



One exploration inc.

## Corporate Profile

One Exploration Inc. is a public Canadian oil and gas exploration and production company based in Calgary, Alberta. The Company closed its initial public offering in November, 2006 and trades on the TSX Venture Exchange under the symbols OE.A and OE.B. One Exploration Inc. has an experienced management and technical team with extensive operating experience in the Western Canadian Sedimentary Basin.

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## Annual General Meeting

Shareholders are invited to attend the Annual General and Special Meeting of One Exploration Inc., which will be held at 3:00 pm on June 12, 2008 at the Sheraton Suites Eau Claire located at 255 Barclay Parade SW, Calgary, Alberta.

# Highlights

## Financial and Operating Highlights

	Year and period ended December 31	
	2007	2006 <sup>(i)</sup>
<b>Operating highlights</b>		
Production		
Natural gas (mcf per day)	2,472	71
Crude oil and NGLs (bbls per day)	71	-
BOE per day (6:1)	483	12
<b>Average realized price</b>		
Natural gas (\$ per mcf)	\$ 6.03	\$ 7.28
Crude oil and NGLs (\$ per bbl)	\$ 65.92	\$ -
BOE (\$ per boe, 6:1)	\$ 40.88	\$ 43.67
<b>Financial highlights</b>		
Petroleum and natural gas sales	\$ 7,207,211	\$ 85,110
Net earnings (loss)	\$ 586,643	\$ (758,724)
Net earnings (loss) per share		
Basic	\$ 0.03	\$ (0.22)
Diluted	\$ 0.03	\$ (0.22)
Working capital (deficit) at period end	\$ (4,097,630)	\$ 11,264,279
Capital Expenditures (including acquisitions)	\$ 34,356,741	\$ 2,932,151
<b>Shares outstanding at period end (000's)</b>		
Class A	26,383	13,440
Class B	1,269	1,269

(i) For the period July 20 through December 31, 2006

## 2007 was a year of significant accomplishments for One Exploration.

### **Walter Vrataric, President and CEO**

It marked our first full year of operations, and represented a year of material growth in four platforms crucial to the success of any junior oil and gas exploration company; Production, Reserves, Land and People.

Production drives cash flow and cash flow funds our ongoing activity. In a constrained environment where capital markets have “left the building” concerning junior exploration companies, the challenge to demonstrate growth opportunities through existing cash flow becomes greater. We began 2007 with just over 50 boe per day and exited 2007 slightly greater than 900 boe per day. Current production exceeds 1,000 boe per day with an average production rate for the year estimated at 1,125 boe per day. One Exploration’s production mix is approximately 90% natural gas and natural gas liquids and 10% oil. We believe in long term natural gas fundamentals and feel that profitably building an inventory of natural gas reserves and prospects in a lower price environment will provide added financial benefit to our shareholders when prices improve.



To date, in 2008 we have witnessed a strengthening of natural gas prices and the normalization of natural gas storage levels back to its five year average.

“We began 2007 with just over 50 boe per day and exited 2007 slightly greater than 900 boe per day.”

Production stability (and growth) is dependent on the quality of the underlying reserves. Having a stable and predictable reserves base grants us the confidence to accurately predict production and cash flow throughout the year. We began 2007 with 0.12 million boe of proved and 0.46 million boe of proved plus probable reserves. At year end One Exploration had 1.39 million boe of proved and 2.12 million boe of proved plus probable reserves. We set out in 2007 to execute on a strategy for reserves growth through exploration, acquisition and exploitation of high quality properties and did so with finding, development and acquisition costs totaling \$34.36 million resulting in per unit amounts of \$22.96 per boe on a proved basis and \$15.92 per boe on a proved plus probable basis including future development capital. We believe these finding, development and acquisition costs are competitive with our peer group and another reason to be excited about our prospects for continued growth. In addition to our strong reserves asset base, the corporation also has over \$94 million of tax pools with which to shelter future income taxes from the cash flow generated by these reserves.

