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**November 27, 2007 – Canext announces third quarter results and operational update.**

Calgary, Alberta - Canext Energy Ltd. (“Canext” or the “Company”) (TSXV – CXZ) is pleased to announce its operating and financial results for the three months ended September 30, 2007. On June 22, 2007 Canext completed its amalgamation with Trimox Energy Inc and Tasman Exploration Ltd. These results reflect the first full quarter of production and revenue from the combined entity.

**Highlights:**

- Production increased 193% to 1,254 boepd from the second quarter of the year;
- Production per share increased 26% from the second quarter;
- Cash flow increased to \$1,623,000 up from \$619,000 in the second quarter;
- Sold 100 boepd of non operated production;
- Drilled two (one net) operated wells and participated in non-operated drilling of five (0.3 net) wells resulting in six (1.1 net) gas wells for a 85% success rate;
- Subsequent to the quarter the Company drilled six (4.3 net) wells resulting in two net oil wells, three (1.8 net) gas wells and one (0.5 net) dry hole for an 88% success rate;
- Successful price risk management program added \$462,000 or 13% to the gas price;
- Capital spending net of dispositions totaled \$975,000 in the quarter;
- Maintained a debt to annualized cash flow ratio of less than one year;
- Subsequent to the quarter increased the bank line to \$12,500,000; and,
- Recorded a ceiling test write-down of \$10,000,000 due to a decline in forecasted natural gas prices.

Interim financial statements along with management’s discussion and analysis have been filed on SEDAR ( [www.sedar.com](http://www.sedar.com) ).

**Operations Update**

As discussed in the August 27, 2007 press release, the Company’s Pouce Coupe production has been hampered by limited interruptible third party gas processing. In September, Canext had approximately 100 boepd shut-in due to plant turnarounds. In addition, the Company had 135 boepd of new production waiting to come online. As a result of the construction of a new area plant and debottlenecking of gathering systems, Canext expects to have 3,000 mscf/d (500 boepd) of firm processing capacity by the first week of December 2007. A portion of the Company’s production (80 – 90 boepd) still flows to a different area plant under interruptible processing capacity. Firm capacity will not be available at this plant until July of 2008. Subsequent to the quarter, Canext drilled and cased three (1.8 net) gas wells at Pouce Coupe with a 100% success rate. The average cost to drill and case is estimated to be \$750,000/well, a reduction of 25% from last year. Completion operations are proceeding on seven zones in these wells. It is anticipated two of the wells will be on-stream prior to year end and tie-in on the third well will be completed in 2008.

At Worsley, the Company drilled and cased two (1.0 net) 2,100 meter Devonian wells. The first well has been completed as a low rate gas well. The second well has been cased with an open hole drill

out scheduled shortly. The Company believes this completion technique will result in a higher rate well with increased recoveries. Both wells are scheduled to be tied in before year end.

In September, Canext started having production problems with one well. The problems required repeated trips to the well with a service rig, rod rig and/or flush by unit. Costs associated with the repairs accounted for 5% of the Company's operating expenses for the quarter. These problems resulted in the loss of 80-100 boepd and have continued into the fourth quarter. The Company is currently working with a specialist on a longer term solution to restore as much of this production as possible.

Subsequent to the quarter Canext drilled and completed two oil wells at Retlaw. These wells were recently placed on production. In addition, the Company sold approximately 60 boepd (360 mscf/d) of non core gas production at Retlaw for proceeds of \$2,045,000.

### **Ceiling Test Write-down**

The Company recorded the business combination with Trimox and Tasman as a reverse takeover by Canext issuing shares at a deemed price of \$0.88/share. The majority of the costs of acquiring the assets along with the transaction costs were added to the property, plant and equipment. Based on a decline in the forecasted natural gas price, the Company determined there had been an impairment in the carrying value of property, plant and equipment and recorded a \$10,000,000 write-down. The impairment does not affect future reserves however, should forecasted natural gas prices increase there would be no reversal of this charge. As a result, the Company recorded a loss of \$10,989,000 for the three month period ended September 30, 2007.

### **Normal Course Issuer Bid**

On September 27<sup>th</sup> the Company announced its intention to complete a normal course issuer bid. To date the Company has purchased and cancelled 500,000 shares at an average price of \$0.415/share. The issuer bid expires on October 4, 2008.

### **Alberta New Royalty Framework ("NRF")**

On October 25<sup>th</sup>, 2007 the Alberta government announced changes to the royalties payable on all Crown mineral leases. Alberta Crown royalties account for 62% of Canext's total royalties. If the NRF were to be applied today, the Company expects royalties would increase from 20 to 25% at a \$6.00 gas price. At a \$7.00 gas price, average corporate royalties would increase to approximately 27%. The actual royalties paid will be a function of the gas price, production rate per well, gas cost allowance, depth adjustment factor (>2,000 m) and final implementation of the NRF. The NRF is most punitive to high rate wells. Canext believes the economics for exploration on several of its prospects on the Peace River Arch will be negatively impacted. The company is currently reassessing its opportunities while waiting for further clarification on the NRF..

### **2008 Capital Program**

Canext is currently finalizing its 2008 capital program. The Company requires clarity on the NRF with respect to depth adjustment factors for deep gas wells and/or horizontal wells. Guidance will be issued early in 2008 once the Alberta government clarifies the implementation and Canext can confirm it is allocating capital to the best projects.

The Company expects to direct a major portion of its 2008 capital budget to Montney/Doig drilling at Pouce Coupe. Canext has determined that additional vertical wells could be drilled and brought online next summer. The high rate flush production would pay lower royalties under the old system and by the time the wells decline to the lower rate / long life portion of the production trend the royalties would be decreased under the NRF in 2009. This improves the economics of these prospects.

Directionally, the Company anticipates increased capital spending in 2008 which should result in further production increases. Longer term, the Company believes the NRF supports more of an acquire and exploit strategy. Canext has the management team and senior staff to evaluate and execute these types of opportunities. In addition, the Company believes it can continue to consolidate interests and properties in an accretive manner to all shareholders.

## **Outlook**

To date in the fourth quarter, the Company has completed and tested wells totaling 330 net boepd. For the balance of the year the Company is planning eight completions and re-completions which based on log analysis and analogs should test another 450 boepd. The Company has brought four wells on-stream in late November and plans to bring on six more wells in December. Currently, the Company has two service rigs and two pipeline crews working on the Peace River Arch.

Within a week Canext expects to re-start drilling on its exploration lands in Clear Prairie. The Company plans to drill an additional three (1.7 net) wells prior to year end. If successful these wells would be brought on-stream early in 2008.

Continued weakness in the gas price has caused the Company to reduce its capital spending in the second half of 2007 from \$10,000,000 to \$6,000,000. Combined with property dispositions, partial processing restrictions at Pouce Coupe and operational problems on one well, the Company will likely not meet its exit rate target of 1,700 boepd. The Company expects production in the first quarter to reach 1,600 to 1,700 boepd.

### *Reader advisory:*

*The term "BOE" may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio for natural gas of 6 mscf: 1 bbl has been used which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

*Investors are cautioned that the preceding statement of the Company may include certain estimates, assumptions and other forward-looking information. The actual future performance, developments and/or results of the Company may differ materially from any or all of the forward-looking statements, which include current expectations, estimates and projections, in all or part attributable to general economic conditions and other risks, uncertainties and circumstances partly or totally outside the control of the Company, including natural gas/oil prices, reserve estimates, drilling risks, future production of gas and oil, rates of inflation, changes in future costs and expenses related to the activities involving the exploration, development and production of gas and oil hedging, financing availability and other risks related to financial activities.*

**The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.**

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