

Cano Petroleum, Inc.



COMPANY PROFILE

Cano Petroleum, Inc. (NYSE Alternext: CFW) focuses on increasing domestic production from proven oil fields utilizing enhanced recovery methods. Our focus on mature oil fields with proven reserves eliminates exploratory and international development risks.

RECENT DEVELOPMENTS

- 1) **Dec 09** – Closed \$120MM 1st Lien and \$25MM 2nd lien financings with Union Bank NA.
- 2) **Dec 09** – Initiated Cato Field waterflood.
- 3) **Oct 08** – Closed on sale of Pantwist, LLC for \$42.7 million.
- 4) **Jul 08** – Closed \$54MM equity offering.
- 5) **Jul 08** – FY08 Year-end proved reserves of 53.2 MMBOE with PDP reserves growing 25% to 10.6 MMBOE. Converted 1.4 MMBOE of PUD to PDP at Panhandle Waterflood.
- 6) **May 08** – Closed sub-debt financing of \$25MM with UBOC; \$15MM Drawn.
- 7) **Feb 08** – Completed waterflood at Cockrell Ranch of the Panhandle Field. Achieved target injection rate of 50,000 BWPD.
- 8) **Dec 07** – Surfactant-Polymer (ASP) pilot became operational at Nowata Field.

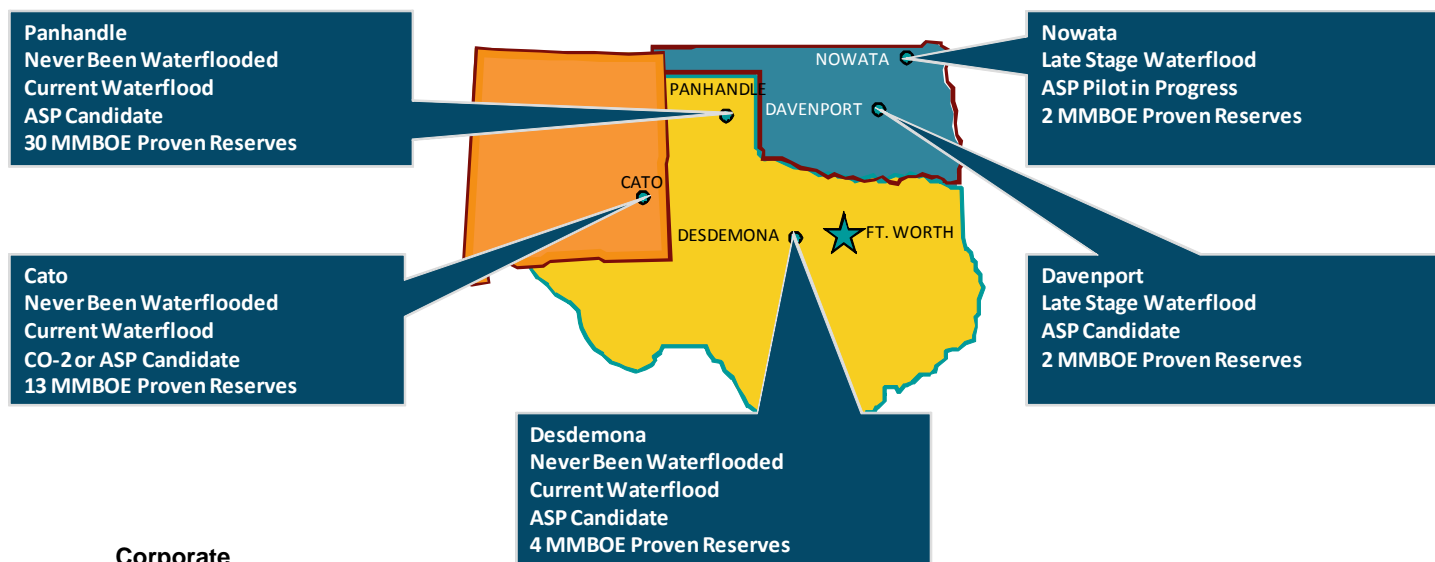
BUSINESS STRATEGY

- Organically grow PDP reserves approximately 20% per year
- Continue ASP/Tertiary development
- Healthy balance sheet/liquidity
- Be opportunistic

