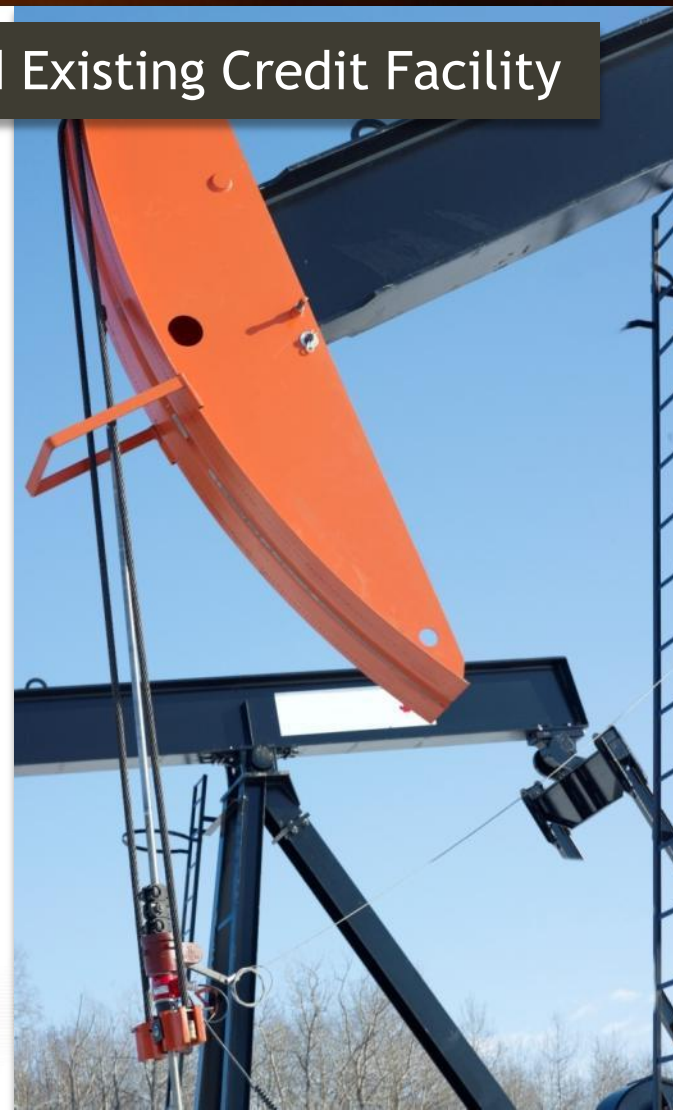
- Series A: \$50 million, 5 year term, 7.5% coupon, conversion price \$1.55 per share, closed December 31, 2010
- Series B: \$46 million, 6 year term, 7.25% coupon, conversion price \$1.70 per share, closed June 8, 2011

### Bank Debt

- \$51.8 million drawn on bank lines at September 30, 2011
- \$108.6 million bank debt plus working capital deficiency at September 30, 2011
- \$135 million in bank lines

### Total Net Debt

- \$192.9 million at September 30, 2011



## Hedging Philosophy

- Hedge produced oil and natural gas volumes to protect capital program and reduce cash flow volatility
- Continue to evaluate the merits of further price management strategies as market conditions permit

## Oil Hedges

- 1,500 BOPD for Q4 2011 through Q1 2012
- 1,000 BOPD for Q2 2012 through Q4 2012
- Average prices range from \$94.18 to \$104.63 per barrel WTI Cdn

## Natural Gas Hedges

- 15,000 GJ/day for October 2011 at \$4.06/GJ
  - approximately 13.9 MMcfd at a plant gate price of approximately \$4.15/Mcf

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# OPERATIONS

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Targeting 50% of total production being oil and NGL sometime in 2012

### Q3/11 Production Average

- 7,351 boe/d
- 32% oil and natural gas liquids

### Reserves at October 1, 2011

- Proved + probable 35.8 MMBOE
- Cardium proved + probable 9.9 MMBOE
- Proved + probable RLI 12.9 years

