

Investor Presentation December 2011



Overview

Compelling investment

Strong production growth

- 300 to 3,500 bopd (YE '11 to YE '12)
- Gross 2P reserves of 10.2 mmboe
- Contingent Resources (CR) of 20.6 mmboe⁽¹⁾

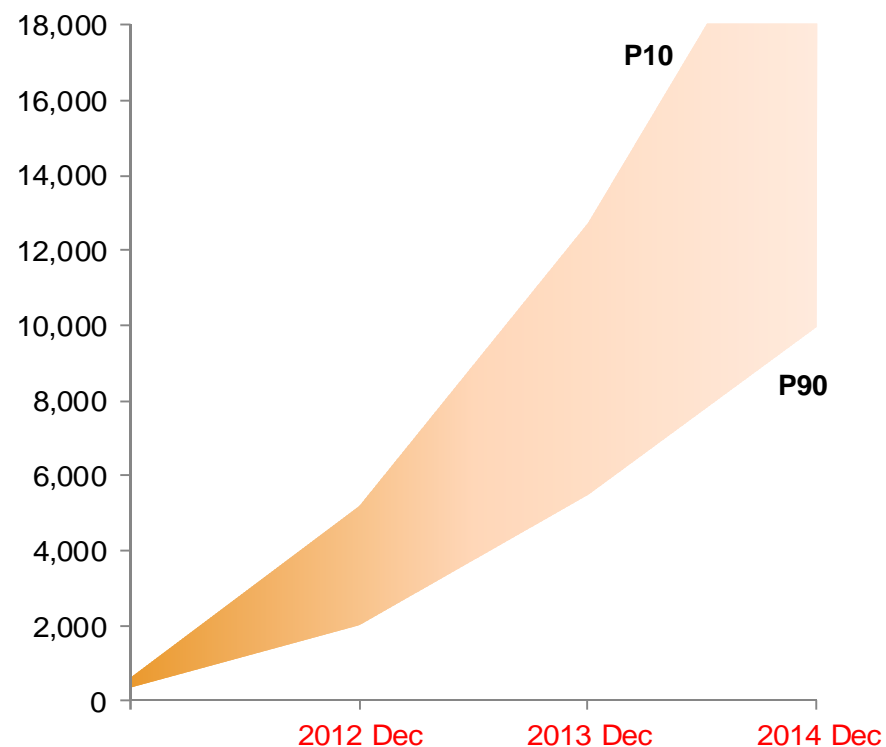
Proven operational track record

- Highly experienced team
- Strong drilling results to date
- Apply state-of-the-art geoscience, drilling & completion technologies

Significant exploration opportunities







- First discovery made in attractive Williston basin
- 18 additional leads
- Mapped prospects in all core areas

Targeted production (bopd)²⁾



- 1) Hydrocarbon volumes estimated by Gaffney, Cline & Associates; aggregation & conversion to boe performed by Fram
- 2) Company projections

Experienced senior management team

Team member	CV in brief
 <p>Patrick Keenan (1951) Managing Director & CEO</p>	<ul style="list-style-type: none"> ➤ 37 years broad experience in the oil & gas industry ➤ Successfully headed up several companies (NUMAR, Coherence Technology, GeoMechanics International) from start-up through development phase to listing or sale to Core Labs, Halliburton & Baker Hughes ➤ BA (Honors) University of Lancaster, England. Trained Geologist
 <p>John O'Keefe (1949) Executive VP & CFO</p>	<ul style="list-style-type: none"> ➤ 39 years high level experience in all facets of the energy industry ➤ CFO of public energy companies Lucas Energy, Blast Energy Services, Ivanhoe Energy, Puerto Rico Sun Oil with listings on the NYSE, Amex, dual listing on TSX & NASDAQ, OTC ➤ BA (Honors) Business, Chartered Accountant, PMD exec. program at Harvard Business School
 <p>Dr. Erling I. H. Siggerud (1962) VP Exploration</p>	<ul style="list-style-type: none"> ➤ 21 years experience in the E&P industry (Pertra, Roxar, PGS, Statoil) & academia ➤ Extensive global experience in a variety of hydrocarbon basins ➤ Ph.D in Geology from the University of Bergen, Norway
 <p>Jim Oberkircher (1960) VP Operations</p>	<ul style="list-style-type: none"> ➤ 30 years of experience in the energy service industry (Dresser, Sperry Sun) ➤ Halliburton global manager for multilateral well technology ➤ BS in Mechanical Engineering from the Carnegie-Mellon University
 <p>David Cook (1962) VP Land & General Counsel</p>	<ul style="list-style-type: none"> ➤ Licensed to practice law in the State of Colorado for the last 20 years with a transactional & business focus ➤ Owner & Founder of "Academy Title Insurance Company" since 2000 ➤ BA from Colorado College, JD from University of Colorado
 <p>Pål Kristian Moe (1967) GM Norway</p>	<ul style="list-style-type: none"> ➤ 16 years of experience from finance within investment- & corporate banking ➤ International experience from transactions & the United Nations ➤ MS Economics & Marketing, University of Tromsø, Norway

