

KAKWA / KARR

- 5 sections of land – Crown
- 100% working interest

Attached is a property report indicating all title information, lands, working interest and encumbrances along with a map outlining our land position.

The Kakwa / Karr farmout lands are prospective for both Dunvegan and Falher channels. Both plays are shallow, liquids rich, natural gas plays that can be exploited with horizontal wells. The key offset well for the Falher C is the 4-1-65-6W6M horizontal well that is producing at 9 Mmcf/d (November 2011). The key offset well for the Dunvegan is the 4-30-65-5W6M horizontal well that is producing at 3 Mmcf/d (November 2011).

Offers are to be submitted to the attention of the undersigned.

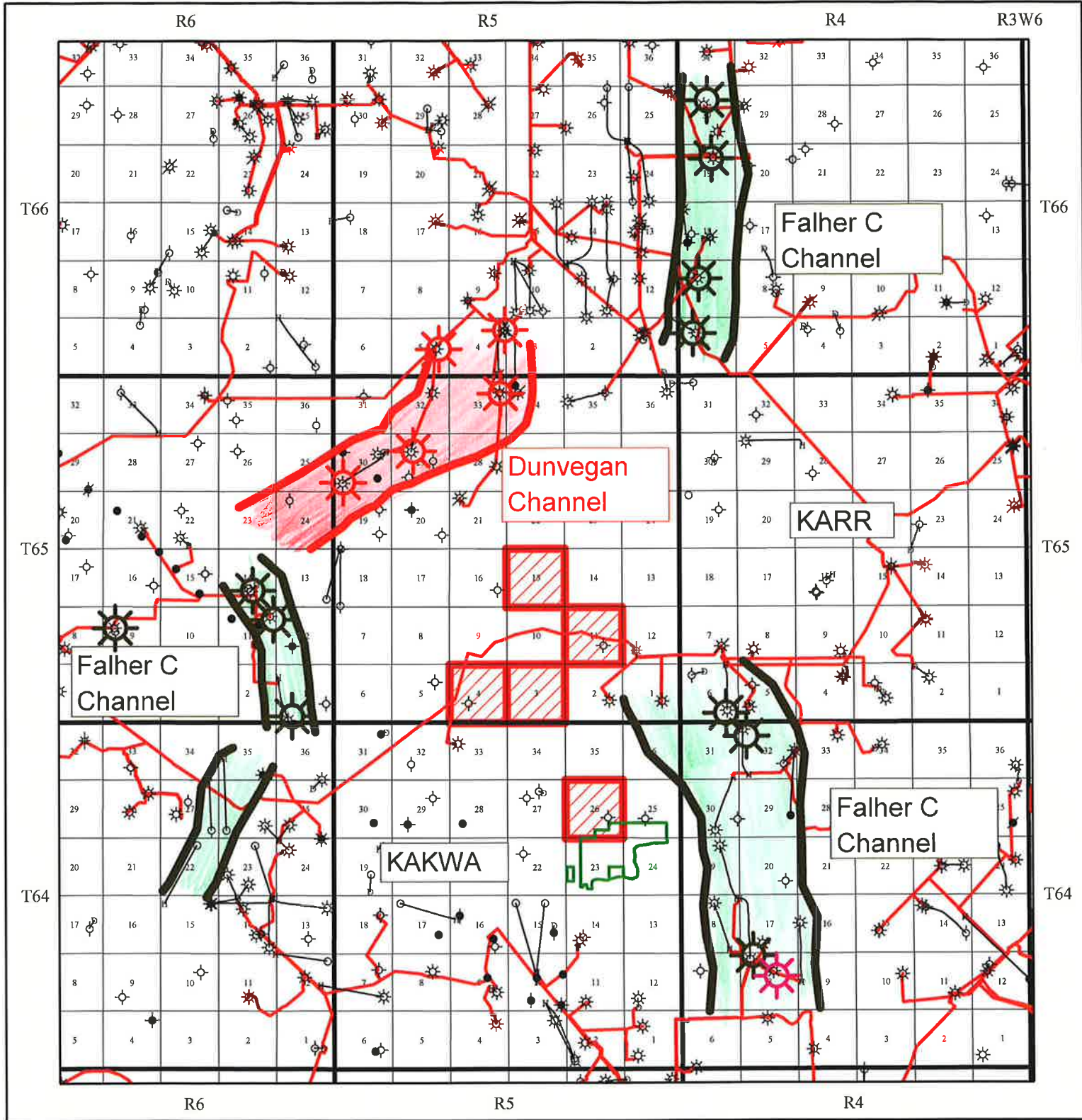
Progress reserves the right to decline any and all offers, and to negotiate with any company it so chooses.

If you wish to discuss this matter further please do not hesitate to contact the Area Landman below.