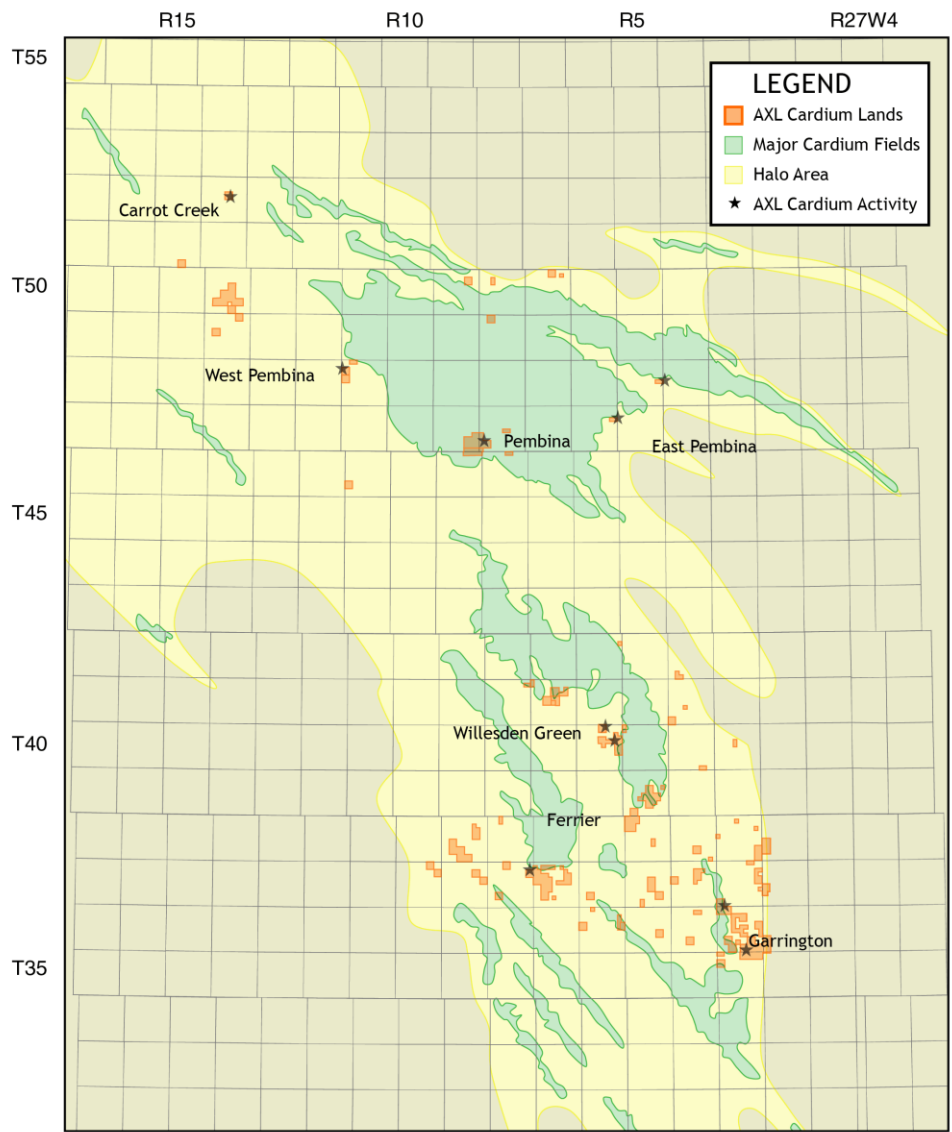
### 2011 Capital Program

- \$145 million

### Q4/11 Production Estimate

- +/- 8,200 boe/d
- +/- 43% oil and NGL





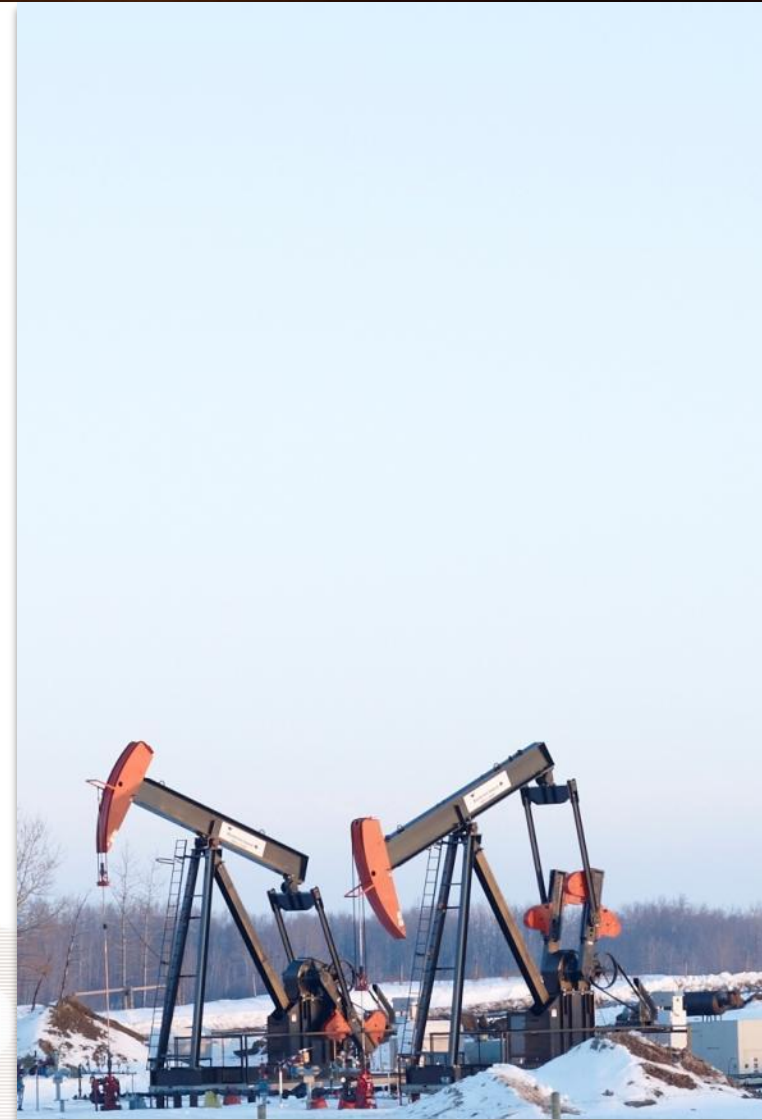
- Cardium drilling focuses on the “halo” or periphery of major Cardium fields
- The best wells are positioned in good quality rock:
  - away from potential pressure depletion and old waterfloods



Cardium Horizontal 1-3-36-3W5 Pad Garrington

# Cardium Drilling & Completion Cost Reductions

- Willesden Green/Garrington Fields
  - 2010 drilling & completion costs \$3 MM per well (13 frac stages)
  - First half 2011 drilling & completion costs of \$3 MM per well (17 frac stages)
