



CANADIAN SUPERIOR ENERGY INC.

(AMEX: SNG) – EXPLORATION & PRODUCTION

BUY \$5.00 TARGET

“3rd Quarter Results”

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Current Price:	\$1.95	Market Cap:	\$ 243,750	Average Volume:	330,272
52 Week Range:	\$1.80 / \$ 2.73	EP Value:	\$ 221,750	Yr End Reserves: (Bcf)	35
Shares Outstanding F/D:	125,000	RABUV	\$4.58	Oil/Gas Reserve Mix:	26% / 74%

YEAR	REVENUES	NET INCOME	CASH FLOW	EPS	CFPS	Market Data
2003	\$ 25,568	\$ (312)	\$ 13,492	\$ (0.00)	\$ 0.12	Peer Group YTD: 4%
2004	\$ 31,761	\$ (3,554)	\$ 20,455	\$ (0.03)	\$ 0.19	WTI (Bbl): \$56.10
2005	\$ 44,829	\$ 3,056	\$ 30,042	\$ 0.03	\$ 0.27	NYMEX (mcf): \$7.73
2006E	\$ 40,610	\$ (6,748)	\$ 19,122	\$ (0.05)	\$ 0.15	DOW: 12,305.82
2007E	\$ 54,264	\$ 1,856	\$ 36,558	\$ 0.01	\$ 0.29	NASDAQ: 2,449.06

*Financial Data in Thousands Except for Per Share Amounts (Figures in Canadian Dollars)

Results:

- ❖ Net loss of \$5.7 million or \$0.05 per share, versus (E) for a loss of \$100,000.
- ❖ Cash flow of \$4.1 million or \$0.03 per share, versus (E) of \$6.2 million or \$0.05.
- ❖ Production of 17.2 Mmcfe per day, versus (E) of 16.8 Mmcfe per day.

Analysis:

- ❖ Canadian Superior's 3rd quarter production and revenues came in line with our estimates. However, expenses substantially exceeded our estimates, in particular G&A was higher by \$1.5 million versus our estimate. Some of this cost was associated with the Company's failed attempt at a hostile takeover of Canadian Southern Petroleum. Additionally the Company recorded a non-cash charge for the issuance of 2.75 million stock options in the quarter of \$3.3 million.
- ❖ The Company announced the entering of a private placement for 6,000,000 flow through shares for gross proceeds of \$15.4 million or \$2.56 per share.
- ❖ The Company announced the commitment on the Kan Tan IV for a third well in Trinidad and Tobago in 2007.

Action:

- ❖ Canadian Superior's 3rd quarter was slightly below our expectations mostly due to non-cash expenses and higher G&A costs. With that said the Company is positioned to commence drilling on their offshore Trinidad & Tobago prospects in the 1st quarter of 2007. We continue to believe that shares are attractive at these levels and anticipate investor interest to pick up once the Kan Tan IV drilling rig leaves Brownsville, Texas after completing an extensive refurbishment process. Offshore Trinidad & Tobago is an extremely successful and exciting basin that is typically secluded to large cap billion dollar E&P companies. It is rare for investors to have substantial upside potential to multi trillion cubic feet (Tcfe) prospects with a Company the size of Canadian Superior. We are therefore maintaining our current rating of a **Buy** with a \$5.00 price target.

IMPORTANT DISCLOSURE ON PAGE 2

IMPORTANT DISCLOSURE:

Stock Ratings: Within our three tier rating system, we provide a rating based upon our perceived performance of a particular issue. In general, a **BUY** rating signifies that the stock will outperform the general markets. A **HOLD** rating signifies that the stock is fairly valued and/or reached our target price and we would not recommend aggressive accumulation, and would in certain instances, recommend taking profits. A **SELL** rating signifies that the company is going to under-perform the general markets. The methodology used to determine a rating includes our views on the overall stock market, commodity price environment, each issue's growth profile, management's execution, and expected total return over the next 12 months. Price targets are based on, but not restricted to, analyses of market risk, cash flow, EBITDA, EPS, and our Risk-Adjusted Break-Up Value (RABUV).

