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Company Summary

June 13, 2008

Drake Pacific Enterprises Ltd. (DPE : TSX-V)

Current Price : \$0.34

Coverage Initiated:
\$0.34 (June 13, 2008)

Highlights:

- current production of 200 - 250 boepd significantly higher than the 89 boepd reported for Q1/08
- aggressive 2008 drilling program planned
- pursuing growth through the drill bit and acquisition opportunities
- trading at a low multiple of cash flow and market cap per flowing boe
- trading at a significant discount to NAV

DISCUSSION:

Drake Pacific Enterprises is engaged in the exploration and development of petroleum and natural gas primarily in Alberta. Over the past 12 months, the company has undergone a significant transformation from an entity with modest operations, little investor exposure, and few growth initiatives, to a company that is operating aggressively, has an increased interest in investor communication, and is rebalancing its properties to provide a foundation of growth for the future. Drake Pacific currently has a value-oriented portfolio of property interests in core areas such as Sousa, Swan Hills, Retlaw, Provost, Gilby, Alderson, Suffield and Carmangay, and is actively looking for new property acquisitions.

During the first quarter of 2008, Drake Pacific was concentrated on streamlining and optimizing existing operations with well workovers, new compressors and other key infrastructure changes. The company sold its Taber property and acquired new partners at Sousa. While production during the first quarter declined to 89 boepd, Drake Pacific is now producing over 200 boepd as a result of these activities and is on target for its projected Q2 exit rate of 250 boepd.

At Carmangay, the company's ownership in one well was recently pooled into 3 wells and year-over-year production was reduced due to rate restrictions imposed by the Energy Resources Conservation Board (ERCB). Carmangay is presently contributing about 35-45 bopd. A Swan Hills oil well (0.7 net) drilled in Q1 began production on April 12, 2008. Since break-up occurred at the pivotal time of completion and production start-up, Drake Pacific opted to put a hydraulic pump jack on the well which is limiting its production to 50 bopd. Output from the Swan Hills well will likely be increased after further testing and evaluation.

At Sousa, the company has reactivated and tied-in two previously shut-in wells to the infrastructure that was purchased and modified on adjacent lands. Sousa now has year round access compared to the previous winter-only operation. The former 9-2 gas well (0.25 net) and the 13-12 gas well (0.525 net) are now producing at flush rates. Gross production is anticipated to settle at about 30 bopd and 700 mcf/d of natural gas. Workovers were also completed on several shallow wells on the adjacent field.

At Gilby, a compressor was added in February 2008, and one new well along with one existing well have both improved production. Other areas of gas production were down during Q1 for plant turnarounds or as a result of freezing-off in very cold weather. Each of these issues has been addressed and production has resumed at expected levels.

The company is planning to fund its 2008 capital expenditure program from cash flow, an increased bank line, the exercise of existing warrants, and through the completion of a private placement financing in the coming months. The resulting capital will enable Drake Pacific to complete its planned program of drilling new wells and completing one or more of the acquisition opportunities which are currently being evaluated. The 2008 program includes drilling at Retlaw, Sousa, Swan Hills, and possibly additional wells at Suffield.

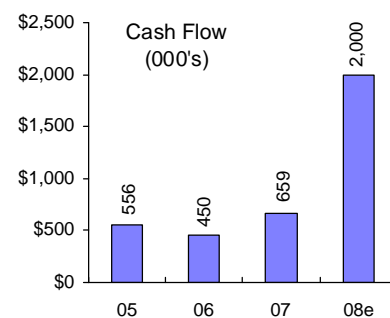
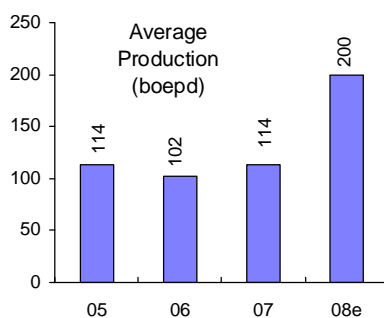
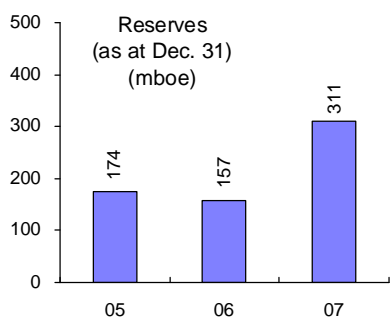
At December 31, 2007, the company's proved plus probable reserves nearly doubled, increasing to 311,000 barrels of oil equivalent from 157,000 boe at December 31, 2006. Total proved reserves increased by 78% to 207,000 boe. The value of before-tax proved and probable reserves increased from \$4.45 million to \$6.19 million (\$0.58 per share) using a 10% discount rate. Expected production from the reactivation of wells at Sousa and the newly drilled oil well at Swan Hills has not been evaluated with the reserve reports at this time.

Drake Pacific's production now exceeds 200 boepd (60% oil) with the potential to reach 250 boepd by the end of June 2008. Production of 250 boepd should generate annualized cash flow of \$2.0 to \$2.5 million or \$0.20 to \$0.24 per share. In addition, the company has the potential to reach up to 800 - 1,000 boepd by the end of 2008. While this is not an official projection, even if Drake Pacific achieved half of this goal, a significant impact would be made on the company's revenues and cash flow. Based on estimated Q2 exit production of 250 boepd, Drake is trading at a price to annualized cash flow multiple of less than 2 times. Also, with the current market capitalization of only \$3.6 million, the company's market cap per flowing boe is just \$14,500.

FINANCIAL AND OPERATING RESULTS

	3 months ended Mar. 31		Year ended Dec. 31	
	2008	2007	2007	2006
FINANCIAL (000's)				
Revenues	\$ 495	\$ 652	\$ 2,156	\$ 1,610
Cash Flow	121	275	659	450
per share	0.011	0.039	0.070	0.065
Net Income	(275)	87	(239)	(408)
per share	(0.026)	0.012	(0.025)	(0.059)
PRODUCTION				
Oil & NGLs (bpd)	25	76	49	25
Natural Gas (mcf/d)	382	356	390	462
Boepd (6:1)	89	135	114	102

	For the years ended December 31 (000's)			
	2005	2006	2007	2008e
FINANCIAL				
Revenues	\$ 2,127	\$ 1,610	\$ 2,156	n/a
Cash Flow	556	450	659	2,000
per share	\$ 0.099	0.065	0.070	0.20
Net Loss	(159)	(408)	(239)	n/a
per share	(0.028)	(0.059)	(0.025)	n/a
PRODUCTION				
Boepd (6:1)	114	102	114	200



MANAGEMENT & DIRECTORS:

Roger Penner, *President & CEO*

Sandra Towpich, *Vice President*

Neil Orr, *VP Operations & Business Development*

Dallas Hawkins, *Director*

Thomas Fehr, *Director*

Chris Bradley, *Director*

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BALANCE SHEET

(As at March 31, 2008)

Current Assets	\$ 1,686,169
Total Assets	6,417,622
Current Liabilities	3,977,664
Long-Term Debt	nil
Shareholders' Equity	1,636,376

SHARES OUTSTANDING

(As at May 30, 2008)

Basic	10,649,647
Fully-diluted	* 15,361,920

* management and directors - approximately 17% of the basic shares issued and outstanding

* there are 3,260,309 warrants and 1,451,964 stock options included in the fully-diluted share figure

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