  - Q3 2011 drilling & completion costs of \$2.3 MM per well (19 frac stages)
  - 23% capital cost reduction achieved with application of new technology and other cost saving initiatives
  - Have achieved \$2.1 MM per well to date in Q4 2011 (20 frac stages)
    - Goal is to be the lowest cost Cardium operator
- Other Cardium operator D&C costs vary from \$2.5 to \$4.1 million per well
- Lower per well costs reduces well payout from 25 to 19 months
  - More wells can be drilled with less money

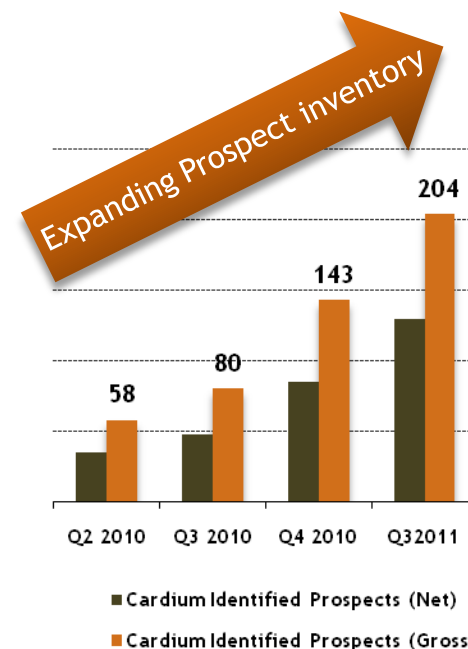


- Land inventory of:
  - 124.5 gross sections
  - 74 net sections
  - 85% in oil fairway
- Industry standard is 3 wells per section or 222 net potential locations



