



www.outridernrg.com

Suite 500, 205 - 9 Avenue SE
Calgary, Alberta, Canada T2G 0R3
Tel: 403.232.0264
Fax: 403.232.1196

January 5, 2007

Bulkley Valley Community Resources Board
PO Box 577
Smithers, BC V0J 2N0

Attn: Adrian de Groot, Chair

RE: Telkwa Coalbed Gas Project Proposal

Dear Adrian,

Outrider Energy will be issuing a press release shortly regarding the Telkwa CBM proposal, but I wanted to give you advance notice of our decision. In brief, the company has decided to withdraw its participation from the proposal and associated tenure application process. A copy of the press release, to be distributed later today, is attached.

The decision reflects a number of factors that have surfaced during the pre-tenure consultations and review of tenure referral documents submitted by various groups to the B.C. Ministry of Energy, Mines and Petroleum Resources.

Most notably, the high level of public participation in vocal opposition to the proposal indicates to us that a significant effort will be required to address the community's environmental, economic and social concerns prior to commencement of exploration activities. As such, Outrider would need to dedicate significantly more consultation and technical resources to this project than originally contemplated in the proposal. The company's final decision is that it is in the best interests of our shareholders to focus on other projects where we can invest our capital in a more effective and timely manner.

Your involvement in our discussions has been appreciated, and we wish you all the best in your future endeavors.

Sincerely,

Burns Cheadle, P.Geol., Ph.D.
President
Outrider Energy Ltd.
Dir: (403) 513-2550
E: burns@outridernrg.com
Att: 1



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Outrider Energy Withdrawing from Telkwa Coalbed Gas Project

Calgary – Outrider Energy is withdrawing its participation in the tenure application for a proposed Telkwa Coalbed Gas Project.

Outrider will focus its attention on other corporate projects. The decision was made as part of the Company's ongoing assessment of all of its energy projects to ensure the best allocation of its corporate capital and resources.

"We fundamentally believe the proposed Telkwa project can and will be developed in a safe and responsible manner," says Burns Cheadle, President of Outrider, "but it is in the best interest of our shareholders to focus our efforts on our immediate opportunities".

Outrider recognizes that ongoing dialogue with stakeholders and the Wet'suwet'en Nation is critical to developing confidence that the resource can be effectively governed and developed in an environmentally responsible manner, all the while being responsive to community concerns.

"We know there are concerns among community members about development of coalbed gas in the Bulkley Valley and we have been very open and willing in all of our discussions to address these concerns now, and in our commitment to remain responsive at every stage of any eventual development."

"We have put in significant time and effort to understand and address community issues and establish the necessary community partnerships, but it appears this will take considerably longer than originally anticipated," says Cheadle.

Cheadle says the Telkwa project has the potential to contribute to the area's economic diversification and vitality, but addressing the community's environmental concerns in advance of exploration activities will extend the project timeline beyond Outrider's investment parameters.

"Outrider Energy will cease any further involvement in the Telkwa project proposal and associated tenure discussions."

"I wish to thank all those in the community who took the time to find out more about Outrider and seek our assistance in addressing any concerns they had. Your interest in working together to ensure the responsible development of coalbed gas in the region is to be commended."

About Outrider Energy Ltd.

Outrider Energy Ltd. is a private Alberta corporation formed to pursue exploration and development of unconventional energy resources, such as natural gas from coal (NGC), fractured shale gas, and shale oil. Outrider has project lands in Western Canada and is actively exploring for additional opportunities for development of energy resources.

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For more information contact:

Burns Cheadle
President
Outrider Energy Ltd.
(403) 232-0264