B. C. TAP WATER ALLIANCE

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Stop Fracking British Columbia - www.bctwa.org/FrackingBC.html

BACKGROUNDER ON SHALE GAS & OIL COMPANIES IN QUEBEC

By Will Koop,
March 15, 2011

Would you like to be a future CEO??? One of Petrolia's public relations themes advertised in its 2010 annual report to recruit the youth of Canada. Sometimes CEOs have to make challenging decisions. For instance, in January, 2011, Petrolia filed a libel lawsuit against Quebec City newspaper Le Soleil and energy campaigner Ugo Lapointe, regarding a December 3, 2010 article printed in Le Soleil concerning remarks about Quebec's policy on petroleum royalties.

PREFACE

This overview of deep shale gas and oil companies (with or without land permits/licenses) operating in southern Quebec is merely a cursory or simple analysis, and provides introductory information. Sometimes, very little information was found using the world wide web. It's purpose is to provide the public with information about fracking issues in Quebec and Canada, information that is difficult to obtain in one document such as this, perhaps inspiring interested researchers to deliberate on pieces of information and make important associations not previously understood.

The companies, presented in numerical and alphabetical order, are cited on the province of Quebec's October 2010 shale gas land permit/lease maps. (Refer to the maps of Quebec's shale gas licenses on the *Stop Fracking British Columbia website*, under the Quebec information link. See the list of registered companies identified on those maps, and the accompanying document with a description of each shale gas permit/license: *www.bctwa.org/Frk-Quebec-Maps.html*).

The public and privately listed companies often have partners with other energy companies (through conditional contracts, farm-outs, and joint ventures), companies which may or may not have registered exploration land licenses/permits with the government of Quebec. Three active partner companies, (Canadian) **Forest Oil**, **Epsilon Energy Ltd.**, and **Canbriam Energy Inc.** are not on the government's map, and are included in this report.

Company board/director information was primarily obtained through the Toronto Stock Market Venture (TSX) website when applicable, data which is not necessarily updated with current information about listed companies and directors. Informational Canadian company filings and reports were retrieved from SEDAR (System for Electronic Document Analysis and Retrieval), and all other related information was retrieved from the internet.

Bon Appetite!

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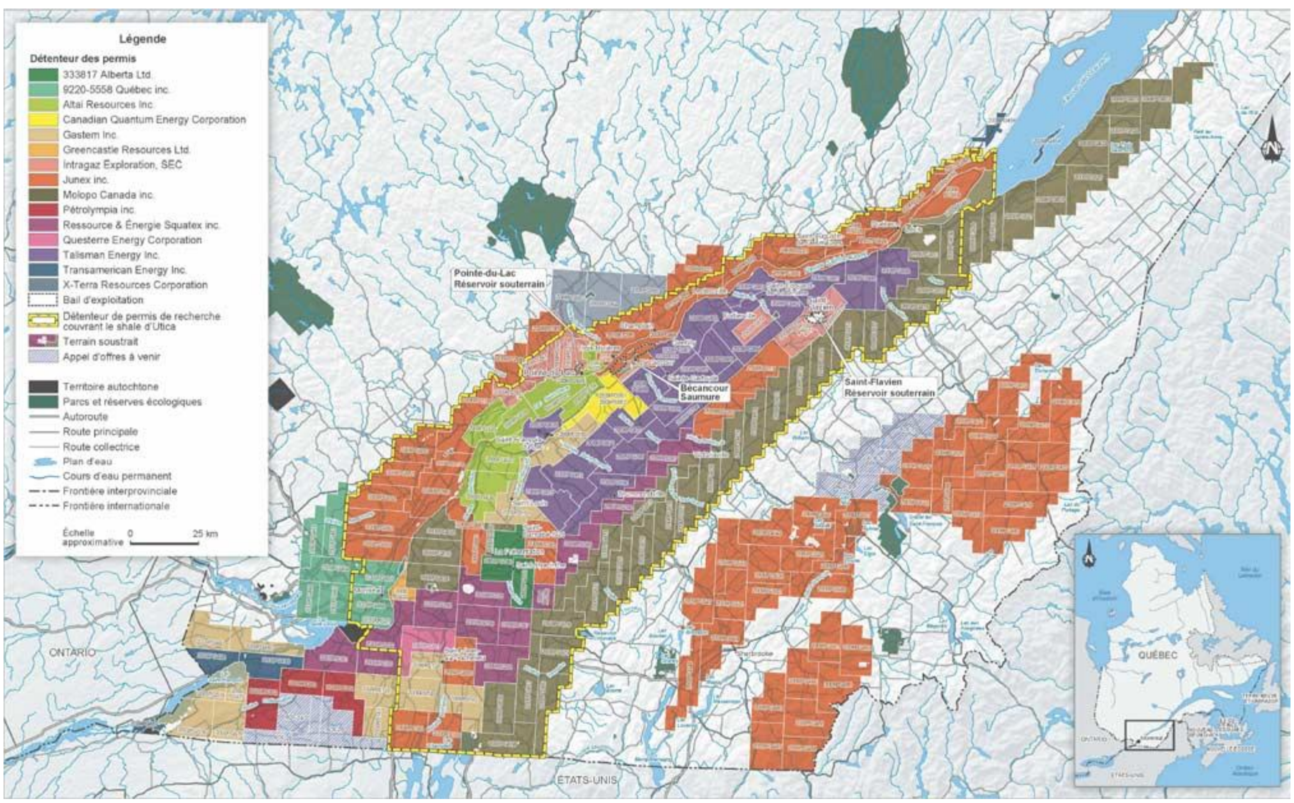
INTRODUCTION

