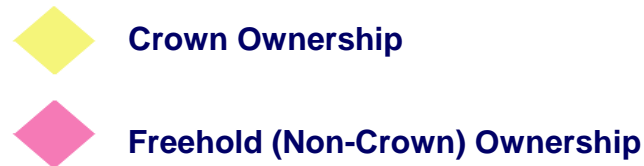
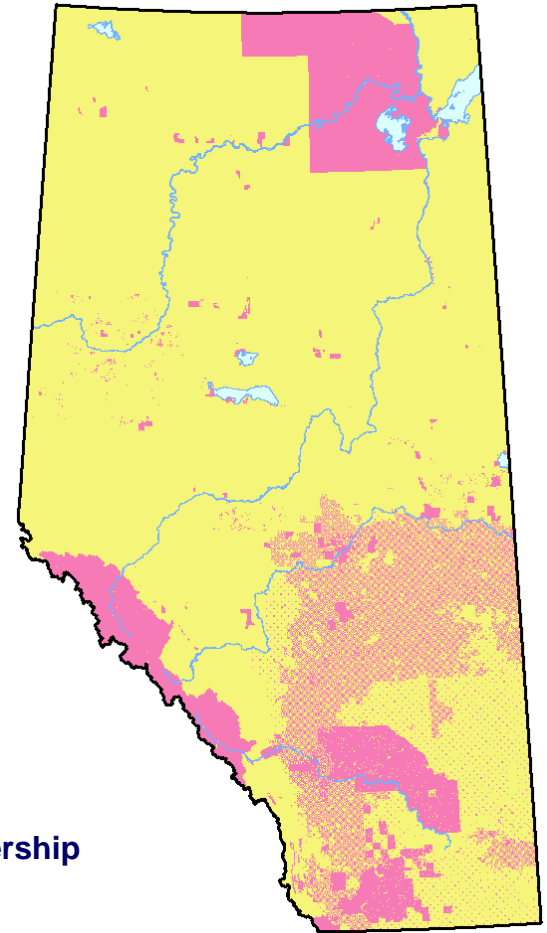


Acquisition of Petroleum and Natural Gas Rights in Alberta

February 24, 2014
Brenda Ponde

PNG Mineral Ownership

- 81% Alberta Crown
- 19% Freehold and Federal Crown
 - Homesteader's descendants
 - Corporations (such as railways)
 - Federal Crown Land (parks, Indian Reserves)



PNG Licence and Lease Agreements

- The agreement grants the exclusive right to drill for, win, work and recover any leased substance within the location

LICENCE

- Initial Term: 2 years (Plains)
4 Years (Northern)
5 Years (Foothills)
- Intermediate Term: 5 years

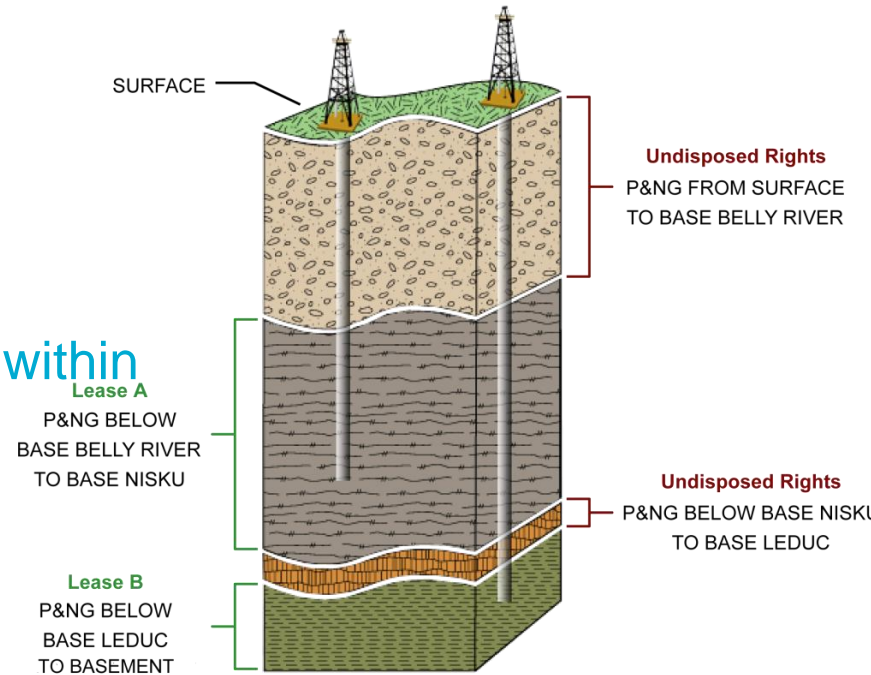
LEASE

- Primary Term: 5 Years



PNG Sales

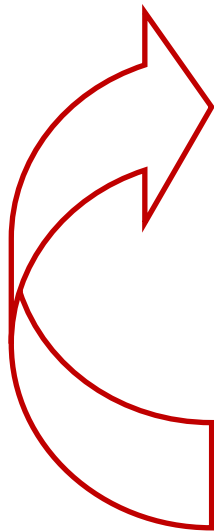
- The undisposed rights are available for sale
- PNG rights can be leased as:
 - all rights from surface to basement
 - from the surface to a specified zone
 - from a specified zone to basement
 - including exceptions for leased rights within



PNG Agreement Cycle

Rights are posted and agreements purchased at a land sale. The highest bidder wins.

Continuation of productive PNG rights and cancellation of non-productive PNG rights.



Continual monitoring of agreements

Review of productive PNG rights upon expiry of agreements.



Lessee explores and develops lands and rights.