## Cardium Horizontal Oil Drill Ready Locations

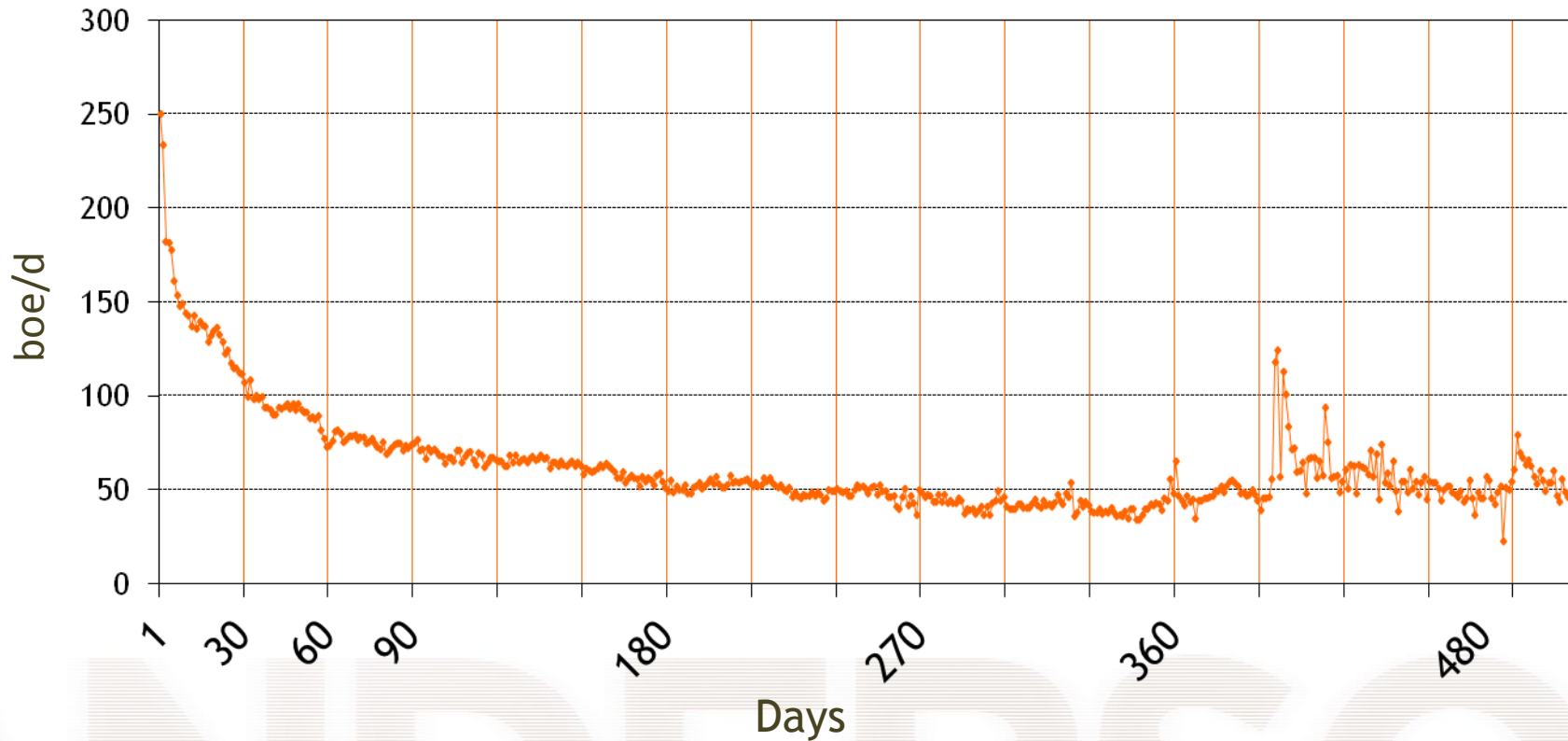
Area	Gross Locations	Net <sup>(1)</sup> Locations
Garrington	71	51.7
Willesden Green	54	37.4
Ferrier	32	17.2
Pembina Areas	47	23.5
<b>TOTAL DRILLABLE</b>	<b>204</b>	<b>129.8</b>
Drilled as of Sept 30, 2011	62	45.6
Remaining as of Sept 30, 2011	142	84.2