Current asset portfolio

Piceance Basin, Colorado

- Fram owns leases on 54,938 gross acres (47,212 net) in Whitewater Unit

Gross 2P Reserves	GCA ¹⁾ (mmboe)
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Dakota formation (Oil)	8.15
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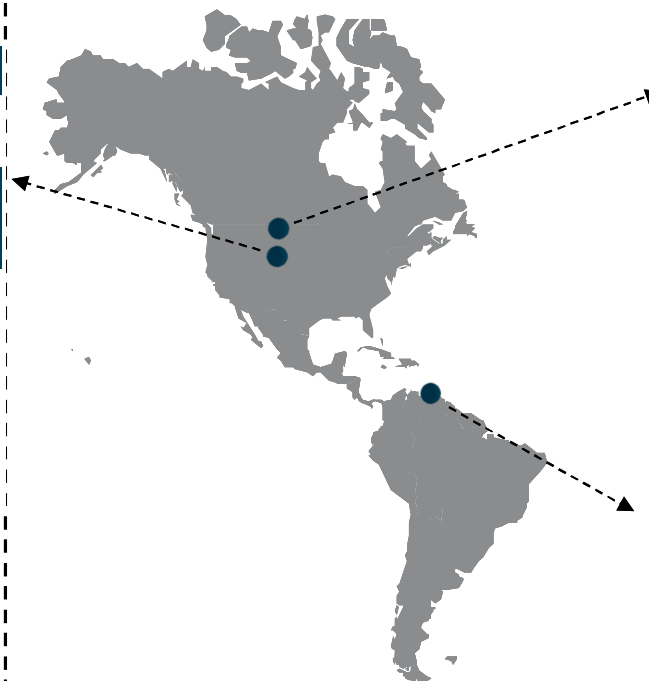
Gross Contingent Resources	GCA ¹⁾ (mmboe)
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Dakota formation (Oil)	5.74
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Dakota formation (Gas)	3.61
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Brushy Basin (Gas)	7.70
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- Stacked reservoirs - hydrocarbons observed:
 - Mancos shale
 - Salt Wash
 - Entrada formation



Williston Basin, North Dakota

- Fram owns leases on 10,502 acres of exploration acreage
- 21.6 mmboe of prospective resources
- South Greene field - discovered with first exploration well

Gross 2P Reserves & Contingent Resources	GCA ¹⁾ (mmboe)
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South Greene reserves (Oil)	0.22
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South Greene contingent resources	3.51
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Trinidad

- Fram awarded Inniss-Trinity field in 2009 (5,759 acres)

Gross 2P Reserves	GCA ¹⁾ (mmboe)
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Inniss-Trinity	1.83
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Drilling drives oil production growth

Williston Basin Oil

- Develop South Greene field with 15 wells
 - 3 in 2011, 6 in 2012 & 6 in 2013
- 6 additional exploration wells per year
- Phased development of discoveries

Whitewater Field Oil

- Re activate drilling program in July 2012
 - Redesigned drilling & completion procedures
 - Focused geoscience evaluation
 - Drill commitment wells to hold lease

