



May 12, 2010 / Calgary, Alberta

**EMBER RESOURCES INC. REPORTS FIRST QUARTER 2010 RESULTS**

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Ember Resources Inc. ("Ember") announced today that it has filed its unaudited financial statements and related management's discussion and analysis ("MD&A") for the quarter ended March 31, 2010 on [www.sedar.com](http://www.sedar.com).

**FIRST QUARTER RESULTS**
**Financial Highlights**

(\$000s except per share amounts)	Three months ended March 31, 2010	Three months ended March 31, 2009 (Restated)	Percent Change
Natural gas sales	\$10,506	\$12,281	(14)
Funds from operations	\$4,976	\$7,312	(32)
- per share basic & diluted	\$0.07	\$0.14	(50)
Net loss	\$(2,481)	\$(2,851)	(13)
- per share basic & diluted	\$(0.03)	\$(0.06)	(50)
Property and equipment additions	\$9,836	\$3,950	149
Property acquisition	-	\$3,161	NA
Property disposition	-	\$684	NA
Total assets	\$368,046	\$383,806	(4)
Net bank debt and working capital	\$85,516	\$101,206	(16)
Shares outstanding	74,897	51,367	46

**Operating Highlights**

	Three months ended March 31, 2010	Three months ended March 31, 2009	Percent Change
Daily average gas production (Mcf/d)	24,017	27,167	(12)
Daily average production (BOE/d)	4,003	4,528	(12)
Average sales price (\$/Mcf)	4.86	5.02	(3)
Realized derivative gain (\$/Mcf)	0.28	0.54	(48)
Royalties (\$/Mcf)	0.36	0.40	(10)
Operating expenses (\$/Mcf)	1.34	1.22	10
Transportation expenses (\$/Mcf)	0.21	0.19	11
Operating netback (\$/Mcf)	3.23	3.75	(14)
Operating netback (\$/BOE)	19.39	22.51	(14)
CBM wells drilled (gross/net)			
- Horseshoe Canyon	31.0 / 18.7	13.0 / 7.3	138 / 156
Land (000s of net acres)	447	504	(11)

## Q1 2010 Highlights

### *Financial performance*

- Funds from operations for the three months ended March 31, 2010 decreased to \$5.0 million (\$0.07/share diluted) from \$7.3 million (\$0.14/share diluted) for the same period in 2009. The decline reflects 12% lower average production of 24,017 Mcf/d, lower realized hedging gains and higher interest costs, offset by lower general and administrative expenses.
- Net loss for the first quarter was \$2.5 million (loss \$0.03/share diluted) versus a net loss of \$2.9 million (loss \$0.06/share diluted) for the same period in 2009.
- Capital expenditures for the first quarter totaled \$9.8 million including capitalized expenses. During the quarter, Ember drilled 31 CBM wells (18.7 net) with a 100% success rate.
- Cost structures remained low. Operating costs increased slightly to \$8.03/BOE from last year's first quarter; general and administrative costs declined to \$1.91/BOE; and royalty costs were \$2.18/BOE or 7.5% of revenue.
- Total cash costs, including operating, transportation, general and administrative and interest costs, increased 14% in the first three months to \$14.79/BOE from \$13.03/BOE in the comparable period. The increase primarily reflects higher interest costs of \$3.62/BOE as compared to \$2.01/BOE in 2009. Despite lower borrowing, the increase stems from an effective interest rate of 6.2% versus 2.9% in the comparable period.
- The effective royalty rate of 7.5% remained steady with last year's first quarter reflecting the new Alberta Crown royalty rates. At gas prices up to \$9.00/Mcf, Ember's combined royalty rate is estimated at 6.5 to 7.5% of revenue.
- Net bank debt and working capital at March 31, 2010 totaled \$85.5 million, down from \$101.2 million a year earlier. This reflects a debt reduction strategy that has included a \$20 million equity offering and non-core asset sales in 2009. A scheduled annual review of Ember's facility is expected to be completed by May 31. The current \$92 million facility is comprised of a \$5 million dollar revolving working capital amount and an \$87 million revolving production facility.

### *Operating performance*

- Activity was concentrated at Acme and Bashaw areas with the completion of 18 CBM wells (10.6 net) that were drilled in fourth quarter 2009, and the drilling and completion of an additional 31 wells (18.7 net). The combined Q-4 / Q-1 program added 7.8 Mmcf/d (4.8 Mmcf/d net) of new production from 60 (38.5 net) wells. Capital expenditures for Q-1 totaled \$9.8 million. When combined with Q-4, total capital for the program excluding capitalized costs totaled \$15.3 million for an average all in cost of \$397 thousand per well. Ember estimates a total of 11.5 Bcf of Proved plus Probable reserves were converted to the producing categories at a cost of \$1.33/mcf (\$7.98/BOE).
- Average production increased 2% to 24.0 mmcf/d from fourth quarter 2009. Compared to last year's first quarter, production declined 12% from 27.2 MMcf/d, which reflects 2009 non-core assets dispositions and a reduced level of drilling activity in the low gas price environment.
- Production additions late in the quarter pushed April's average to 25.5 MMcf/d. Production is expected to stabilize at that level for the balance of the second quarter.