1. Net revenue working interest

# Average Individual Well Production vs Days on Production (Normalized to time zero)

Operated Cardium Wells boe/d  
(to October 26, 2011)

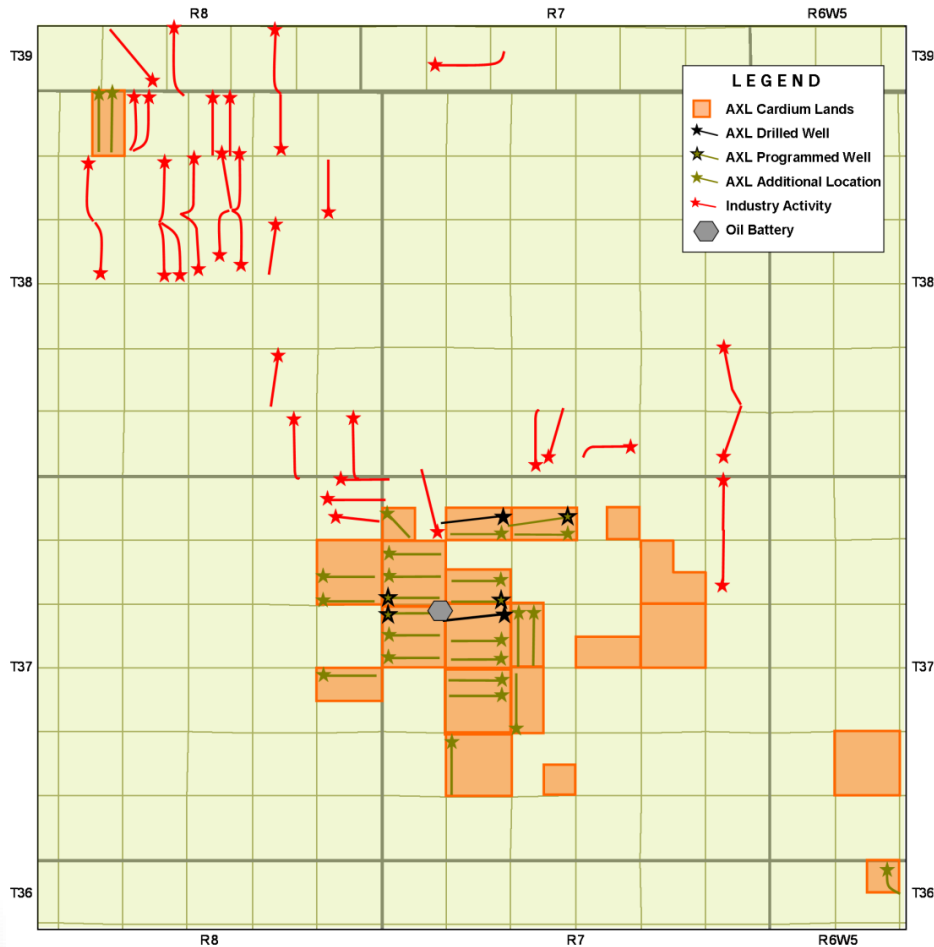


85% Oil & NGL on average, individual wells average production normalized to time zero

