

## BATTLEFORD CAPITAL INC.

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### FOR IMMEDIATE RELEASE

### BATTLEFORD CAPITAL INC. ANNOUNCES QUALIFYING TRANSACTION

**Calgary, Alberta, August 26, 2005 - Battleford Capital Inc.** (“Battleford” or the “Corporation”) announced today that it has entered into a letter of intent (the “Letter of Intent”) dated August 25, 2005 with Captain Energy Inc. (“Captain”) for the acquisition of 100% of the issued and outstanding shares of Captain (the “Proposed Acquisition”). The Corporation is a capital pool company and intends for the Proposed Acquisition of Captain to be the qualifying transaction of the Corporation as such term is defined by the policies of the TSX Venture Exchange Inc. (the “Exchange”). Upon completion of the Proposed Acquisition, the Corporation will be an oil and gas company.

#### *Summary*

The Corporation and Captain have agreed to combine their business to form a new oil and natural gas company. Battleford’s initial assets will consist of an undivided 100% working interest in petroleum and natural gas rights in 2 sections (1,280 acres) of land located in the Blackfoot area of eastern Alberta (the “Blackfoot Area”), that was acquired by Captain in the first half of 2005. The lands include one shut in oil well and numerous drillable locations.

Battleford intends to drill 5 wells at 100% working interest on the acquired lands. An independent third party engineering report has valued current probable and possible reserves, before income tax, at \$1,400,000 at 10% NPV (forecast price).

The Corporation is a capital pool company which was listed on the Exchange on June 5, 2005, following the completion of its initial public offering, which raised \$737,500, including \$237,500 raised from founders as seed capital. Captain is a private oil and gas company.

#### *The Proposed Transaction*

##### *Battleford Qualifying Transaction*

Following the completion of the audited production statements and the reserve reports of Captain, and the receipt of applicable regulatory approval, Captain and a wholly owned subsidiary of the Corporation will amalgamate or complete a statutory arrangement or other form of merger or business combination which shall result in the business combination of Captain and the Corporation either through the Corporation, or a new corporation the name to be determined by the parties as may be acceptable to the Exchange.

The Proposed Acquisition will have the holders of shares of Captain (the “Captain Shares”) exchange their Captain Shares for common shares in the share capital of the Corporation (“Corporation Shares”) on the basis of one (1) Corporation Share for every one (1) issued Captain Share and \$150,000 cash. The Corporation believes that that Proposed Transaction is exempt from the sponsorship requirements of the Exchange, however such exemption remains subject to the approval of the Exchange as discussed below. The Proposed Transaction will be a non-arm’s length transaction. The Proposed Transaction is subject to the approval of the shareholders and Board of Directors of the Corporation, Captain and the shareholders of Captain. The deemed purchase price of the Proposed Acquisition, at a deemed price of \$0.50 per Corporation Share, will be Cdn\$400,000.

Following the completion of the Proposed Transaction and prior to any private placement, Battleford will have approximately 4,400,000 common shares outstanding.

### *Captain Capital Structure*

Captain was incorporated under the *Business Corporations Act* (Alberta) on April 13, 2005, and is a “private issuer” as that term is defined under Multilateral Instrument 45-103 and none of its securities have traded on any stock exchange. Captain currently has 500,000 Captain Shares outstanding, and prior to closing of the Proposed Acquisition. It is anticipated that at the closing of the Proposed Acquisition, Captain will have 500,000 Captain Shares. The sole director and officer of Captain is Michael S. Vandale. There are currently no shareholders who own or control, directly or indirectly, more than 10% of Captain’s issued and outstanding share capital other than Michael S. Vandale who holds 225,000 Captain Shares (45%), Theoren Fleury who owns 100,000 Captain Shares (20%), Curtis R. Stewart who holds 50,000 Captain Shares (10%), David Meidl who holds 55,000 Captain Shares (11%) and Peter Lodoen who holds 50,000 Captain Shares (10%).

Captain is currently preparing its financial statements and detailed selected financial information will be released when available.

### *Sponsorship*

Sponsorship of a qualifying transaction of a capital pool company is required by the Exchange unless exempt in accordance with Exchange policies. The Corporation will apply for an exemption from sponsorship requirements on the basis that the Corporation is not a foreign issuer, the proposed directors and officers meet the higher standard of the Exchange and the Corporation will meet the Tier 2 Minimum Listing Requirements for Oil and Gas Issuers. However, there is no assurance that the Corporation will obtain this exemption.

### *Concurrent Financing*

Concurrent with the Proposed Acquisition, the Corporation intends to complete a brokered financing (the “Financing”) of flow through common shares at a subscription price of \$0.50 per share issued on a private placement basis of up to \$1,250,000.00. The net proceeds of the Financing will be used to fund development of the Captain properties and incur and renounce qualifying expenditures to subscribers.

### *Description of Significant Conditions to Closing*

Completion of the Proposed Acquisition is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Proposed Acquisition cannot close until the required shareholder approval is obtained. In addition, other conditions include all other necessary regulatory, court and third party approvals and authorizations, the completion of a definitive agreement setting forth the terms and conditions set forth in the Letter of Intent and the completion of due diligence. There can be no assurance that the Proposed Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the Proposed Acquisition any information released or received with respect to the Proposed Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

**In accordance with Exchange policy, the Corporation's shares are currently halted from trading.**

**The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.**

**For further information, please contact:**

**Mark Wilson**

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