

Arete Industries, Inc. Sets Record Date for Dividend-Spin-off of Oil and Gas Subsidiary

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Company Takes the First Step of its Restructure Strategy to Make Colorado Oil and Gas, Inc. an Independent Public Company

NIWOT, Colo.--(BUSINESS WIRE)--July 13, 2005--Arete Industries, Inc. (OTCBB:[ARET](#) - [News](#)) today declared a stock dividend of a portion of its holdings in its Colorado Oil and Gas, Inc. (COG) subsidiary as the first step to its Restructure Strategy. The Board of Directors met on July 12, 2005, with the members of its Restructure Strategy Committee to take action on its recommendations, setting September 2, 2005, as the record date for the stock dividend. The dividend spin-off is the first step in the Company's proposed restructuring plan announced on June 29, 2005.

Bill Stewart, the CEO, President and a Director of COG, and an officer and director of Arete, laid out its funding, development, and long-term business plan to the Company's Board of Directors. As part of the plan it was determined that COG is ready to take the next step toward becoming a fully independent, operating oil and gas company by separating from its parent company. The Board evaluated the Committee's recommendations, considered the rules regarding spin-offs, and determined that COG was qualified to be spun-off at this time.

Under this first phase of its Restructuring Plan, Arete Industries, Inc. will retain five percent of its 850,000 common shares of COG and the remaining shares would be distributed to the Arete shareholders holding shares as of the Record Date, on a pro rata basis. Final details of the spin-off dividend plan will be forthcoming in the next few weeks. Preliminarily, depending on several factors including the number of shares outstanding on the Record Date, Arete shareholders will receive one share of COG for approximately every 300 shares of Arete Industries, Inc. they own as of the Record Date. The board has declared the dividend and set the September 2, 2005, Record Date to allow for timely preparation of required disclosures and performing procedures necessary to complete the dividend spin-off in accordance with state and federal regulations. The dividend spin-off is not contingent upon COG closing its proposed purchase of the 13 Well Project, but will require certain governmental filings and approvals. Under the first step of the Plan, COG will be required to distribute certain information to the Arete shareholders that are qualified to receive the COG shares in the dividend. After the spin-off COG will file a registration statement covering the shares being distributed in the dividend and as required under its current proposed financing. COG expects to file the registration statement with the SEC in the fourth quarter of 2005.

Charles Gamber, interim CEO and Director of the Company, stated that: "The Committee has done a great job bringing forth this first stage of our Restructuring Plan. We will now direct our focus toward developing a sustainable business plan for the Company in its own right, finishing our launch of COG and determining the future of our Aggression Sports, subsidiary. We have great expectations for our next phase which we hope to be complete and ready for full board review within the next two weeks."

About the Company

Arete Industries, Inc., a development-stage company, is a publicly traded holding company with several subsidiaries. Its subsidiary, Colorado Oil and Gas, Inc. ("COG") is in the process of acquiring small producing oil and gas properties and mineral interests with cash flow and has a Purchase Agreement currently under an extension to July 31, 2005, to purchase series of producing oil and gas leases and up to 4 proven undeveloped locations and 1 re-entry and recompletion well in Colorado. The Company has one other subsidiary, Aggression Sports, Inc. dba Arete Outdoors, which has been inactive since 2001, but which the Company is considering re-activating under a new business model being developed by its former CEO. The Company intends to restructure and redefine its business direction under a plan announced in June of this year, including seeking new business acquisitions.

Statement as to Forward Looking Statements

Certain statements contained herein, which are not historical, are forward-looking statements that are subject to risks and uncertainties not known or disclosed herein that could cause actual results to differ materially from those expressed herein. These statements may include projections and other "forward-looking statements" within the meaning of the federal securities laws. Any such projections or statements reflect the Company's current views about future events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from those projected. Important factors that could cause the actual results to differ materially from those projected include, without limitation: (i) the Company's inability to obtain necessary regulatory approval or authorization of its proposed dividend spin-off of COG; (ii) COG's inability to meet the conditions to acquiring its current project including providing financing to pay the purchase price therefor; (iii) unexpected difficulties encountered in the investment market; (iv) the volatility in commodity prices for oil and gas, the presence or recoverability of estimated reserves, the ability to replace reserves, environmental risks, drilling and operating risks, exploration and development risks, inability to compete with better financed oil and gas companies for viable prospects; (v) government regulation or other actions that restrict or burden the Company in its efforts to acquire viable business opportunities; (vi) the ability of management to execute its plans, to meet its goals and other risks inherent in their businesses that are detailed in their Securities and Exchange Commission ("SEC") filings.

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