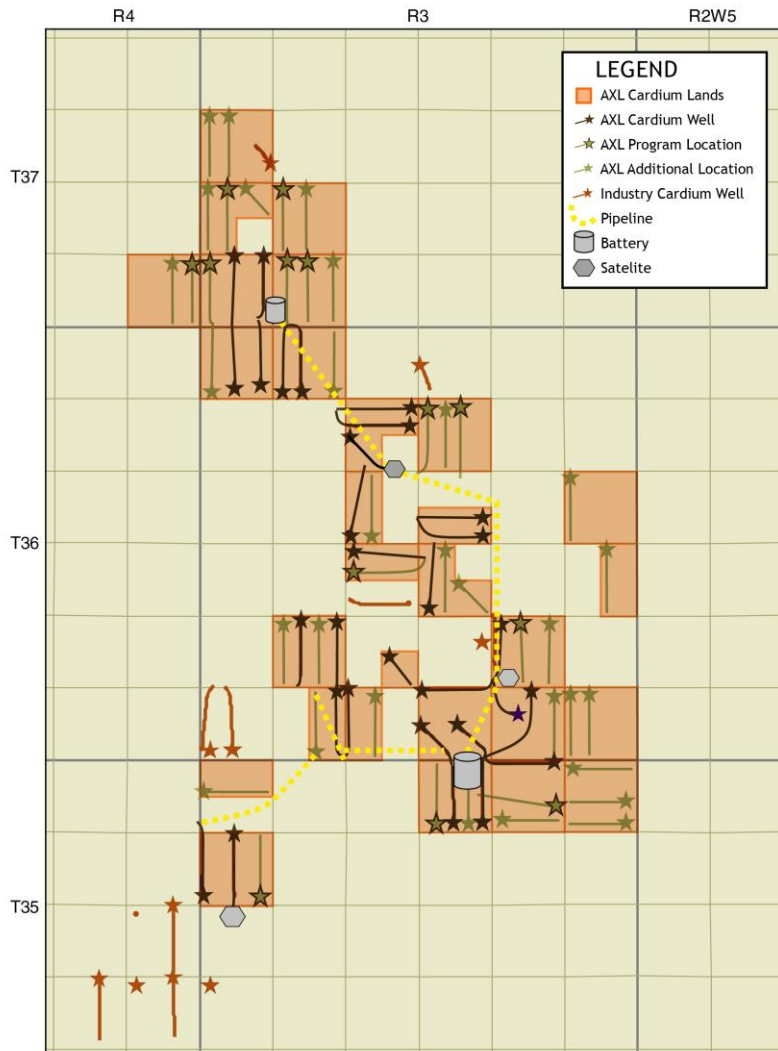
Drilled 40 gross (30.2 net revenue) Cardium wells during the nine months ended September 30, 2011.

	2010	2011	2012
Oil Development	15 net Cardium HZ wells	39 net Cardium HZ wells	20-30 net Cardium HZ wells
Gas Development	13 net Edmonton Sands shallow gas wells 4 net West Pem liquids rich gas wells		Deferred to 2013
Oil Evaluation Projects		New HZ oil projects: SWS, Glauc, Belly River, Viking	2-10 net (Viking, SWS, Glauc, Belly River, Mannville) HZ wells





- New Cardium oil discovery at Ferrier
- 2 gross (1.3 net) wells drilled and on production
  - Average for both wells: IP (30 days) 300 boe/d (73% oil & NGL)
- Identified 30 gross (15.9 net revenue) additional locations to be drilled
  - Two additional appraisal wells to be drilled before year end



- 34 gross (28.2 net revenue) wells drilled and on production as of October 2011
- Identified 37 gross (23.5 net revenue) additional locations to be drilled
- Grew production from 8 BOPD to 1500 BOPD in 16 months
- Reservoir computer simulation study for enhanced oil recovery plan underway
  - **Implementation late 2012**

- First well drilled and on production May 2010
  - Initial well design was 800 metre horizontal with 8 stage oil frac
  - Current well design is 1,400 metre horizontal with 19 stage water frac
- Tank battery and gathering system installed at a 100% working interest facility
  - Batteries and satellites have been connected to central 15-34 tank battery and processing facility
  - Central 15 - 34 tank battery connected via Plains Pipeline System to Rangeland Pipeline on October 24, 2011
  - Considerable processing income from infrastructure investments
- Field has been electrified to further reduce operating expenses
- Has become the Company's highest operating netback property