Having a significant inventory of undeveloped land on which to pursue additional opportunities is not typical to most junior exploration companies, especially not those who have only conducted one full year of operations. One Exploration currently has 61,000 net undeveloped acres of land. At year end, these lands were independently valued by a third party land evaluator at \$4.1 million compared to 16,000 net acres valued at \$1.5 million at the beginning of the year.

None of the three previous growth drivers can happen without a team of individuals who collectively represent the skill-sets required to identify, execute and deliver continuous growth opportunities to the corporation. It's impossible in this business to be successful at every opportunity we identify or pursue, which is why a continuous and consistent flow of ideas from all disciplines at One Exploration is encouraged. This enables One Exploration to high grade opportunities for immediate execution and inventory others until either the commodity cycle or available technology allows us to capitalize on these ideas. I want to thank the entire team at One Exploration, and members of the board of directors, who have been able to grow One Exploration throughout a challenging, and ultimately rewarding, 2007.

To you, our shareholders, 2007 may be considered the most challenging year our industry has faced in a long time. I agree that our business has its risks, however, I also believe the opportunities for high impact growth are limitless to One Exploration. You have a fresh and highly motivated team of committed individuals fully intent on capitalizing on these opportunities. We look forward to updating you of our accomplishments throughout the year, please be sure to check our website for updated corporate presentations and announcements at [www.one-ex.ca](http://www.one-ex.ca). On behalf of the entire team and board of directors we want to thank you for your support and welcome your feedback at any time.

Sincerely,



Walter J. Vrataric

## Lets talk Operations

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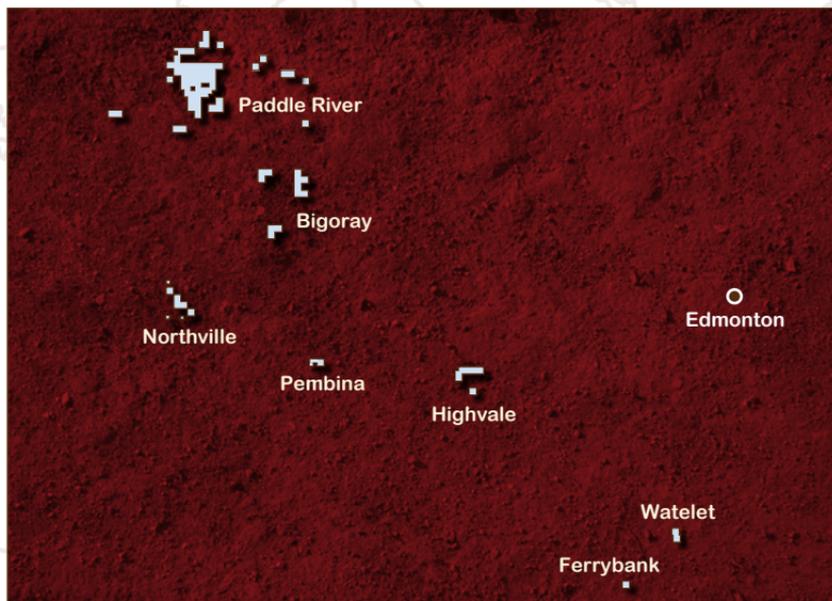
One Exploration's goal in 2007 was to establish a high quality production and reserve base along with building an inventory of exploration and development opportunities. Meeting this goal assures One Exploration of repeatable and sustainable growth regardless of the industry business cycle.

In April of 2007 One Exploration completed the acquisition of Tsunami Petroleum Corp. which added production of approximately 165 boe per day and 264 thousand boe of proved and 394 thousand boe of proved plus probable reserves to the company.

In June of 2007 One Exploration completed a property acquisition in Central Alberta which added production of approximately 330 boe per day and 554 thousand boe of proved and 787 thousand boe of proved plus probable reserves to the company.

One Exploration invested a total of \$34.3 million in 2007 resulting in finding, development and acquisition costs of \$22.96 per boe on a proved basis and \$15.92 on a proved plus probable basis.

