

# PRESS RELEASE

## GEOCAN ENERGY INC. AND ASSURE ENERGY, INC. ENTER INTO ARRANGEMENT AGREEMENT

GEOCAN Energy Inc.  
Suite 1100  
717 – 7<sup>th</sup> Ave SW  
Calgary, Alberta, Canada

Assure Energy, Inc.  
Suite 800  
521 – 3<sup>rd</sup> Ave SW  
Calgary, Alberta, Canada

TELEPHONE: (403) 261-3851  
FAX: (403) 261-3834

TELEPHONE: (403) 266-4975  
FAX: (403) 262-9519

FOR IMMEDIATE RELEASE July 11, 2005

Calgary, Alberta, July 11, 2005 – GEOCAN Energy Inc. (“GEOCAN”; TSX-GCA) and Assure Energy, Inc. (“Assure”; OTCBB – ASURF.OB) are pleased to jointly announce that they have entered into an agreement whereby all of the issued and outstanding shares of Assure will be acquired by GEOCAN in exchange for GEOCAN common shares on the basis of 0.70 of a GEOCAN common share for each common share of Assure. This exchange ratio is approximately equal to the ratio of the last 15 day weighted average trading prices of Assure and GEOCAN shares. The total value of GEOCAN’s offer for Assure is approximately C\$48.3 million, including approximately C\$20.5 million of assumed debt and other fixed obligations, and the issuance of approximately 19.3 million GEOCAN common shares. The acquisition is to be completed pursuant to a court approved Plan of Arrangement (the “Arrangement”).

The Arrangement has the unanimous support of the Board of Directors of both GEOCAN and Assure. Assure’s Board of Directors has unanimously determined that the arrangement is in the best interests of Assure and Assure’s shareholders, and unanimously recommends that its shareholders vote in favour of the Arrangement. All directors and officers of Assure have signed lock up agreements to vote all of their outstanding shares in favour of the Arrangement. The completion of the Arrangement is subject to various conditions, including the receipt of all required regulatory, shareholder and court approvals. A meeting of the Assure shareholders is expected to be held in late August to consider and vote on the Arrangement, which will require approval by not less than 66 2/3% of the votes cast. An information circular detailing the Arrangement is anticipated to be mailed to Assure shareholders in late July. The Assure Board of Directors has agreed that it will not solicit or initiate discussion or negotiations involving any third party for any business combination involving Assure. GEOCAN has agreed to pay Assure a non-completion fee of C\$1 million, and Assure has agreed to pay GEOCAN a non-completion fee of C\$1.5 million, in certain circumstances.

Wayne Wadley, GEOCAN CEO commented, “We believe that Assure has assembled a core group of high quality medium to light oil and natural gas assets that provides both synergies in our current operating areas and a new core area in NE B.C. These areas match up well with our team’s existing exploration and development skills. This transaction is consistent with our plan to grow GEOCAN’s light oil and gas asset base through both strategic acquisitions and internal development. The Assure assets provide a balance of stable low decline reserves and exciting new prospects that will add a further natural gas focus for GEOCAN. In addition, Assure

has a number of infrastructure projects, recompletions, and workovers that will add to the near term production volumes and cashflow.” Brad Farris, GEOCAN CFO adds, “Upon closing the transaction, GEOCAN is expected to have an enterprise value of approximately \$100 million with medium to light oil and natural gas making up 47% of the production mix (up from 18% currently). We believe GEOCAN will be well positioned for the capital markets after this Arrangement”.

Harvey Lalach, Assure’s CEO said, “We are excited about the opportunity to combine the Assure assets with GEOCAN and grow under their experienced management team. The combination of our two companies creates a diversified, quality production base with high impact prospects and the cash flows to accelerated growth for the benefit of the shareholders of both companies”. Upon closing of the transaction, a representative of Assure will be invited to join GEOCAN’s Board of Directors.

Following the Arrangement, GEOCAN will have, on a combined basis:

- daily average production of approximately 3,000 BOE/d, comprised of approximately 5.6 MMCF/d (31%) of natural gas production, 480 BBL/d (16%) of light crude oil and natural gas liquids, and 1,570 BOE/d (53%) of heavy oil.
- go forward annualized pro forma cash flow of approximately C\$22 million, based on a WTI oil price of US\$51.85/bbl, a heavy oil price of C\$31.15/bbl, and a natural gas price of C\$7.25/mcf (AECO).
- over 105,000 net acres of undeveloped land, 40% of which is West of the 5<sup>th</sup> Meridian
- 43.3 million basic (45.0 fully diluted) shares
- net debt of approximately C\$34 million

Key Benefits:

- GEOCAN’s reserves, land, production and cash flow will substantially increase, providing a platform for accelerated growth. Exit production for 2005 is expected to approximate 4,000 BOE/d
- GEOCAN’s existing heavy oil oriented asset base will be offset with comparable levels of medium and light oil and gas reserves and production, moving GEOCAN into the mainstream of high quality junior oil and gas companies
- GEOCAN’s drill program will be augmented with an additional eleven identified drilling locations on Assure lands, two of which are light oil and nine being natural gas
- GEOCAN’s operatorship will remain at over 80% of its production
- GEOCAN’s balance sheet will continue to provide capacity for on-going development of this substantial asset base

Assure’s current production is approximately 1,050 BOE/d, indicating a transaction cost of approximately C\$45,500 per producing BOE. Based on expected average 2005 production from Assure properties of 1,485 BOE/d, the transaction cost is approximately C\$32,500 per producing BOE. GEOCAN is acquiring proven plus probable reserves, based on a third party independent engineering report prepared in accordance with NI 51-101, of 3.68 MMBOE for an acquisition cost, calculated after deducting the value of land and seismic (C\$3.2 million), of approximately C\$12.25 per BOE of proven plus probable reserves.

Mustang Capital Partners Inc. acted as exclusive financial advisor to GEOCAN with respect to this transaction and has advised the GEOCAN Board of Directors that it expects it will be in a position, subject to a review of the final form of documents, to provide an opinion that the consideration offered pursuant to the Arrangement is fair, from a financial point of view, to GEOCAN shareholders. Haywood Securities Inc. acted as exclusive financial advisor to Assure, and has advised the Assure Board of Directors that it expects it will be in a position, subject to a review of the final form of documents, to provide an opinion that the consideration received pursuant to the Arrangement is fair, from a financial point of view, to Assure shareholders.

GEOCAN and Assure are Calgary, Alberta, Canada based crude oil and natural gas exploration, development, and production companies.

This transaction is subject to all required shareholder and court approvals and to all regulatory approvals, including approval by the TSX.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Wayne Wadley  
President & Chief Executive Officer  
GEOCAN Energy Inc.

Harvey Lalach  
President & Chief Executive Officer  
Assure Energy, Inc.

Telephone: (403) 261-3851

Telephone: (403) 266-9519

### **Forward Looking And Other Cautionary Statements**

This news release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction, including but not limited to, the United States. The GEOCAN common shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Except for the historical and present factual information contained herein, the matters set forth in this news release, including words such as "expects", "projects", "plans", "anticipates" and similar expressions, are forward-looking information that represents management of GEOCAN's internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of GEOCAN. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause GEOCAN's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, those described in GEOCAN's filings with the Canadian securities authorities. Accordingly, holders of GEOCAN shares and potential investors are cautioned that events or circumstances could cause results to differ materially from those predicted. GEOCAN disclaims any responsibility to update these forward-looking statements.

BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.