- The operating netback for the quarter was \$19.39/BOE compared to \$22.51/BOE in 2009. Gas prices were \$0.98/BOE lower at \$29.16/BOE, realized hedging gains were lower by \$1.56/BOE, and operating and transportation expenses were slightly higher by \$0.77/BOE, offset by small decreases in royalties.

### *Guidance update*

In response to weakening natural gas prices in the first quarter and forward pricing, we have revised production and spending guidance for full-year 2010.

Production is expected to average 24-25 MMcf/d, down from the previously forecast 26-27 MMcf/d, and capital spending has been reduced to \$20 million from \$30 million. This should result in the drilling of an estimated 35-40 net wells for the full year. Drilling will be concentrated in the Acme area where further cost savings can be achieved through lower gas processing charges and higher overhead recoveries. Year-end net bank debt and working capital are estimated at \$82 million.

### *Natural gas prices*

Natural gas prices whipsawed through the first quarter, first boosted by high heating demand in December/January, but then an unseasonably mild March reversed those gains and the market entered the shoulder season with ample levels of storage and a well supplied market. We expect prices to be \$4.00-\$4.50/Mcf for the balance of the year, based on forward strip pricing. There are some signs of demand recovery in the industrial market and that capital is moving away from gas investments, which will help balance the market. However, until excess gas is removed from the market we expect natural gas prices to remain at their current levels.

### *Outlook*

Natural gas prices will continue to dictate the pace of Ember's growth. Prices in the \$4.00/Mcf range do not warrant significant investment on our part. In that price environment, we will concentrate on: maintaining stable production with drilling aimed at replacing natural declines; continue to reduce our cost structures; and, add to our drilling inventory, where appropriate. Given low prices and the long-term nature of Horseshoe Canyon production, we are prepared to preserve value in the ground rather than produce our resources in a low price environment.

- Further debt reduction is being targeted this year with a forecast of net bank debt and working capital of \$82 million by year end.
- Ember's drilling inventory remains strong with more than 450 low risk, Horseshoe Canyon CBM locations. If natural gas prices stabilize in the \$6-8.00/Mcf range, we plan to drill upwards of 200 locations using available cash flows over the next three years.

"Our target is to maintain stable production levels in the low gas price environment, and to continue to manage down our already low cost structure so that we remain highly competitive with other sources of natural gas," said Doug Dafoe, President and CEO. "Gas prices will determine our pace of growth, but we continue to hold a large and predictable inventory of low-risk drilling locations."

The Company is pleased to announce the appointment of Mr. Bob Mephram to the position of Vice-President Geosciences. Bob is a professional geologist and has over 25 years of experience working in western Canada including both conventional and CBM exploration and exploitation.

As referred to above, Embers' unaudited financial statements and related MD&A for the quarter ended March 31, 2010 can be located at [www.sedar.com](http://www.sedar.com) or [www.emberresources.com](http://www.emberresources.com). To the extent investors do not have access to the internet, copies of the unaudited financials and related MD&A can be obtained on request without charge by contacting Ember Resources Inc. at 403 270-0803.

### **Conference Call**

A conference call to review Ember's first quarter results will take place on May 12, 2010 at 9:00 AM MDT (11:00 AM EDT). The conference call can be accessed by dialing in 15 minutes prior to the scheduled start at 1-877-407-8033. A live webcast will also be provided on: [www.emberresources.com](http://www.emberresources.com). A playback recording of the conference call will be available for 30 days and can be accessed by calling 1-877-660-6853 and enter the account #286 and conference ID #350032.

### **FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements including anticipated production levels, levels of bank debt, anticipated capital expenditures and development plans. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity prices and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur. Except as required by law, Ember undertakes no obligation to update or revise any forward-looking statements. Additional information on these and other factors that could affect the Company's operations or financial results are included in the Company's filings with Canadian securities regulatory authorities.

BOE Disclosure: Disclosure provided herein in respect of barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 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.

**Ember Resources Inc. is a resource company specializing in coalbed methane (CBM) with extensive land and resource holdings in Alberta, Canada. Ember's shares are traded on the Toronto Stock Exchange under the trading symbol "EBR".**

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