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**May 26, 2008 – Canext announces first 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 March 31, 2008.

**Highlights:**

- Production averaged 1,096 boepd up 4% from the fourth quarter and 230% from the first quarter last year,
- Production per share increased 23% from the same period last year,
- Cash flow increased 262% (cash flow per share 39%) from the same period last year,
- Operating netback increased 6% to \$28.90/boe,
- General and administrative costs declined 43% to \$4.19/boe,
- Announced the discovery of a large light oil pool at Clear Prairie,
- Completed and tested additional gas at Clear Prairie and Clear Hills,
- Undeveloped land increased to 105,783 net acres up 248% from the same period last year.

The following table summarizes some of the key financial results. Complete financial statements with accompanying notes along with management’s discussion and analysis have been filed on SEDAR ( [www.sedar.com](http://www.sedar.com) ).

	Three Months Ended		% Change
	March 31, 2008	March 31, 2007	
Production (boe/d)	1,096	332	230%
Production per mm shares	14.4	11.7	23%
<b>Highlights (\$000's)</b>			
Revenue	5,385	1,442	273%
Cash flow	2,342	647	262%
Net earnings/(loss)	(784)	(249)	215%
Capital spending	2,956	4,931	(40%)
<b>Per Diluted Common Share</b>			
Cash flow	0.03	0.02	39%
Net earnings/(loss)	(0.01)	(0.01)	14%
<b>Balance Sheet at period end (000's)</b>			
Property, plant and equipment	60,194	20,800	189%
Working capital deficiency	1,168	803	45%
Bank debt	9,695	0	
Shareholders' equity	47,657	19,866	140%
Wt average shares 000's	76,294	28,389	169%

Revenue \$/boe	53.99	48.26	12%
Royalty \$/boe	(10.96)	(11.94)	(8%)
Opcost \$/boe	(13.74)	(9.05)	52%
Transportation \$/boe	(0.39)	(0.05)	680%
Operating Netback \$/boe	28.90	27.22	6%
G&A \$/boe	(4.19)	(7.40)	(43%)

## Production

First quarter production growth was hampered by a plant fire on February 13, 2008 at a third party gas processing facility at Boundary Lake South. Approximately 75 boepd (7%) of the Company's production was offline plus 30 - 40 boepd of anticipated production adds. The plant was brought back on line May 10, 2008. During the quarter, the Company was successful in bringing a new light oil discovery (announced March 13 and March 17, 2008) on-stream at Clear Prairie. Subsequent to the quarter the well was shut-in for spring break-up and is anticipated to re-start early June. Based on the down time for Clear Prairie and the delayed start-up for the Boundary Lake South plant, the Company expects second quarter production to be flat to the first quarter. Production growth is forecasted for the second half of the year as the Company's summer drilling and re-completion program gears up and all production is back on-stream.

## Property Dispositions

The Company had planned to sell up to 500 boepd of non core properties. Subsequent to the end of the quarter, the Company received multiple bids for these properties. Based on strengthening commodity prices, the majority of the bids were rejected. However, the Company has agreed to sell its Retlaw and Hines Creek assets. The sale is conditional on the purchaser arranging the necessary financing with closing estimated by June 30, 2008. Assuming this sale closes, and combined with three other minor property sales in various stages of closing, Canext expects proceeds of approximately \$6,800,000. Current production from these assets is approximately 220 boepd with Proven reserves of 170 mstb and Proven plus Probable (P+P) reserves of 350 mstboe. The Future Development Capital ("FDC") will drop by \$402,000 after giving effect to these dispositions. Therefore, the Company is selling production for \$30,900/boepd, \$40.05/boe Proven or \$19.45/boe P+P (\$20.61/boe P+P incl change in FDC).

## 2008 Capital Program

Canext has approved a capital budget of \$16,000,000 for the full year. The program includes the drilling of 15 (9.3 net) wells and recompletion of three (1.5 net) wells. The majority of the budget will be spent on development drilling and completion opportunities which have a higher probability of adding immediate production.

At Pouce Coupe the Company is planning to drill two (0.75 net) horizontal wells. One well will be a horizontal re-entry targeting the lower Montney. The second well will be drilled from surface and will target the Upper Montney and Doig zones. Both wells are expected to be completed with multiple fracs to maximize the initial rate and ultimate recovery. The Company is also planning two (1.1 net) vertical wells at Pouce Coupe to extend the Montney trend. Assuming all of Canext's land at Pouce Coupe is prospective for Montney gas, the Company has an inventory of 21 net horizontal wells at two horizontals per section. Accordingly, based on natural gas prices and available capital, the Company may drill additional wells in the fall.

Canext is planning four (3 net) gas wells at Birch. Drilling and completion activities will start in June with production anticipated by mid summer. The Company has an inventory of 13 (9 net) natural gas opportunities at Birch. Most of these wells have multiple targets which can be commingled resulting

in faster payouts. Based on natural gas prices and available capital Canext may add a second round of drilling at Birch in the fall.

Canext is planning three (1.8 net) wells for the balance of the year on its light oil pool discovery at Clear Prairie. Two (1.2 net) of the wells will be drilled as step outs from the same surface pad of the discovery well. The Company has applied to amend the surface lease to allow for two additional wells and construct an all season access road. Approval is expected shortly and the work is forecasted to commence in the third quarter. Canext is also planning a twelve square mile 3D seismic program to help define the development and step out drilling program for 2009. Based on current mapping the Company believes it has 20-30 potential locations on this light oil pool.

The capital budget will be funded by cash flow of \$9,500,000, proceeds from property dispositions, bank debt, and possible equity financings.

## **Outlook**

Several companies have recently shown considerable interest in the Montney-Doig resource play at Pouce Coupe. Horizontal wells are being drilled in the Upper Montney-Doig by Birchcliff and in the Lower Montney by Encana. Down spacing offsetting Canext's land has been applied for by Encana (12 wells per section Lower Montney), Talisman (8 wells per section Lower Montney), CNRL (4 wells per section Lower Montney) and Birchcliff (4 wells per section Upper Montney). Based on tests to date and well logs from approximately 50 wells drilled through Canext's acreage, the majority of the Company's land is mapped as being prospective for Doig, Upper and Lower Montney. The stacked pay zones should lead to higher overall recovery and better economics.

The Company is well positioned for future growth balanced between light oil at Clear Prairie and natural gas on the Montney-Doig resource play at Pouce Coupe. In addition, the large undeveloped land base along with the strong inventory of exploration prospects provides a framework for continued growth.

The Company has placed an updated presentation on its website.

### *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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