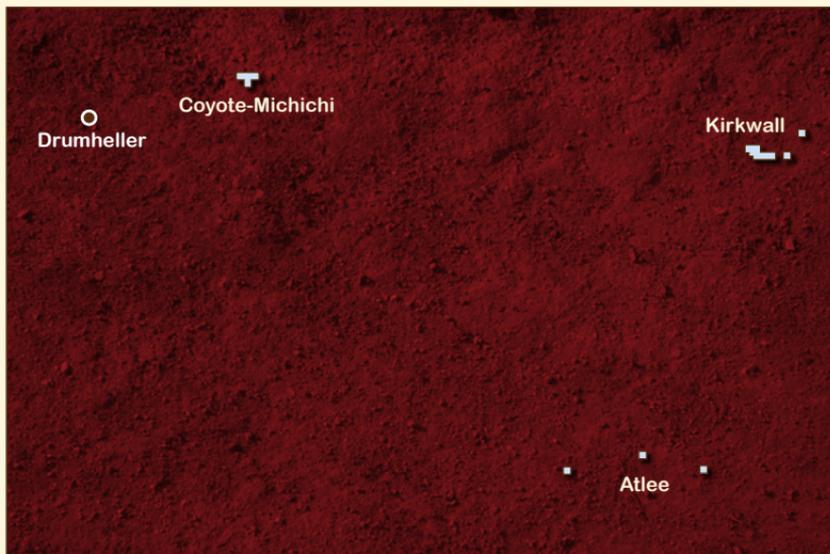
One Exploration regularly updates activity on its corporate presentation monthly. The presentation can be accessed on its website at [www.one-ex.ca](http://www.one-ex.ca).



## West Central Alberta

One Exploration's West Central Alberta core area is characterized by multi-zone, medium depth (1,800 metres) wells mainly targeting natural gas. One Exploration began 2007 with no production, reserves or undeveloped land and exited 2007 with over 500 boe per day of production, 975 thousand boe of proved and 1.46 million boe of proved plus probable reserves, and 6,500 net acres of undeveloped land.

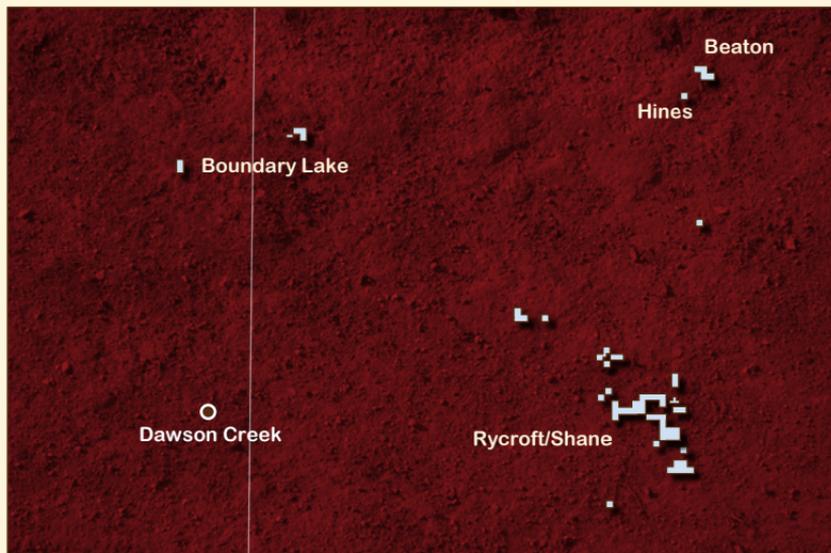
In 2007 One Exploration drilled 8.0 gross (4.1 net) wells in West Central Alberta and anticipates over 55% of its 2008 capital budget will be allocated to this area. A significant number of exploration, development and recompletion opportunities have been identified on the properties within this core area.



## Southeast Alberta

One Exploration entered into Southeast Alberta in the second half of 2007 with a three well exploration program targeting shallower depths of approximately 1,200 metres. The success of the program resulted in three separate discoveries in three areas with year end reserves of 91 thousand boe of proved and 162 thousand boe of proved plus probable reserves as well as 6,550 net acres of undeveloped land.

