

# DEREK

Oil & Gas Corporation

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January 18, 2005

Derek Oil and Gas Corporation (the "Company") advises that it has received notification of a lawsuit that asserts a claim for entitlement to a nominal one percent (1%) gross overriding royalty over certain of the Company's oil leases at LAK Ranch, Wyoming. The Company recently purchased a one percent royalty for consideration of US\$71,187.40 and, in addition to its LAK Ranch working interest, currently holds gross overriding royalties totalling 5.8 percent over these leases. Management considers this claim to be frivolous and completely without merit and will be filing a defence to the action.

## DEREK OIL & GAS CORPORATION

***"Barry C.J. Ehrl"***

**Barry C.J. Ehrl, Director**

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

*This document includes forward-looking statements. Forward-looking statements include, but are not limited to, the continued advancement of Derek Oil and Gas's LAK Ranch project. In this document, the words "potential", "plan", "could", "estimate", "estimate", "expect", "intend", "may", "should", and similar expressions are intended to be among the statements that identify forward-looking statements. Although Derek believes that their expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include the potential that Derek's LAK Ranch project will experience technological and mechanical problems, geological conditions in the reservoir may not result in commercial levels of oil and gas production, and other risks disclosed in our Form 20-F filed with the U.S. Securities and Exchange Commission.*

Cautionary Note to U.S. Investors: Investors are urged to consider closely the disclosure in our Form 20-F, File No. 0-30072, available from us at Suite 1550, 355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8. You can also obtain this Form 20-F from the SEC by calling 1-800-732-0330 or you may find it online at [www.sec.gov](http://www.sec.gov) or at [www.sedar.com](http://www.sedar.com) where it is filed as the Company's Annual Information Form.