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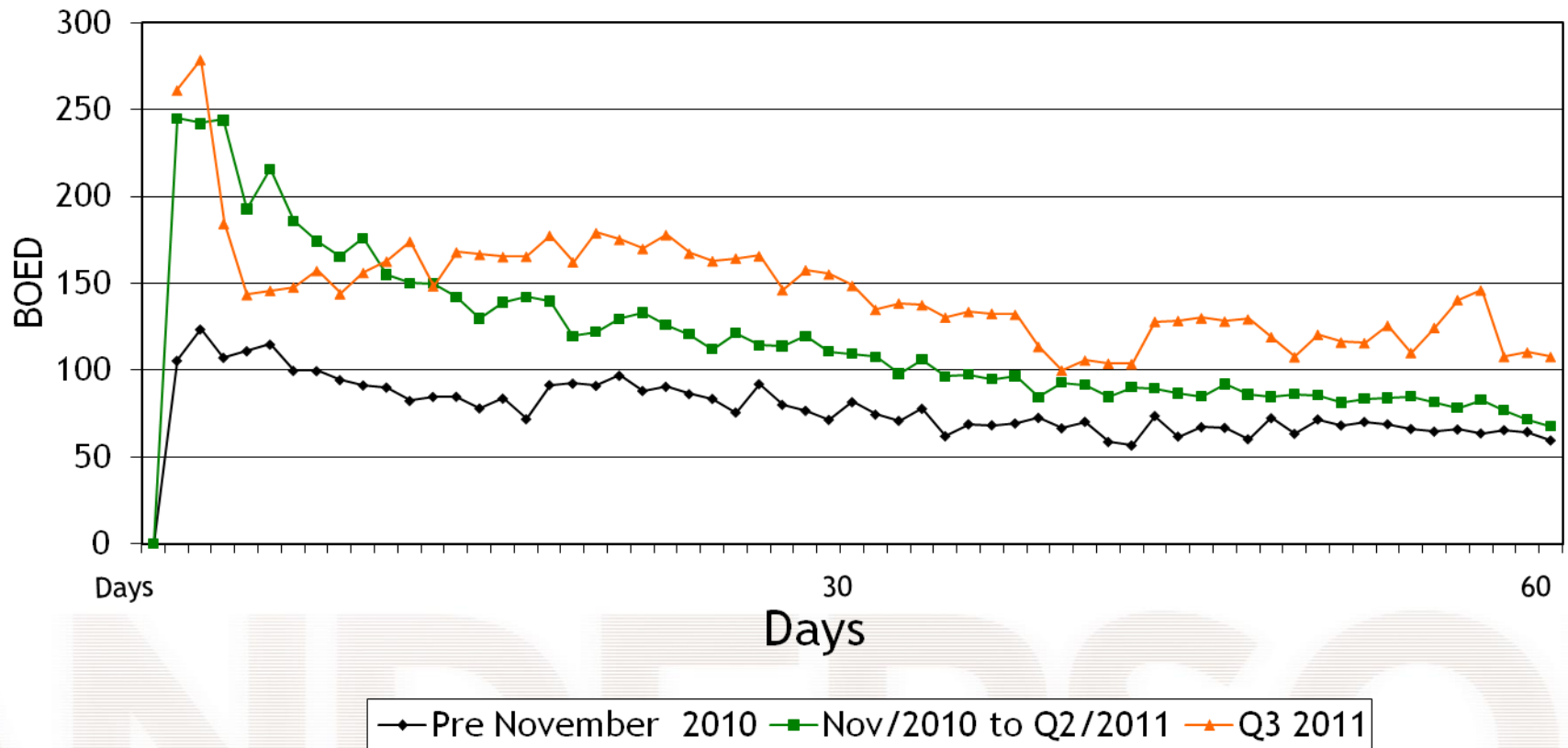
## Cardium Well Performance

- Switched from an interstage frac distance of 100 metres to 75 metres in November 2010
- Made numerous changes to the frac design including moving to water based fracture stimulation in February 2011
- Production engineering enhancement primarily in bottom hole pump design has contributed to better well performance over the past seven months

## Results

- Per well performance has improved since these changes were made as shown in the attached graph of Garrington average well results
- Q3 results reflect more wells drilled in Northern portion of the pool with better results
- Nitrogen no longer used as a frac fluid energizer in Q3