Although a relatively new area to One Exploration, it has quickly established itself as core with approximately 30% of the capital program allocated to further delineation of the new discoveries as well as investment in facilities and infrastructure required to bring the production on stream in the first half of 2008.



## Peace River Arch

One Exploration has a significant 19,000 acres of undeveloped land in the highly competitive Peace River Arch area of Alberta. The undeveloped landbase is considered higher impact and exploratory in nature with wells ranging from 1,700 metres to 3,000 metres in depth. One Exploration exited 2007 with approximately 75 boe per day of production from the area, 25 thousand boe of proved and 38 thousand boe of proved plus probable reserves.

One Exploration anticipates approximately 15% of its capital program will be allocated to Peace River Arch activity and intends on bringing in industry partners to offset capital costs and accelerate drilling of further exploration prospects.

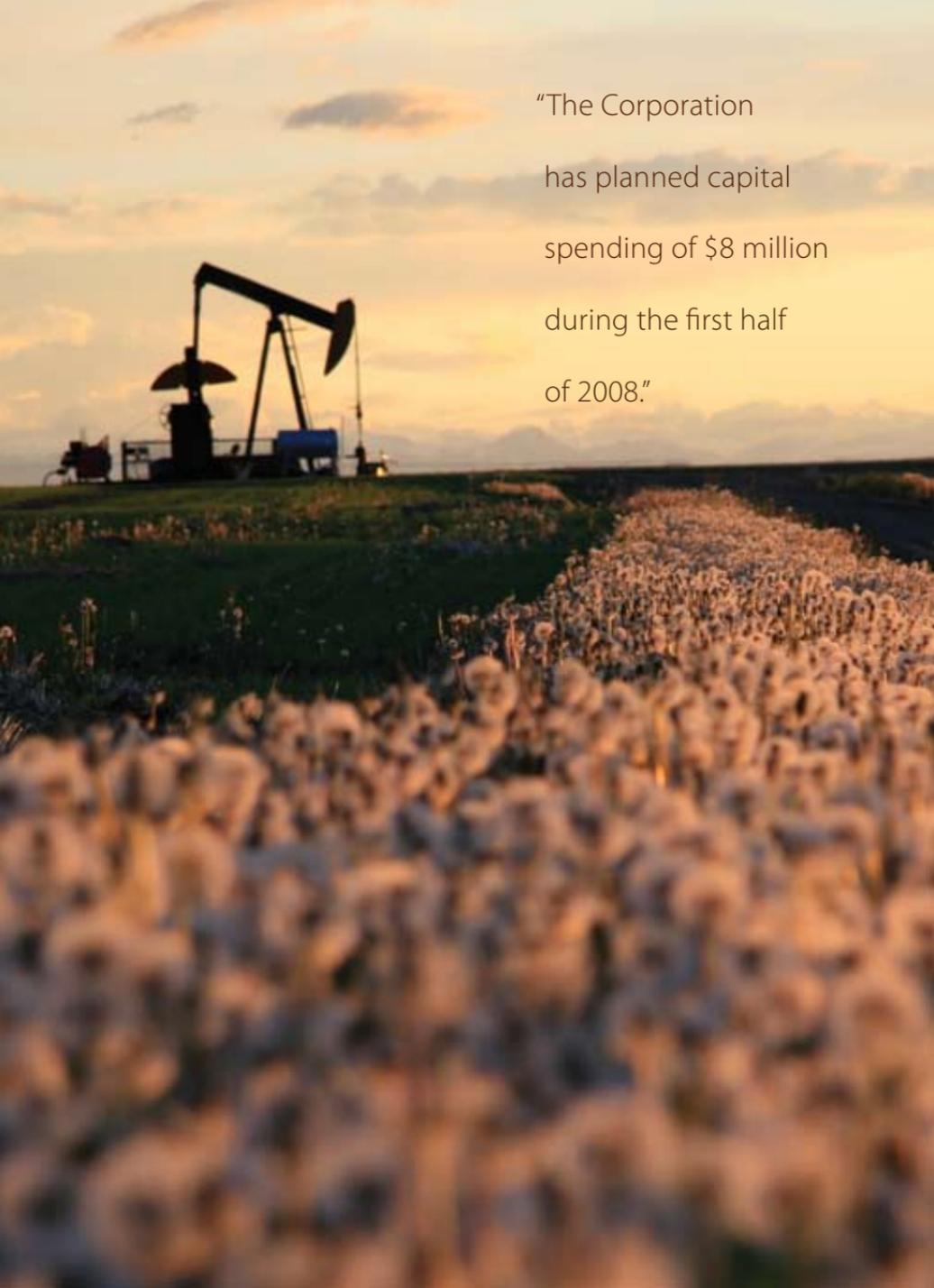
## Lets talk about the future

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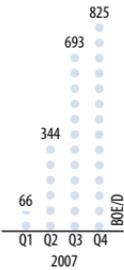
The Corporation drilled eight (5.8 net) wells during the first quarter of 2008. Of these wells, three gross (2.7 net) wells are planned for tie-in during the second quarter of 2008, one gross (1.0 net) well is producing and four gross (2.1 net) are under evaluation. The Corporation has planned capital spending of \$8 million during the first half of 2008. OneEx anticipates a capital program for 2008 of \$10-\$12 million financed from cash flow and its current credit facility. The Corporation projects its debt to cash flow at year end to be under 0.5 to 1 based on average production for 2008 of 1,125 boe/d and capital spending of \$10 million. The Corporation also has ongoing operating cost reduction initiatives on all its properties and projects operating costs to be reduced by \$2/boe in 2008.