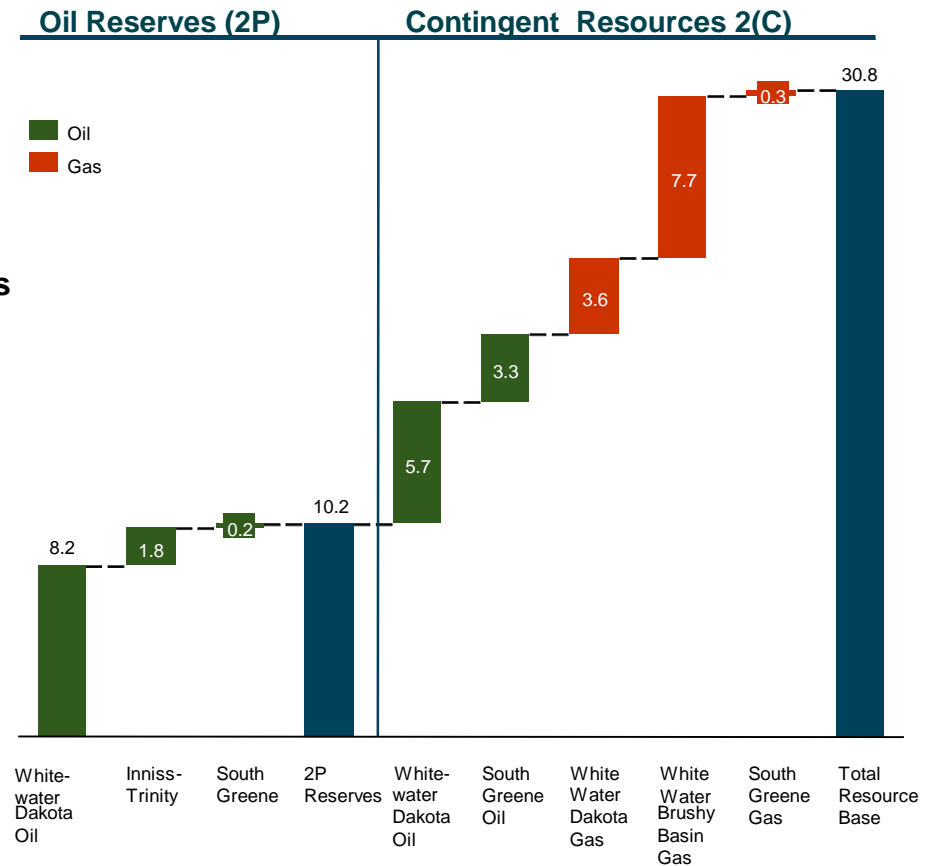
Inniss-Trinity Field Oil

- Finalize work-overs on current wells
- Drill 2- 6 development wells per year

Additional

- Williston - farm-out Bakken deep rights
- Whitewater - gas drilling campaign after 2014

Fram Gross Reserves & Resources (mmboe)¹⁾



1) Assuming \$40m proceeds from equity issue
 2) Volumes estimated by Gaffney, Cline; aggregation & conversion to boe performed by Fram



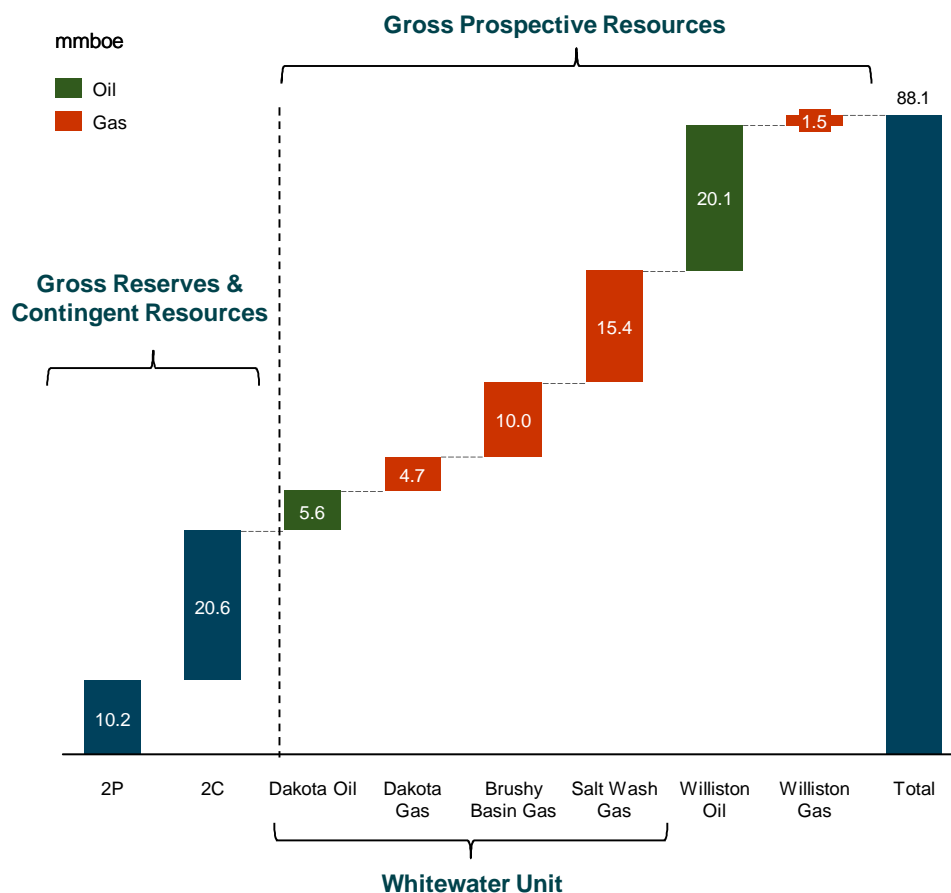
Significant reserve upside

- **Williston basin**
 - **South Greene field reserves (4-6mmb) not currently included in 1P or 2P**
 - **Additional exploration targets**
 - **18 leads & prospects**
 - **Prospective resources of 21.6 mmb**
 - **6 exploration wells/year for 3 years**

- **Whitewater field**
 - **Exploit Dakota oil, followed by Dakota gas**
 - **\$23 million gas infrastructure in place**

- **Aggregate growth potential of 8.8X the 2P reserves**

Large upside in appraisal & exploration assets¹⁾



1) Volumes estimated by Gaffney, Cline; aggregation & conversion to boe performed by Fram
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Low-risk investment profile

- **Onshore, shallow oil fields, held ~100%**
- **Politically stable & attractive fiscal regimes**
- **All conventional reservoirs, except Bakken**
- **Rapid cycle-times**
- **Modest investments with high returns**
- **Low risk of project delays or cost overruns**