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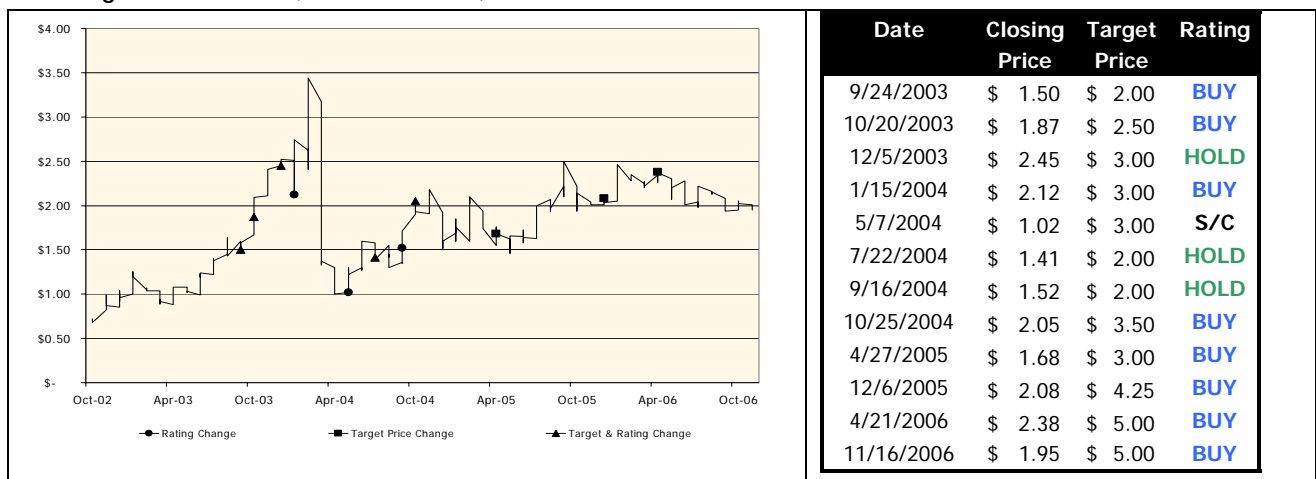
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Research: BUY 71% , HOLD 29% , SELL 0%

Banking: BUY 25% , HOLD 40% , SELL 0%



Canadian Superior Energy Inc. Earnings Model & Operating Data

	2004	2005	Q1 - A	Q2 - A	Q3 - A	Q4 - E	2006E	2007E
REVENUES								
Total Revenues	\$ 31,761	\$ 44,829	\$ 10,498	\$ 9,409	\$ 9,641	\$ 11,062	\$ 40,610	\$ 54,264
COSTS & EXPENSES								
Operating Expenses	\$ 6,991	\$ 7,239	\$ 1,752	\$ 1,814	\$ 2,174	\$ 2,282	\$ 8,022	\$ 10,706
DD&A	\$ 22,256	\$ 23,539	\$ 5,930	\$ 5,919	\$ 6,533	\$ 6,928	\$ 25,310	\$ 33,703
General & Administrative	\$ 4,441	\$ 5,398	\$ 1,815	\$ 1,785	\$ 3,017	\$ 2,000	\$ 8,617	\$ 6,000
Other Expense	\$ 1,800	\$ 3,657	\$ 1,137	\$ 57	\$ 4,038	\$ -	\$ 5,232	\$ -
Interest Expense	\$ 185	\$ 1,015	\$ 128	\$ (207)	\$ 452	\$ 313	\$ 686	\$ 1,000
Total Expenses	\$ 35,673	\$ 40,848	\$ 10,762	\$ 9,368	\$ 16,214	\$ 11,522	\$ 47,866	\$ 51,408
Gross Income	\$ (3,912)	\$ 3,981	\$ (264)	\$ 41	\$ (6,573)	\$ (460)	\$ (7,256)	\$ 2,856
Taxes	\$ 86	\$ (210)	\$ 311	\$ (880)	\$ (820)	\$ 250	\$ (1,139)	\$ 1,000
Net Income	\$ (3,554)	\$ 3,056	\$ (575)	\$ 290	\$ (5,753)	\$ (710)	\$ (6,748)	\$ 1,856
KEY METRICS								
EBITDA	\$ 18,529	\$ 27,400	\$ 5,794	\$ 5,753	\$ 412	\$ 6,780	\$ 18,739	\$ 37,558
Cash Flow	\$ 20,455	\$ 30,042	\$ 6,803	\$ 6,840	\$ 4,110	\$ 6,467	\$ 19,122	\$ 36,558
CFPS F/D	\$ 0.19	\$ 0.27	\$ 0.05	\$ 0.05	\$ 0.03	\$ 0.05	\$ 0.15	\$ 0.29
EPS F/D	\$ (0.03)	\$ 0.03	\$ (0.00)	\$ 0.00	\$ (0.05)	\$ (0.01)	\$ (0.05)	\$ 0.01
Outstanding Shares F/D	108,000	112,170	125,000	125,000	125,000	125,000	125,000	125,000
PRODUCTION								
Oil (Bbl)	229,606	225,570	56,250	51,300	59,340	55,000	221,890	255,000
Price Received	\$ 41.37	\$ 57.96	\$ 59.04	\$ 68.78	\$ 68.68	\$ 68.00	\$ 66.13	\$ 65.00
Natural Gas (Mmcfe)	4,163	4,410	1,222	1,141	1,194	1,300	4,857	6,400
Price Received	\$ 6.76	\$ 9.40	\$ 8.26	\$ 6.31	\$ 5.95	\$ 7.50	\$ 7.01	\$ 7.75
Avg. Daily Production (Mcf)	15,390	16,010	17,330	16,094	17,228	18,111	17,191	22,028
Avg. Price Received (Mcf)	\$ 6.80	\$ 9.46	\$ 8.60	\$ 7.41	\$ 7.21	\$ 8.28	\$ 7.87	\$ 8.34
COST DATA								
LOE/Mcfe	\$ 1.26	\$ 1.26	\$ 1.12	\$ 1.25	\$ 1.40	\$ 1.40	\$ 1.29	\$ 1.35
DD&A/Mcfe	\$ 4.02	\$ 4.08	\$ 3.80	\$ 4.09	\$ 4.21	\$ 4.25	\$ 4.09	\$ 4.25
G&A/Mcfe	\$ 0.80	\$ 0.94	\$ 1.16	\$ 1.23	\$ 1.95	\$ 1.23	\$ 1.39	\$ 0.76
*Financial Data in \$Thousands Except for Per Share Amounts								
*Cash Flow is defined as Net Income, DD&A, Non-Cash Charges, and Deferred Taxes								
*All Numbers are in Canadian Dollars								

