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## Excerpt from the Palos Weekly Commentary

### ■ Palos Merchant Bank

*By Noah Billick, Cameron McDonald and Brendan Dunn*

#### Company Update:

This past May, the Palos Merchant Bank L.P. led a private placement of common shares of Gale Force Petroleum Inc. (TSXV:GFP). As with many of the financings led by the Merchant Bank, Palos was a significant investor in the private placement, and Gale Force remains an important holding.

Gale Force used a large part of the private placement to further their development program. Management recently provided an update on the status of the USD\$2,000,000 development program. Gale Force reports that production has started at its Wells Ranch property and that it now has production on all seven of its properties. The objective of the development program is to increase total oil production to over 250 barrels per day. Gale Force expects the development program to be completed by October of this year.

Gale Force has a unique business plan amongst oil and gas companies on the TSX Venture Exchange, which is to acquire underdeveloped shallow oil properties in the USA in mature basins, focusing on less-risky development-type projects more than on exploration. Gale Force profits from relatively cheap property valuations in the USA versus Canada, and from taking advantage of the strong Canadian dollar. In addition to its development program underway, it is actively negotiating to acquire additional properties to continue its rapid growth.

### About Palos Management:

Palos Investment Funds is a fund management service committed to the goal of preserving and growing our individual and institutional investors' capital. Our fund investment philosophy is to use disciplined yet creative processes to achieve strong performance while managing risk. The specific investment objectives of each fund differ: some of our funds pay income distributions and we offer a public, prospectus-based mutual fund, a private mutual fund and private limited partnership funds, which have different tax characteristics.

Palos Management executives invest significantly in all Palos Investment Fund products, which means that our interests are directly aligned with those of our clients.

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