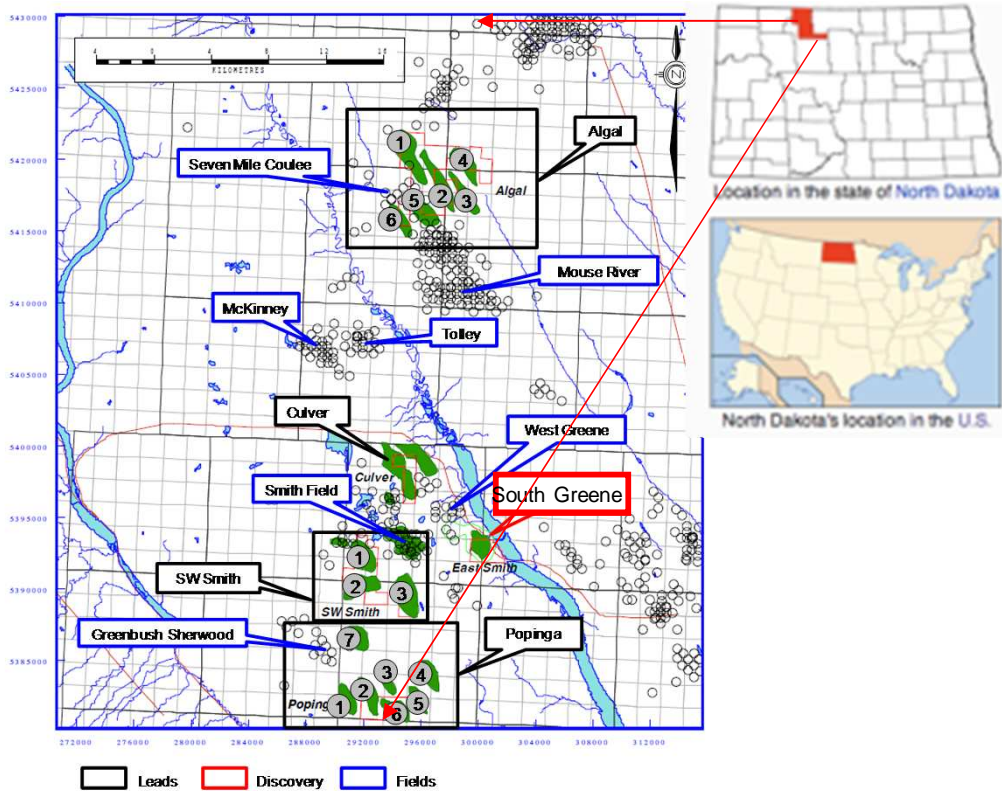
Asset Summary

	Whitewater	Inniss	South	Williston
	Development	Trinity	Greene	Exploration
Working Interest (%)	96.5%	100%	100%	100%
Net Rev. Interest (%)	77%	57%	80%	72%
Gross Acreage	55,000	5,750	770	10,500
Field Depths (meters)	1,100	1,400	1,700	2,000
IP Rates (bopd)	60	80	150	500
Well Costs (\$ million)	\$1.00	\$0.75	\$1.25	\$2.00