Issue	Symbol	Current Price	2006E EPS Est.	2006E CFPS Est.	P/E	P/CF	2007E EPS Est.	2007E CFPS Est.	P/E	P/CF	RABUV	Price Target	Rating	Last Update
Abraxas Petroleum Corp.	ABP	\$ 3.59	\$ 0.09	\$ 0.42	39.47	8.57	\$ 0.28	\$ 0.64	13.04	5.61	\$ 11.62	\$8.00	HOLD	11/06/06
American Oil & Gas Inc.	AEZ	\$ 6.93	\$ 0.19	\$ 0.12	36.80	55.55	\$ (0.02)	\$ 0.06	(394.60)	117.54	\$ 8.92	\$6.00	BUY	08/14/06
Arena Resources Inc.	ARD	\$ 40.53	\$ 1.70	\$ 3.07	23.79	13.19	\$ 2.59	\$ 4.50	15.67	9.01	\$ 42.66	\$42.50	BUY	11/06/06
ATP Oil & Gas	ATPG	\$ 44.79	\$ 0.95	\$ 9.67	47.26	4.63	\$ 5.02	\$ 20.26	8.93	2.21	\$ 55.84	\$55.00	BUY	11/03/06
Berry Petroleum	BRY	\$ 30.78	\$ 2.83	\$ 5.37	10.89	5.73	\$ 3.24	\$ 5.60	9.51	5.49	\$ 49.44	\$45.00	BUY	11/08/06
Canadian Superior Energy	SNG	\$ 1.95	\$ (0.05)	\$ 0.15	(36.12)	12.75	\$ 0.01	\$ 0.29	131.37	6.67	\$ 4.58	\$5.00	BUY	11/16/06
Edge Petroleum Corp.	EPEX	\$ 18.19	\$ (2.02)	\$ 5.17	(8.99)	3.52	\$ 1.72	\$ 6.59	10.55	2.76	\$ 21.97	\$22.50	HOLD	11/09/06
Endeavour International Corp.	END	\$ 2.20	\$ 0.09	\$ 0.23	25.58	9.67	\$ 0.12	\$ 0.57	18.19	3.85	\$ 4.89	\$4.50	BUY	11/16/06
Goodrich Petroleum	GDP	\$ 39.33	\$ 0.73	\$ 2.27	54.24	17.33	\$ 0.52	\$ 3.97	75.53	9.90	\$ 46.36	\$45.00	HOLD	11/16/06
Harvest Natural Resources	HNR	\$ 9.97	\$ (0.86)	\$ (0.56)	(11.64)	(17.83)	\$ 0.29	\$ 0.67	34.29	14.91	\$ 13.35	\$13.00	HOLD	08/21/06
Infinity Energy Resources Inc.	IFNY	\$ 3.33	\$ (2.50)	\$ 0.86	(1.33)	3.89	\$ 0.22	\$ 0.79	15.17	4.24	\$ 5.29	\$5.00	HOLD	11/09/06
NGAS Resources Inc.	NGAS	\$ 7.56	\$ 0.08	\$ 0.61	96.41	12.46	\$ 0.14	\$ 0.71	54.75	10.62	\$ 12.57	\$11.00	BUY	11/10/06
Petroleum Dev. Corp.	PETD	\$ 42.10	\$ 16.71	\$ 19.36	2.52	2.17	\$ 3.26	\$ 6.10	12.91	6.90	\$ 55.06	\$55.00	BUY	11/14/06
PRB Energy Inc.	PRB	\$ 4.00	\$ (0.87)	\$ (0.58)	(4.62)	(6.89)	\$ 0.17	\$ 1.09	23.62	3.66	\$ 6.94	\$7.00	BUY	11/14/06
The Exploration Co.	TXCO	\$ 12.88	\$ 0.47	\$ 1.30	27.47	9.92	\$ 0.83	\$ 2.00	15.56	6.44	\$ 18.05	\$15.00	BUY	11/03/06
Teton Energy Corp.	TEC	\$ 5.09	\$ (0.28)	\$ (0.24)	(18.25)	(21.50)	\$ 0.03	\$ 0.56	153.65	9.04	\$ 8.93	\$8.50	BUY	11/14/06
Whittier Energy Corp.	WHIT	\$ 7.70	\$ 0.71	\$ 2.24	10.85	3.44	\$ 1.22	\$ 3.71	6.32	2.08	\$ 12.58	\$12.00	BUY	11/15/06
Group Median					10.89	5.73			15.56	6.44				