Three months before the Quebec government began dishing out deep shale gas permits to energy companies in February 2006, it released a public consultation paper, *Energy for Prosperity in Quebec: Objectives and Orientations of the Energy Strategy*. It was part of an ongoing discussion forum on energy issues that began in December, 2004. The November 2005 report, with the logo "Shine among the Best", began with the following "Message from the Minister of Natural Resources and Wildlife", Pierre Corbeil:

> Since April 2003, our government has pursued a clear objective. We want Quebecers in all regions to enjoy a more prosperous economy that meets the requirements of sustainable development, to benefit from a modernized State offering better services at lower cost, and to see their interests and identity defended effectively. ... Our government believes in the values of consultation and dialogue with citizens.

In the November 2005 report section 3, under the heading "Challenges", it states that "the challenge", through "energy as a powerful lever for economic development", was to be achieved "**by involving the communities concerned in each project, by associating local and regional communities with the projects**."



This map, showing the layout of Utica and related shale gas permits granted to energy companies from 2006 - 2010 in the Saint Lawrence Lowlands, from Metro Montreal to northeast of Quebec City, about 450 kilometres in multi-permit length, is from the March 8, 2011 public review report about the shale gas issues, *Developpement durable de l'industrie des gaz de schiste au Quebec* (figure 11). The English translation is scheduled for release on March 18, 2011. The petroleum permits continue onwards northeast beyond those shown in this map, over the entire Gaspe Peninsula.

In the report section 4, under the heading “Objectives”, states that “great deal of hope is also placed on the presence of significant fossil fuel deposits in the sedimentary basins of Québec, particularly in the substrata of the Gulf of St. Lawrence Estuary and Gulf and the Gaspé peninsula:”

> The orientations selected for the new energy strategy will confirm the Government’s intention to develop its energy resources in an environmentally friendly way, taking social concerns into account and leaving future generations everything they will need to ensure their own development.

From February 2006 to 2010, the Quebec government issued hundreds of petroleum permits to energy company applicants over lands where a large concentration (“x” millions) of Quebecers live, **without** consulting or seeking informed approval from Quebecers.

In September, 2010, the legal firm Blake, Cassels & Graydon LLP [1] released a summary, two-page Blakes Bulletin, *Shale Gas: Anticipated Changes to Quebec’s Regulatory Framework*. The bulletin, as a way of informing energy companies and its investors about the shale gas public hearings held in late 2010, outlines the controversial “free mining” principle that allowed the Quebec government to issue the petroleum permits:

> **Statutory Framework**
>
> While various laws have an impact on shale gas exploration and development in the province of Quebec, there is no law or regulation dealing specifically with this type of activity. The Quebec government is expected to submit a bill to regulate oil and gas production in the province by the spring of 2011. In the meantime, the *Mining Act* currently serves as the main statutory framework for the exploration for, and development of, shale gas in the province. Under the *Mining Act*, prospecting licences are granted based on the “free mining” principle.

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[1] The legal firm is headquartered in Calgary, Alberta, with Northern Hemisphere satellite offices in Montreal, Ottawa, Toronto, Vancouver, New York, Chicago, London, Bahrain, Al-Khobar, Beijing and Shanghai. The following quote is from its Oil & Gas page: *Our team of lawyers acts for a variety of clients including E&P companies, midstreamers, marketers, refiners, utilities, industrial users, industry financiers, energy income trusts and other stakeholders. We have been retained in a number of capacities including providing services and advice in merger and acquisition transactions, competition and environmental matters, regulatory applications, hearings and related matters, ownership and operational issues and structuring, negotiating and preparing project and other industry development agreements. Conducting business anywhere, but particularly in the lower-margin Western Canadian Sedimentary Basin, requires a thorough understanding of all aspects of the legal environment in which the oil and gas industry operates. Many transactions and matters are driven by tax, securities, financing, regulatory, litigation and insolvency considerations. Blakes also has established practices in these areas which, when combined with our extensive oil and gas legal experience, allows us to efficiently and effectively provide sound, practical and comprehensive advice to assist our clients in achieving optimal commercial results.*
As one of Canada’s leading legal firms, Blakes is active with numerous industry related groups including the Canadian Bar Association, International Bar Association (Section on Energy and Natural Resources Law), Canadian Petroleum Law Foundation, Rocky Mountain Mineral Law Institute, Petroleum Joint Venture Association, Canadian Association of Petroleum Landmen and the Canadian Association of Petroleum Producers. Blakes lawyers are active in speaking and writing on legal and energy related topics of interest to clients and industry groups and regularly share with our clients our knowledge on such topics through our publication, Blakes Oil & Gas Law Bulletin.