AREAS OF OPERATION

Asset Profile

Two Active New Waterfloods / One Active ASP Pilot



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FINANCIAL DATA

(thousands US\$, except per share)

	3 mos. 09/30/08	06/30/08	06/30/07	06/30/06
Total Revenue	10,946	44,663	28,353	15,860
Net Income (Loss)	11,818	(17,521)	(790)	(1,844)
Cash Flow from Op. Activity	2,659	17,028	2,658	(6,083)
Total Assets	302,702	277,808	201,469	146,949
Long-Term Debt	42,700	73,500	33,500	68,750
Shareholders' Equity	150,359	83,850	68,861	40,636
Earnings (Loss) / Share	0.26	(0.60)	(0.13)	(0.08)

SHARE DATA

Refer to Cano's 10-K for further details.

	3 mos. 09/30/08	06/30/08	06/30/07	06/30/06
52-Week Range (Closing Price)	\$2.07 \$9.40	\$3.85 \$9.40	\$3.69 \$6.47	\$3.51 \$10.05
Shares Issued and Out (MM)	46.1	39.3	32.7	32.3
Market Value (\$MM)	106	312	196	177
Market Float Shares (MM)	42.7	35.9	19.2	15.0

OPERATING DATA

	3 mos. 09/30/08	06/30/08	06/30/07	06/30/06
Oil & Gas Production (boe/d)	1,238 (1)	1,453	1,351	734
Oil & Gas Reserves (mmbae) (2)	53.2	53.2	66.7	45.4

(1) Proforma for sale of Pantwist, LLC, effective 07/01/08.

(2) Reserve Report as of June 30, 2008, 2007, and 2006.

NYSE Alternext: CFW

Jeff Johnson

Chairman & CEO, brings over 18 years experience in the oil and gas business to Cano Petroleum. Starting his career in corporate finance, he successfully raised funds for oil and gas partnerships for Chesapeake Energy's South Texas projects. In 1993, Mr. Johnson initiated his first independent oil and gas exploration venture and arranged the purchase of Scope Operating, Inc in 1997. After assembling a diversified team of key management personnel and oil and gas consultants, he was instrumental in the successful sale of all of Scope's producing properties and assets. Mr. Johnson is a member of the Independent Petroleum Association of America, National Stripper Well Association as well as the Texas Independent Producers and Royalty Owners Association and currently serves on the Listed Company Council for the American Stock Exchange (AMEX).

Ben Daitch

Senior Vice President and CFO, Mr. Daitch brings to the company more than 16 years of finance experience. At Cano Mr. Daitch is responsible for the accounting, treasury, investor relations, human resources and information technology functions. Most recently he served as Senior Vice President and CFO CDX Gas, LLC, ("CDX") privately held oil and gas company. Prior to his time at CDX, Mr. Daitch worked for Trust Company of the West ("TCW"), a U.S. based investment management firm as Vice President in the Energy and Infrastructure Group. Before working at TCW, Mr. Daitch worked as an investment banker at UBS Investment Bank, Banc of America Securities, LLC and Deutsche Bank. Mr. Daitch received his MBA from New York University – Leonard N. Stern School of Business and has a Bachelor of Science in Management from Binghamton University.

Patrick McKinney

Senior Vice President of Engineering and Operations, Mr. McKinney brings to the company more than 24 years of progressive oil and gas industry experience in engineering, operations, finance and strategic planning. Most recently, he was the Worldwide Strategic Portfolio Manager for Pioneer Natural Resources, located in Irving, Texas. Prior to that, Mr. McKinney was the co-founder of a successful transportation start-up and subsequently, President of a transportation subsidiary of Corrections Corporation of America. Mr. McKinney spent more than 17 years with Union Pacific Corporation both in its corporate headquarters and its oil & gas, transportation and logistics subsidiaries. He gained extensive experience in secondary and enhanced oil recovery at UPR's Wilmington Oilfield in California. Mr. McKinney received his B.S in Petroleum Engineering from the University of Wyoming and his MBA from Pepperdine University.

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