Williston Basin, North Dakota

Williston Basin – significant upside

Leads/prospects



Status

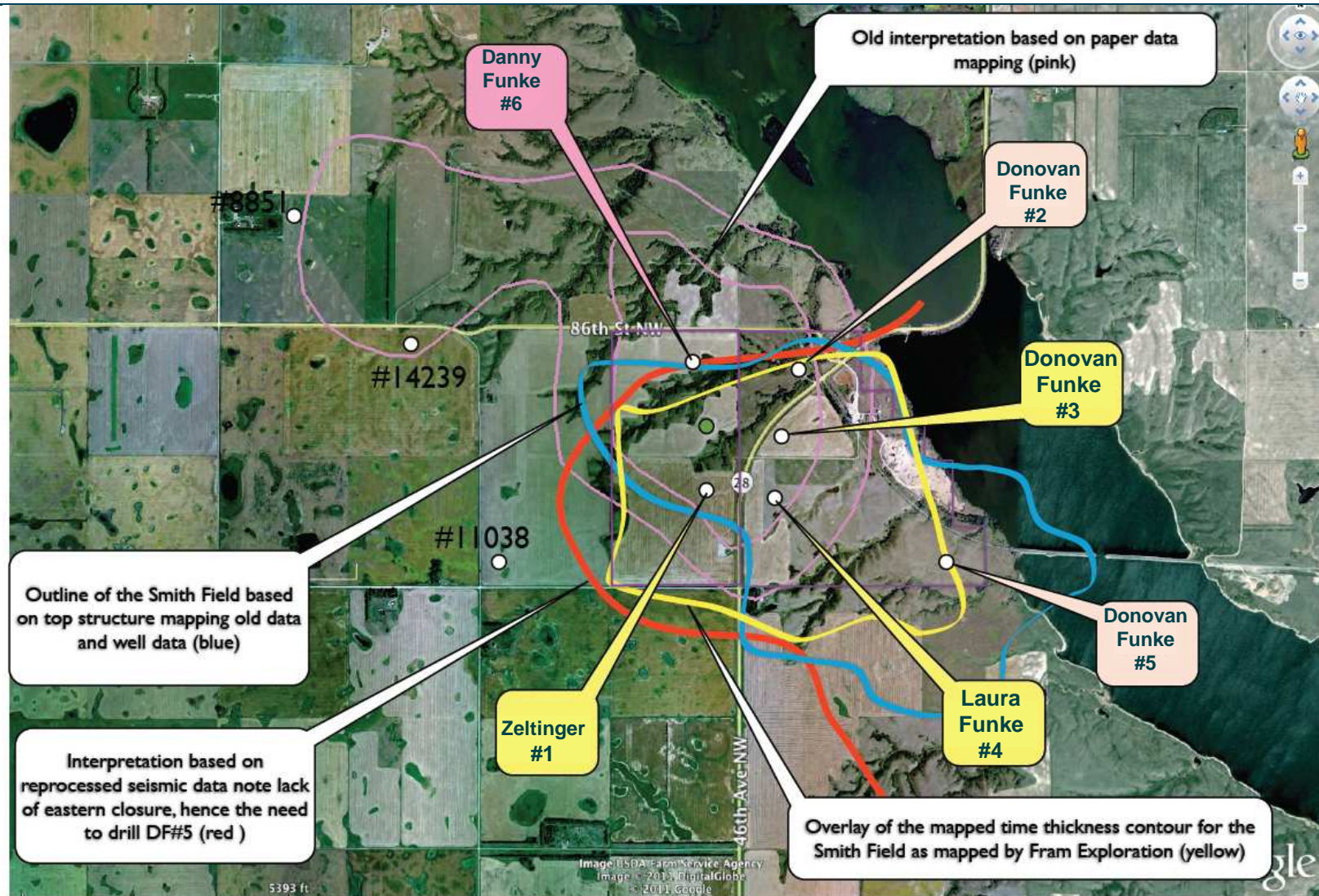
➤ South Greene Development

- Discovery well producing ~77 bopd under restricted pumping
- Drilling 3 vertical development wells at ~\$1.25 million each
- Completion before December 31
- Expected production per additional well ~150 bopd
- Apply high-angle drilling to enhance volumes & economics
- Recomplete discovery well

➤ High Grade additional leads

- Buy & reprocess 170 miles of seismic for ~\$300k
- Rework data to high-grade leads into prospects

South Greene mound – top of Bluell reservoir



South Greene field - operations update

- **Oil discovery in Mission Canyon formation (IH 2011) in the Bluell formation**
- **Company focused on maximizing production from this discovery**
- **All three step-out wells have reached TD; awaiting completion**
- **Initial evaluation indicates 48 feet of Bluell reservoir; 7 feet thicker than Funke #1**
- **Four wells should be fully operational by year-end 2011**
- **Production from field expected to be 500 bopd by early 2012**

1) Formerly known as the East Smith field



South Greene field – economic profile

- **Field development ~15 vertical wells**
- **Est. cost per well ~\$1.25mm D&C**
- **IP rates of ~150 bopd**
- **Cum oil production of 225 mb/well**
- **Decline rates of ~20%; more in year 1**
- **After tax IRR* of 750%; PV10* of \$100mm**
- **Payback of ~4 months**

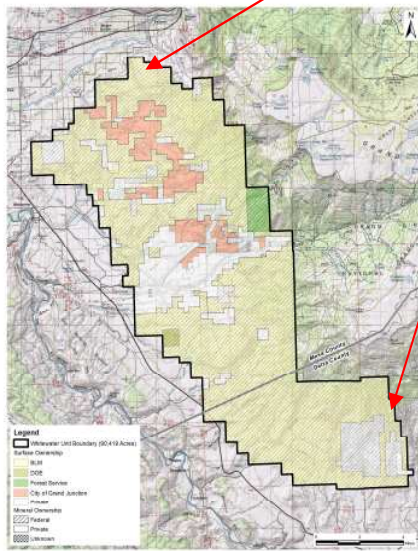
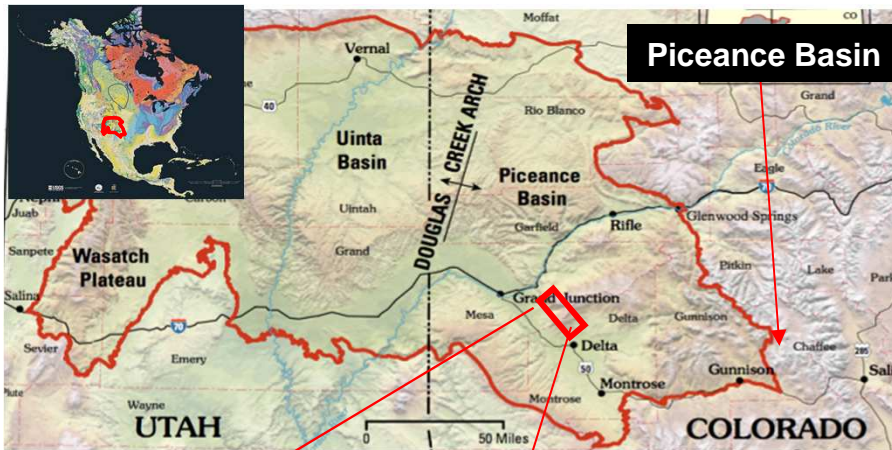