## Garrington Average Well Results (October 26, 2011)



- Acquiring additional Cardium acreage
- Implementing drilling and completion initiatives to lower costs and improve well productivity and reserves
- Evaluating horizontal multi well laterals to further reduce costs

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Opportunity	Plan
Cardium enhanced oil recovery (“EOR”)	Garrington reservoir simulation underway, implementation as early as 2012
Second White Specks (“SWS”), Glauc, Belly River, Viking & Mannville HZ Oil	Viking, SWS vertical well recompletions in Q4, one to five of the zones could be evaluated with horizontal wells in 2012
Cardium HZ Gas	Liquids rich gas/oil to be evaluated in 2013
Westpem Notikewin HZ Gas	Acquiring 3-D seismic, first drill as early as 2013
Additional Cardium Oil Farm-in/ Land Acquisitions	Ongoing

- Evaluating waterflood vs gas flood for implementation in Garrington as early as 2012
- Could potentially double ultimate oil recovery and reserves with EOR
- Gas flood is an attractive option
  - Edmonton Sands gas that is being produced from the same lease could be injected to increase oil recovery
  - Advantage of gas injection over water injection is lower development costs and better injectivity

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- Anderson controls 134 gross (70.5 net) sections of land in this emerging play
- Second White Specs (“SWS”) is the source rock for the Cardium and is situated 100 meters deeper than the Cardium
- Oil quality and hydrodynamic pressure regime is the same as the Cardium
- Drilling targets are situated close to Anderson Cardium production infrastructure
- Industry horizontal activity is commencing in this play
- Anderson will be pursuing this play either on its own or through a joint venture in 2012

- Anderson Energy has repositioned itself as an oil production growth story generating cash flow growth with Cardium horizontal oil drilling
- The business plan is to achieve 50% of total production from oil & NGL by sometime in 2012
- Cardium horizontal oil well multi-year drilling prospect inventory has increased 52% since December 31, 2010 to 204 gross (129.8 net) non-contingent development locations
- In 2012, we expect to see continued oil production growth, significant cash flow growth and reduced debt leverage with a capital program that lives within cash flow and existing credit facilities
- Upside in the Cardium EOR, the drilling of horizontal oil wells in Second White Specs, Glaucinite, Viking, Belly River & Mannville zones and 850 Edmonton Sands natural gas locations



# APPENDIX

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- Q3 2011 highlights
  - Significant increase in funds from operations, positive earnings and improving operating netback/boe achieved by replacing natural gas and NGL decline with oil production of higher value
- Q3 by the numbers
  - \$12.7 million in funds from operations, up 61% from Q3 2010
  - \$7.5 million in earnings
  - 2,345 bpd oil & NGL (1,709 bpd oil), up 76% from Q3 2010
  - \$26.10 per boe operating netback, 63% higher than Q3 2010

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# Cardium HZ Well Economics on Crown Land

	Garrington 133 Mboe	Ferrier 184 Mboe
IP First Month boe/d	145	274
% Oil & NGL first month	93	70
Total Capital (MM\$) per well	2.45	3.1
F&D Cost (\$/boe)	18.42	17.02
Operating Netback (\$/boe)	74.22	53.85
Recycle Ratio (times)	4.0	3.2
Pre-tax Rate of Return (%)	67	69
Pre-tax Payout (months)	19	18
NPV 10% (MM\$)	2.9	3.3

## Assumptions

- October 1, 2011 GLJ Petroleum Consultants price deck: 2012 \$90 WTI oil price, \$4.13/MMBtu plant gate gas price
- New wells benefit from new oil horizontal royalty of 5% for the first 30 months of production

Planning to drill horizontal oil opportunities as early as 2012

Gross Prospective Sections	
SWS Oil	134
Glauc Oil	5
Belly River Oil	2
Viking Oil	2
<b>Total</b>	<b>143</b>

1. One section = 640 acres

# Natural Gas Vertical Well Drilling Inventory

	Gross	Net
Edmonton Sands	552	302
Central AB Liquids Rich	18	14
Subtotal Booked as Reserves 2011-09-30	570	316
Edmonton Sands (additional locations not booked in reserves report)	302	147
Total Gas Locations	872	463

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