

Canadian analysts also scored well in North American rankings

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TOP THREE STOCK PICKERS OVERALL

JOHN CLARKE

Oil and gas analyst gets back to roots

EXPLORING AGAIN

Picks included Niko Resources, First Calgary, Centurion Energy

By MITCH MOXLEY

John Clarke's career has come full circle. Mr. Clarke spent 17 years exploring for oil with Texaco Canada, and after a stint as an oil and gas analyst, he's exploring again, this time with startup Candex Energy Inc.

That's bad news for investors who have benefited from Mr. Clarke's stock picking prowess — he doesn't plan rejoining the analyst ranks. "I don't intend to reinvent myself another time. I'm hoping this is the last — the last cycle," he says.

But the new vice-president of the Toronto-based company left

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the stock-picking world with a bang, finishing second overall in the *StarMine/Financial Post* stock picking rankings.

He also won for stock-picking in the oil and gas sector last year for the second year in a row.

Mr. Clarke, who left Octagon Capital last September after three years, credits three picks for his success in 2004: **Niko Resources Ltd.**, **First Calgary Petroleum Ltd.** and **Centurion Energy International Inc.**

Shares of Niko, an oil and gas explorer and developer operating in India and Nigeria, increased 83% in 2004. Shares of First Calgary, which operates in Algeria and Yemen, rose nearly 170%.

Centurion, an explorer and developer in Tunisia skyrocketed 545%, making it the year's best performing stock on the S&P/TSX composite index (the stock has dropped 25% so far this

year). Mr. Clarke first placed a "buy" on the stock on Sept. 25, 2003, making him the first analyst with that recommendation, according to Bloomberg.

Mr. Clarke, who covered international oil and gas companies with Deutsche Bank before Octagon, describes himself as a fundamental analyst who was able to recognize a good play when he saw one. "I always looked to see the potential beyond the last well."

His analysis prowess earned him such a strong reputation that the founders of Candex approached him to find a management team for their new company. "It was all very out of the blue. It was a chance to transfer my analytical and fundraising skills into an opportunity to build my own company. I felt the timing was right," he says, referring to his decision to leave Octagon.

Today, the Welsh-born Mr. Clarke hopes to follow some of his top picks of last year into the oil fields of North Africa and the Middle East. In late April, Candex acquired the Tunisian operations of Centurion for \$44-million.

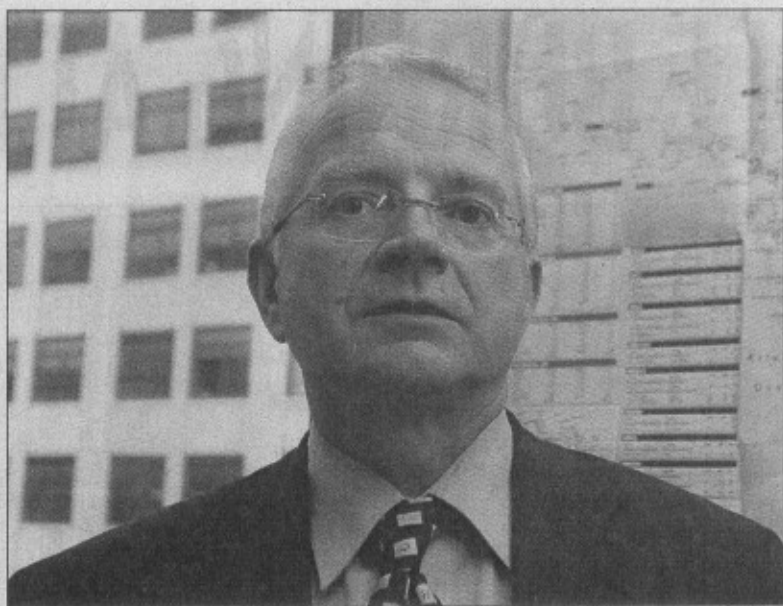
Candex is now the fully staffed operator of five concessions in Tunisia and has the ability to expand in Africa and the Middle East, Mr. Clarke says. The company is looking to explore in Oman, Morocco, Algeria, Libya, Syria and Yemen.

Africa and the Middle East holds the most undeveloped resources of any oil-producing region, he says. "Not only are the size of the discoveries likely to be far larger than North American basins, simply because of the maturity, but they already have the largest number of proven undeveloped reserves in the world."

Mr. Clarke says oil stocks will continue to give investors good returns and he doesn't expect high oil prices to dissipate. He estimates production from existing oil fields will decline by 7% to 10% a year while demand — particularly from China and India — will increase 2% to 3% a year, pushing prices up.

"I'm very bullish for the long term about [high] oil prices," Mr. Clarke says. "The only direction it has to go is up."

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John Clarke, shown at Candex Energy offices in Toronto, left a three-year stint as an analyst at Octagon.

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