* Price assumed WTI of \$90/bbl; realized price \$68/bbl

Whitewater Unit, Colorado

Piceance Basin – Whitewater Unit

Key Facts



Whitewater Unit & Fram acreage

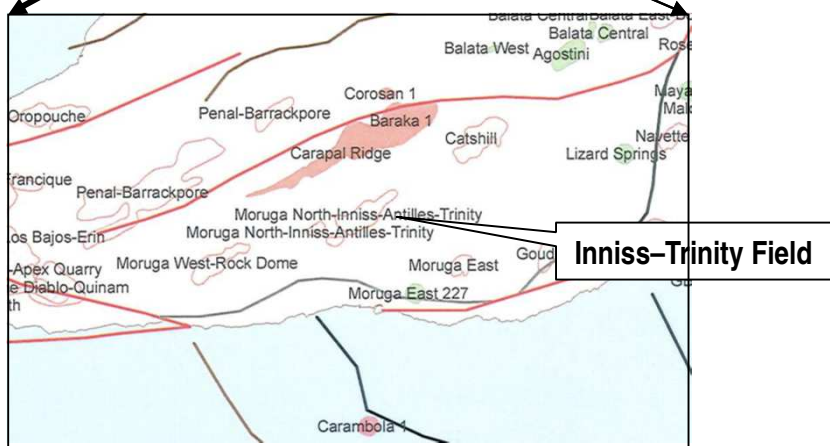
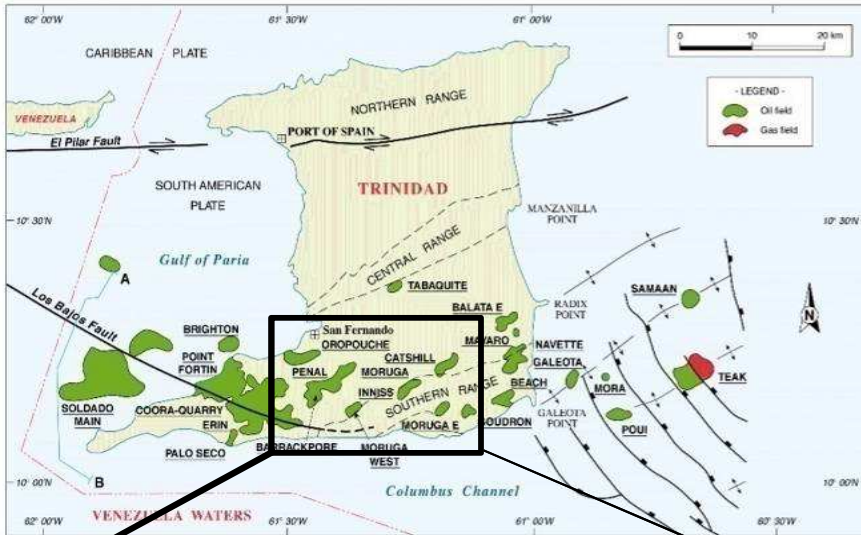
Status

- Acquired property in 2008-9 for ~\$1 million
- Oil discovery in 8ft channel sand in June 2010
 - Cum production: 13,400 bo & 27mmcfg
- Drilled 2 horizontal development wells Q2, 2011
 - Confirmed oil reservoir while drilling
 - Completion intersected underlying aquifer
- Redesigning drilling & completion techniques with third party experts
- Drilling to recommence July 2012

Inniss- Trinity field, Trinidad

Inniss-Trinity Contract Area

Key Facts



Status

- **Began producing & working over key wells in May 2010**
 - **Cum production – 13,724 bbls oil**
- **Construction of 1,500 bbl storage tank Q2 2011 removed production delays**
- **Currently optimizing flow rates with PCP pumps**
 - **Current production >85 bopd**
 - **3X improvement since January '11**
- **On course to reach 100 bopd by 12/31**
- **Key to long term is drilling step-out wells in undeveloped portion of lease**

Additional Trinidad opportunity

- **Onshore, shallow 1,740 acres oil concession**
 - **Close proximity to Fram**
 - **Existing 3-D seismic available**
- **Currently producing ~110 bopd; should double with one key well work-over**
- **Discussing purchase of 100% of partnership rights for ~\$8 million in cash, debt assumption & performance-based notes**
- **Extensive exploration upside – potential up to 40 wells**
- **Attractive after-tax economics >50% IRR & ~\$9mm PV10 at \$90 WTI**

Investment Summary



Capital Structure

- **Shares outstanding** **20.5 million**
- **Top 10 shareholders own** **91%**
- **Cash invested to date** **\$58 million**
- **Most recent equity raise** **\$20mm Dec 2010**
 - **Based on \$120 million pre-money valuation**

Financial strength

- **Equity ratio of 72% at 30 September 2011**
- **Currently ~\$3 million of vendor & shareholder debt**
- **Added \$8.3 million Convertible note in August 2011**
- **Convertible at 85% of Equity raise**
- **PV10 estimated by Gaffney Cline₁**
 - 2P value ~\$180 million
 - 3P value ~\$266 million

