



TSXV: ERX

### Eagle Rock Reports Third Quarter 2008 Results

Calgary, Alberta, November 20, 2008 - Eagle Rock Exploration (“Eagle Rock “ or “the Corporation”) (TSXV: ERX) has filed its Unaudited Financial Statements and Management’s Discussion and Analysis (MD&A) for the third quarter ended September 30, 2008 on SEDAR. The documents can be accessed through Eagle Rock’s website at [www.eaglerockexploration.com](http://www.eaglerockexploration.com) or on SEDAR’s site at [www.sedar.com](http://www.sedar.com).

#### Selected Quarterly Information

The following table provides a summary of key financial results.

	Three months ended Sept 30 2008	Three months ended Sept 30 2007	Nine months ended Sept 30 2008	Nine months ended Sept 30 2007
\$000's except production and per share and per boe amounts	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Average daily production – boed	536	584	475	566
Oil Weighting	95%	100%	95%	100%
Petroleum and natural gas revenue before hedging losses	5,242	3,455	12,698	8,994
Operating net back – per boe	77.37	40.40	67.99	33.29
Cash flow from operating activities (includes working capital change)	3,037	1,581	6,504	3,624
Funds flow from operations	3,246	1,720	6,981	3,703
Income (loss) before income taxes	3,157	(328)	2,567	(2,121)
Income (loss) for the period	2,207	(217)	1,718	(1,414)
Basic and diluted income (loss) per share	0.04	(0.01)	0.03	(0.04)
Capital expenditures—excluding share based acquisitions	7,662	2,313	14,591	8,814
Total assets	41,291	32,312	41,291	32,312
Net debt	(10,261)	(6,483)	(10,261)	(6,483)
Common shares outstanding – basic	54,543	39,662	54,543	39,662
Common shares outstanding – diluted	59,321	43,259	59,321	43,259
Weighted average common shares outstanding - basic	54,502	39,662	54,169	39,662

#### PRODUCTION

Average daily production for Q3 2008 was 536 boe/d compared to 584 boe/d in Q3 2007. Eagle Rock’s non-operated Antelope Lake property was sold effective April 1, 2008 for \$6.9 million, and the Q3 2007 production number included production from that property. Eagle Rock’s production remains heavily weighted to oil, comprising 95% of production in Q3 2008. Current production is approximately 650 boe/d

and Eagle Rock has recently completed and is currently testing three wells in Saskatchewan and one well in Alberta. The Corporation expects to exit 2008 with daily production in excess of 700 boe/d.

#### **CAPITAL EXPENDITURES**

Capital expenditures (capex) for Q3 2008 totalled \$7.7 million. New production from the four (4) net successful wells drilled in Q3 2008 offset the disposition of the Antelope Lake production effective April 1, 2008. Capital expenditures for the nine months ended September 30, 2008 totalled \$14.6 million, an increase from \$8.8 million for the nine months ended September 30, 2007. Estimated capex for fiscal 2008 will be approximately \$22 million.

#### **CASH FLOW**

Funds flow from operation increased by 89% to \$3.2 million (\$0.06 per basic share) in Q3 2008 from \$1.7 million (\$0.04 per basic share) in Q3 2007. A combination of higher commodity prices and improved operational efficiency contributed to this increase. The operating netback for Q3 2008 increased by 92% to \$77.37 per boe compared with \$40.40 in Q3 2007.

#### **NET INCOME**

The net income for Q3 2008 before income taxes was \$3.2 million (a loss of \$0.2 million for Q3 07) which includes the unrealized mark to market gain on hedging contracts of \$1.9 million. Without the hedging gain Eagle Rock's income before income taxes would have been \$1.3 million.

#### **LIQUIDITY**

Eagle Rock has lines of credit of up to \$12.5 million with a major Canadian Bank. The banks regularly scheduled interim review is in process and is expected to result in increased lines of credit in light of higher production and increased cash flows since the last review. Eagle Rock has contracted a calendar 2009 collar for 100 bbls/d with a floor of US \$100/bbl and a ceiling for US \$200/bbl with a major bank.

#### **About Eagle Rock**

Eagle Rock is a publicly traded energy company involved in the exploration and development of low to medium risk oil and gas properties in Western Canada. Eagle Rock's common shares trade on the TSX Venture Exchange under the symbol "ERX". For more information please visit the Company's website at [www.eaglerockexploration.com](http://www.eaglerockexploration.com) or contact:

Jim Silye, President and Chief Executive Officer

Tel: (403) 269-4040, Fax: (403) 261-1978

E-mail: [jimsilye@eagler.ca](mailto:jimsilye@eagler.ca)

*The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*

#### **Forward-looking Information**

This press release includes forward-looking statements and assumptions respecting Eagle Rock's strategies, future operations, expected financial results, financial sources, commodity prices, costs of production and quantum of oil and natural gas reserves and discusses certain issues, risks and uncertainties that can be expected to impact on any of such matters. By their nature, forward-looking statements are subject to numerous risks and uncertainties that can significantly affect future results. Actual future results may differ materially from those assumed or described in such forward-looking statements as a result of the impact of issues, risks and uncertainties whether described herein or not, which Eagle Rock may not be able to control. The reader is therefore cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof and Eagle Rock undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking statements contained in this news release are expressly

qualified by this cautionary statement. In addition, the term BOE or BOE's may be misleading, particularly if used in isolation. A BOE (barrel of oil equivalent) conversion ratio of 6 Mcf per one (1) BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.