David Griep
Senior Landman
Progress Exploration Partnership 2009

Phone: 403-539-1778
Fax: 403-216-2514
Email: dgriep@progressenergy.com

February 8, 2012



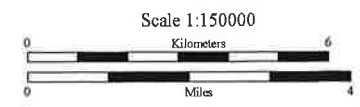
WELL LEGEND	
Bottom Hole Locations:	
○ Location	◊ Suspended
⊠ Service or Drain	● Oil
⊛ Gas	◊ Dry & Abandoned
⊛ Suspended Oil	⊛ Abandoned Oil
⊛ Suspended Gas	⊛ Abandoned Gas

PROPRIETARY DATA LEGEND	
Lines:	
—	Deformation Front-Surface

Progress Energy

Kakwa / Karr Farmout Lands

<p>Created in AcenMap™ Product of IHS Datum: NAD27 Vol 22 No. 01, Jan 16 2012 (403) 770-4646</p> <p>Copyright © 1991-2011</p> <p>Grid Information: DLS: IHS Enhanced Grid NTS: Theoretical Grid PPS: Theoretical Grid US: IHS US Grid</p>	<p>Author: Peter Salzman Date: February 8, 2012 File: gold_creek_blank.MAP Scale: 1 : 150000 Projection: Stereographic Center: N43.62907° W118.66212°</p> <p>DLS Version Information: AB: ATS 2.6 BC: PRB 2.0 SK: STS 2.3 MB: MB-107</p>
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**PROGRESS ENERGY
 Mineral Property Report**

KAKWA / KARR

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held
M-04726	PNGL	CR	256.000			WI	Area : KAKWA
Sub: B	WI		256.000	PEP2009		100.00000000	TWP 64 RGE 5 W6M SEC 26
A	5403060334		256.000				(SURFACE ACCESS RESTRICTIONS)
	PEP2009			Total Rental:	896.00		PNG TO BASE BLUESKY-BULLHEAD
100.00000000	PEL						
Status							
UNDEVELOPED	Dev:	Hectares	Net	Undev:	Hectares	Net	----- Related Contracts -----
		0.000	0.000		256.000	256.000	100300 B P&S Apr 25, 2004 (I)
Royalty / Encumbrances							
Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales			
CROWN SLIDING SCALE	ALL	Y	N	100.00000000	% of	PROD	
Roy Percent:							
Deduction:	STANDARD						
Gas: Royalty:		Min Pay:		Prod/Sales:			
S/S OIL: Min:	Max:	Div:		Prod/Sales:			
Other Percent:		Min:		Prod/Sales:			

M-04772	PNGL	CR	256.000			WI	Area : KARR
Sub: A	WI		256.000	PEP2009		100.00000000	TWP 65 RGE 5 W6M SEC 3
A	5404020365		256.000				PNG TO BASE SPIRIT_RIVER
	PEP2009			Total Rental:	896.00		
100.00000000	PEL						
Status							
UNDEVELOPED	Dev:	Hectares	Net	Undev:	Hectares	Net	----- Related Contracts -----
		0.000	0.000		256.000	256.000	100300 B P&S Apr 25, 2004 (I)
Royalty / Encumbrances							
Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales			
CROWN SLIDING SCALE	ALL	Y	N	100.00000000	% of	PROD	
Roy Percent:							
Deduction:	STANDARD						
Gas: Royalty:		Min Pay:		Prod/Sales:			
S/S OIL: Min:	Max:	Div:		Prod/Sales:			
Other Percent:		Min:		Prod/Sales:			

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File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M-04772	PNGL	CR	Eff: Feb 05, 2004	256.000		WI	Area : KARR
Sub: B	WI		Exp: Feb 04, 2008	256.000	PEP2009	100.00000000	TWP 65 RGE 5 W6M SEC 4
A	5404020365		Ext: INT	256.000			PNG TO BASE SPIRIT_RIVER
	PEP2009		Ext: Feb 04, 2013		Total Rental: 896.00		
100.00000000	PEL						----- Related Contracts -----
	Status		Hectares	Net		Hectares	Net
	UNDEVELOPED	Dev:	0.000	0.000	Undev:	256.000	256.000
							100300 B P&S Apr 25, 2004 (I)
							C-01494 D FO Jul 02, 2004 (I)
							C-02307 A SEISOP Jun 18, 2007 (I)
							C-03139 A CONTRIBUT Jan 15, 2009

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:

M-04773	PNGL	CR	Eff: Feb 05, 2004	512.000		WI	Area : KARR
Sub: A	WI		Exp: Feb 04, 2008	512.000	PEP2009	100.00000000	TWP 65 RGE 5 W6M SEC 11, 15
A	5404020367		Ext: INT	512.000			(SURFACE ACCESS RESTRICTIONS)
	PEP2009		Ext: Feb 04, 2013		Total Rental: 1792.00		ALL PNG TO BASE SPIRIT_RIVER
100.00000000	PEL						----- Related Contracts -----
	Status		Hectares	Net		Hectares	Net
	UNDEVELOPED	Dev:	0.000	0.000	Undev:	512.000	512.000
							100300 B P&S Apr 25, 2004 (I)
							C-01494 D FO Jul 02, 2004 (I)
							C-02307 A SEISOP Jun 18, 2007 (I)
							C-03139 A CONTRIBUT Jan 15, 2009

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				

Report Date: Feb 08, 2012
Page Number: 3
REPORTED IN HECTARES

PROGRESS ENERGY
Mineral Property Report

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held
(cont'd) M-04773	A	Gas: Royalty: S/S OIL: Min: Other Percent:	Max:	Min Pay: Div: Min:	Prod/Sales: Prod/Sales: Prod/Sales:		

Report Date: Feb 08, 2012
Page Number: 4
REPORTED IN HECTARES

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Mineral Property Report**

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code			
File Status	Int Type / Lse No/Name		Gross						
Mineral Int	Operator / Payor		Net	Doi Partner(s)				Lease Description / Rights Held	
Report Total:	Total Gross:		1,280.000	Total Net:		1,280.000			
	Dev Gross:		0.000	Dev Net:		0.000	Undev Gross :	1,280,000	Undev Net : 1,280.000

** End of Report **