US\$	Q3 2011	Q3 2010
Fixed assets	34,309,449	30,614,972
Other receivables		
Total non-current assets	34,309,449	30,614,972
Current assets	5,595,260	1,802,015
Total assets (US\$)	<u>39,904,709</u>	<u>32,416,987</u>
Shareholders equity	28,882,070	26,890,738
Long term liabilities	4,549,957	4,442,453
Current liabilities	6,472,682	1,083,795
Total equity & liabilities(US\$)	<u>39,904,079</u>	<u>32,416,987</u>

1) Volumes estimated by Gaffney, Cline; aggregation & conversion to boe performed by Fram
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Financial flexibility

- Onshore cycle-times & drilling economics are highly attractive, especially oil projects
- No partners in any of the 3 assets
- Highest value assets are leases held by production (HBP)
 - Other assets convert to HBP once production begins
 - Leases are held for life of field 20-40 years
- Can expend capital & incur G&A at Company driven pace
 - Only minor exception is for expiring leases
- No major debt repayments or covenants



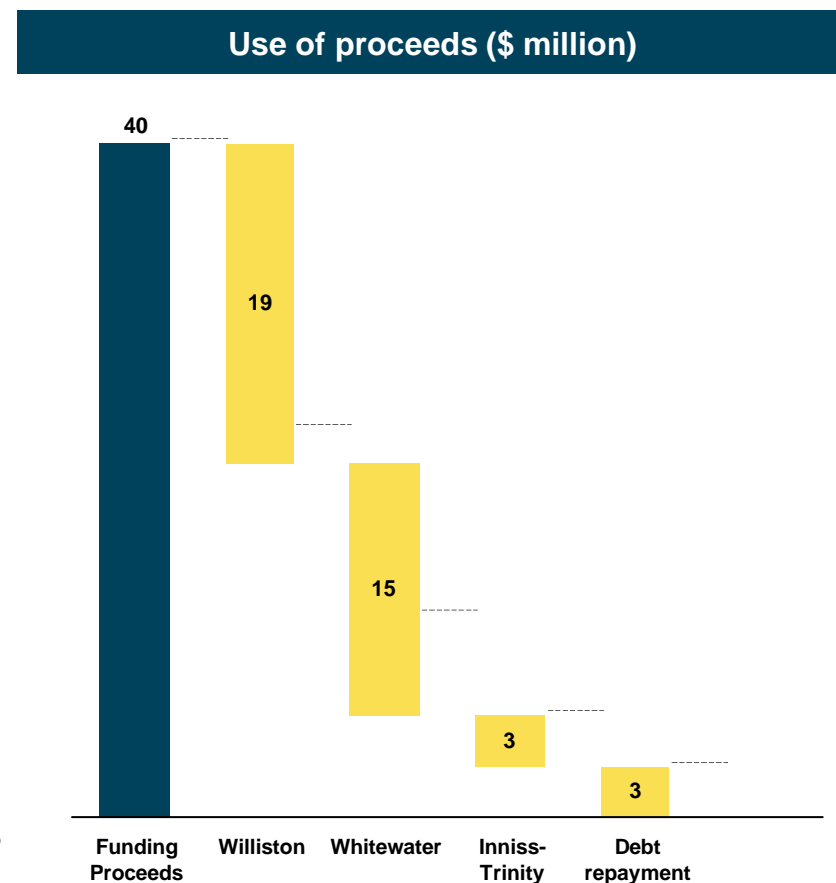
Group operating targets (12 month period following funding)

- **Average gross volumes ~1,500 bopd**
 - **Entry of 300 bopd;**
 - **Exit of 3,500 bopd**
- **Capital expenditures ~\$ 43 million**
- **F&D costs ~\$5 per bbl**
- **Low WTI break-even prices**
 - **Profitability & cash flow**
- **Average production growth:**
 - **Greater than 10X in year 1**
 - **Approx 4X in year 2**



