

August 23, 2006

## EastCoast Energy Corporation (ECE.B-V, \$6.80)

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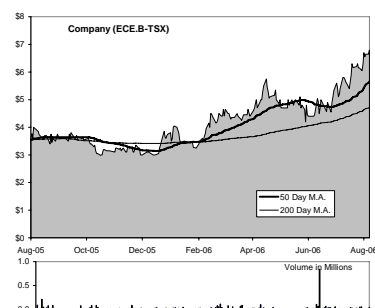
David Chennells, Ph.D. (416-507-2753, [dchennells@haywood.com](mailto:dchennells@haywood.com))

**SECTOR OUTPERFORM, Target: \$8.50; Risk: SPECULATIVE**

**Impact: Neutral**

<b>Target Price</b>	<b>\$8.50</b>
Current Price	\$6.80
Return (incl. dist'n)	25%
52-Week High/Low	\$6.80/\$2.70
Shares O/S	23.4 million (basic) 25.3 million (F/D)
Market Capitalization	\$159 million
Enterprise Value	\$157 million
Daily Volume	
(3-month average)	35,800
Currency	C\$ unless noted
Company Web Site	<a href="http://www.eastcoast-energy.com">www.eastcoast-energy.com</a>
President	Peter Clutterbuck

### Price Performance



Source: Bloomberg

### Expands Management Team is Timely Given Increased Activity

- Effective September 1, 2006 Graham Goffey will join EastCoast as Exploration and Business Development Manager. His responsibilities will include managing the Tanzanian exploration program, the creation of a broadened exploration portfolio and business development.
- Mr. Goffey has 20 years experience in the international oil business, most recently as International Exploration Manager for Paladin Resources plc, which was acquired by Talisman Energy Inc. (TLM-TSX). Mr. Goffey played a key role in Paladin's growth, which was recognized for its significant and profitable asset base, particularly in the North Sea. Prior to Paladin he worked at Conoco and Lasmo plc.
- In Tanzania, the government has moved forward on commitments to install an additional 40 MW of thermally generated power capability by the end of the year, and an additional 100 MW by mid 2007. EastCoast is expecting to contract all of its available gas reserves by the end of 2007.

**Implications:** The addition of an experienced senior manager to the management team is timely given the expected increased in activity due to drilling and expansion of demand for Songo Songo natural gas. Mr. Goffey's experience will also come into play as EastCoast continues to look for additional opportunities, primarily in Africa.

[Last Research Report: August 2, 2006](#)



Please see pages 2 thru 5 for full rating structure, important disclosures, risk parameters and disclaimers

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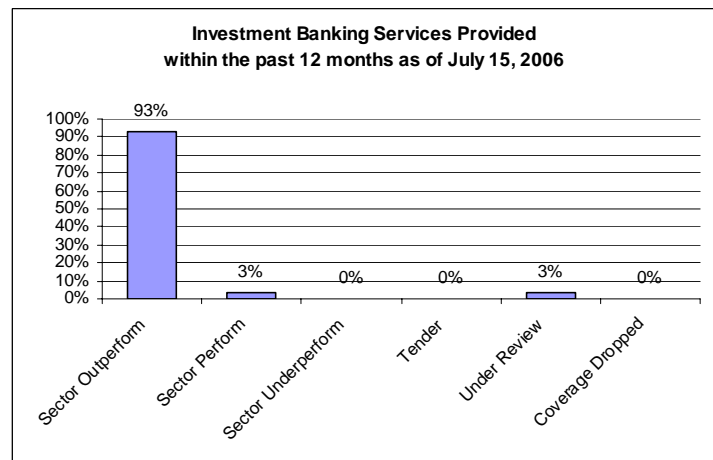
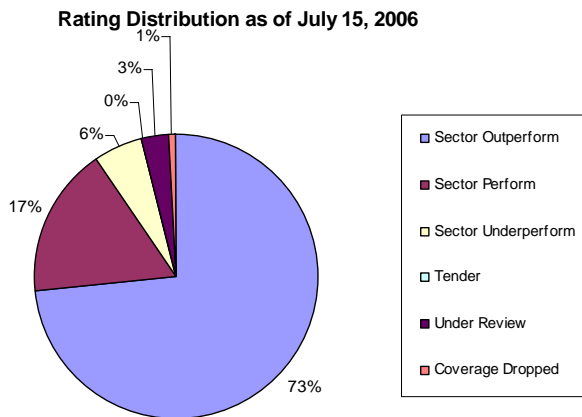
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**Forecast Risk: High** – Haywood forecasts are below guidance. The Company has a history of missing targets and/or Haywood expects guidance to be lowered. Limited hedging increases commodity risk beyond peers. To raise expectations requires higher commodity prices or production that is ahead of guidance. **Moderate** – Haywood forecasts are generally in line with guidance. The Company has a history of meeting or exceeding guidance. Forecasts are consistent with current commodity pricing and production guidance. Hedging practices are in line with peers. **Low** – Haywood forecasts exceed guidance. The Company has a history of meeting or exceeding guidance. Forecasts allow for modestly lower commodity pricing or production levels. Commodity hedging lowers volatility relative to peers.

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