Throughout our first full year of operations OneEx has maintained a high degree of discipline with respect to our capital investment program notwithstanding the inherent risk associated with exploration drilling in the Western Canadian Sedimentary basin. As a result, we have maintained a strong balance sheet that enables us to finance our 2008 drilling program and target strategic acquisitions for both asset and corporate opportunities. We are optimistic about our growth for 2008 and believe our financial and technical resources place us in an advantageous position to demonstrate significant growth to the Corporation's shareholders.

“The Corporation  
has planned capital  
spending of \$8 million  
during the first half  
of 2008.”



average daily prod. growth

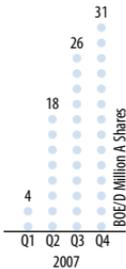


In only its first year of full operation, OneEx has successfully executed on its strategy of growth through exploration, and the acquisition and exploitation of high-quality properties.

### Production Growth

Entering 2007, with just over 50 boe per day OneEx exited 2007 with slightly greater than 900 boe per day. The graph to the left illustrates a very strong trend with an average production add on rate of 180% quarter over quarter.

prod. growth per Mshares



### Production Growth per Million A shares

We also recognized that the addition of production only benefits our shareholders if it is done without significantly diluting shareholder value. The graph to the left illustrates our commitment to maintaining a growth trajectory that benefits shareholders on a production per share basis.

## THE ONE EXPLORATION TEAM

Kim Brown  
Mike Corrigan  
Jim Fong  
Jeff Heim  
Corinne Hittle  
Laraine Kish  
Marianne McKay  
Brad Molnar  
Jacqueline Pare  
Sarah Peters  
Gordon Reich  
Carley Sutton  
Walter Vrataric  
Dennis Ward  
Aaron Williams  
Darrel Zacharias

## DIRECTORS

Dave Ambedian<sup>(2)(3)</sup>  
Al Kroontje<sup>(1)</sup>  
Barry Olson<sup>(1)(2)(3)</sup>  
Jay Reid<sup>(2)(3)</sup>  
Walter Vrataric<sup>(1)</sup>

- (1) Reserves Committee  
(2) Audit Committee  
(3) Corporate Governance, Compensation  
and Nominating Committee

## BANKER

Scotiabank , Calgary, Alberta

## AUDITORS

KPMG LLP, Calgary, Alberta

## LEGAL COUNSEL

Burnet, Duckworth and Palmer, Calgary,  
Alberta

## INDEPENDENT RESERVES EVALUATORS

Sproule Associates Limited  
Paddock, Lindstrom & Associates Ltd.

## CONTACT

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