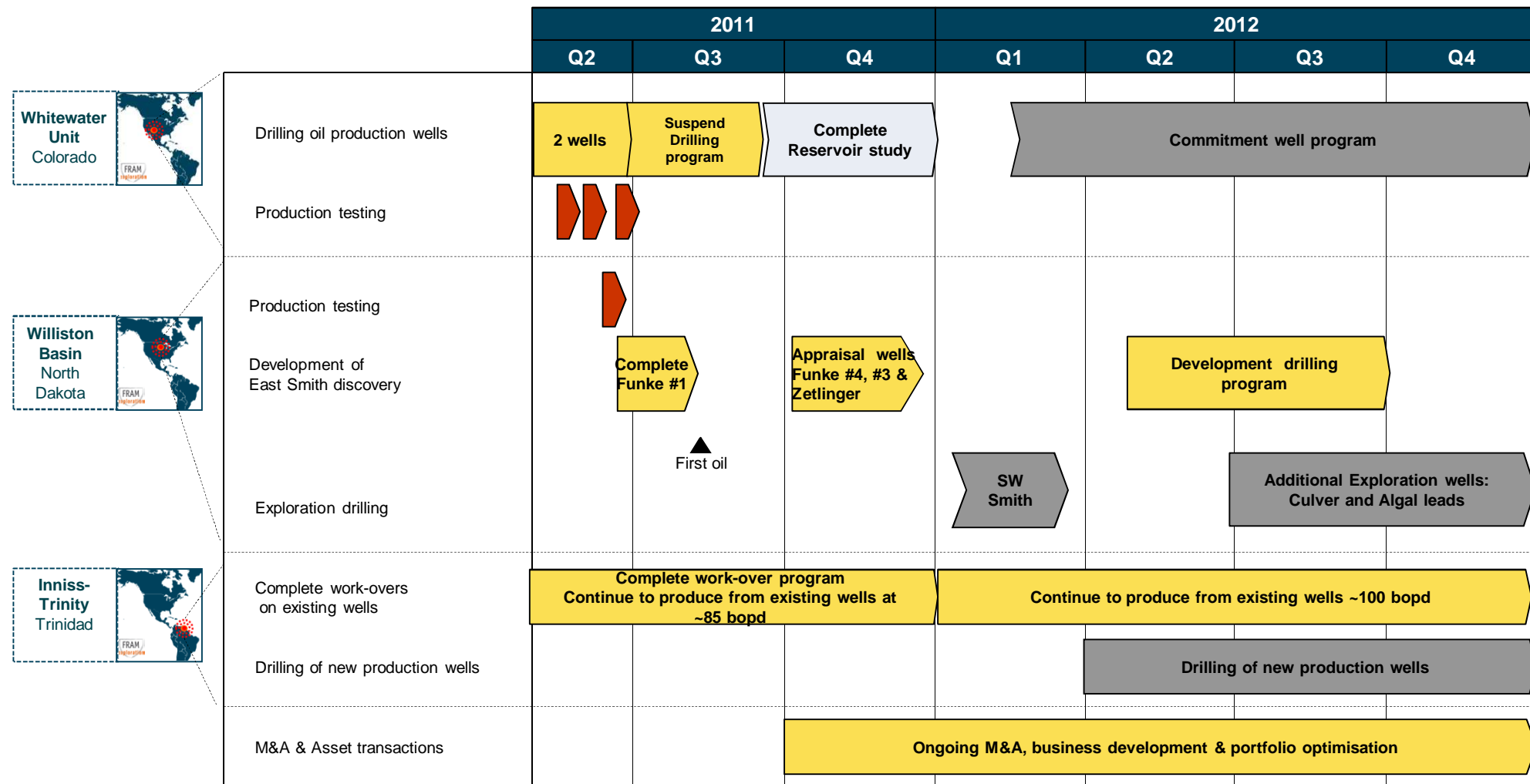
Equity use of proceeds

- **Increase production in all 3 assets**
 - **South Greene is primary target**
 - **Drill high-angle wells in all 3 assets to maximize oil production & NPV**
 - **Secure additional leases**
- **Exploration drilling in Williston basin**
 - **6 exploration wells per year for 3 years**
 - **Phased development of discoveries**
- **General corporate purposes**
 - **Expand subsurface, drilling & production teams**
 - **Convert & repay near-term debt maturities**



Source: Company

Significant news from funded drilling program



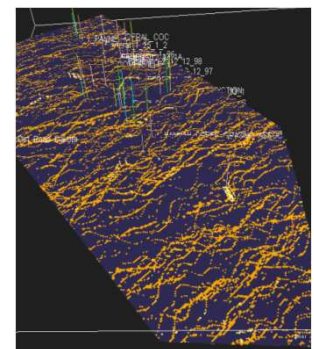
Upside opportunities

- **Additional discoveries in Williston program plus several undeveloped formations in Whitewater**
- **Accelerated development of Williston discoveries**
- **Opportunity to farm-out deep rights to 10,500 acres in prolific Bakken formation in Williston basin**
- **Budgets & economics based on WTI price of \$90 per bbl**
- **US natural gas developments already captured for post-2014**
- **US reserve-based lending is highly developed at very low interest rates, thereby allowing financial leverage**
- **M&A opportunities in Trinidad allow consolidation of several fields to improve profitability & cash flow**



Investment summary

- **Proven oil & gas assets in attractive hydrocarbon basins**
 - After-tax PV 10 estimated at \$180mm (2P) excluding South Greene
- **Diversified asset base with strong growth profile**
 - Gross 2P reserves of 10.2 & contingent resources of 20.6 mmboe⁽¹⁾
 - South Greene will add 1P and 2P reserves to 12/31 update
- **Funding enables ramp up in production**
 - aggressive development drilling campaign at company driven pace
 - Short-term path to cash flow
- **Strong technical & executive team – deep industry experience**
 - Advanced technologies & proven operational track record
- **Well capitalised with strong institutional support**
 - Management & board aligned with shareholders



1) Hydrocarbon volumes estimated by GCA; aggregation & conversion to boe performed by Fram
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