Free Mining

According to the "free mining" principle under the *Mining Act*:

- everyone has access to the resource;
- the first applicant is granted the right to explore;
- in the event of discovery, the applicant is guaranteed the right to develop the resource; and
- the discovery and development of deposits are left to industry know-how.

Prospecting licences are valid for five years and are renewable. In exchange for exploration rights, licence holders must pay an annual rent and carry out geological or geophysical work or drilling. The dollar value of the work required is calculated based on the surface area covered by the licence.

A prospector who discovers an economically viable amount of gas is granted a 20-year, renewable, natural gas development lease.

There are two primary categories of concern that relate to the public controversy over shale gas development in southern Quebec: the powers conferred to the Quebec government through legislation to freely issue the petroleum permits, and the failure to properly and comprehensively consult the public. These powers and failures may perhaps be overcome in the near future as the public wrestles with the government to amend old mining legislation and to introduce new comprehensive petroleum planning powers to third level governments and citizen stakeholders.

Following the release of the BAPE's shale gas report on March 8, 2011, and the related announcement about a two year moratorium on shale gas developments, some of the energy companies' stock prices began to fall sharply. All of the energy companies understand the risks or limitations of their exploration and development permits in Quebec as they relate to democratic processes and laws. There is always a proviso in company presentations and informational reports and news bulletins to this effect, i.e.:

> *Forward looking statements are based on numerous* ***assumptions*** *regarding Molopo's present and future business strategies and the environment in which Molopo will operate in the future. Among the important factors that could cause Molopo's actual results, performance or achievements to differ materially from any prediction, estimate, forecast or other forward looking statement in this presentation are – changes in levels of demand and market prices, increases in relevant input costs, drilling and production results, producible reserves being lower than anticipated, technical and other problems in the production and transportation of products, loss of market, delays in implementing projects, the impact of foreign currency exchange rates on market prices and operating costs, operational problems,* ***political uncertainty, economic conditions in relevant areas of the world, actions of competitors, and the activities of governmental authorities (including changes in taxation, business regulation, environmental laws and fiscal policy)****.* (See section on Molopo Canada Inc., below)

The "assumptions" made by the energy companies in southern Quebec, and forgotten and overlooked by eager energy investors and marketing groups, have taken on new twist. As explained in our recent report, *Ants to the Picnic*, on the origins of deep shale gas drilling in Quebec and its impact on a town in the St. Lawrence Lowlands, energy marketing company Canaccord forecast the "challenge" of shale gas development in 2008 as it related to public acceptance, but failed to make it a top priority risk.

Similarly, Canadian investment dealer Mackie Research Capital Corporation's [2] later October 20, 2010, 60-page report, *Spotlight on the Utica Shale: Next Steps - The Path to Commercialization*, was released as the Quebec government was beginning its public hearings on shale gas development, hearings resulting from wide public criticism and disapproval. Mackie Research's report, however, had almost no warning or risk discussion scenarios about public disapproval (though it had been ringing constantly for a year previous), other than an admission that natural gas production from shale deposits as a fuel in Quebec was "dirty", a term that the petroleum industry and its top associations rarely or candidly admit:

> Québec-specific risk: While the province of Québec is eagerly promoting oil and gas exploration, we highlight several cautionary considerations that may **rein in** the growth of this industry. In particular: there is the risk that
>
> 1. the government will alter royalty rates or introduce new regulations that will reduce the attractiveness of the Utica;
>
> 2. Québec does not have the infrastructure or processes to handle the potential volume or related industry issues as they arise;
>
> 3. **Québec has a history of using "clean" energy such as hydro and the emergence of a "dirty" fuel may encounter complications.**

As referenced and described in the section on Talisman Energy Inc. (page 82 ff.), the company, with its reasonably deep financial pockets, appears to be spearheading and largely financing the public relations front in Quebec. Not only does it have a direct hand in helping front the recently formed Quebec Oil and Gas Association (April, 2009) alongside its deep shale gas partners, and financing the recent appointment of former Quebec Premier Lucien Bouchard to captain the

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[2] The report was "prepared by Ken Lin, Analyst and Daniel Choi and Gillian Surbey, Associates." According to the "important disclosures" section at the end of the report, **Gastem Inc.**, **Junex Inc.**, and **Questerre Energy Corp.** provided "offering of securities", "compensation for investment banking and related services", "shares and/or options to acquire shares" to either the Mackie Research Capital Corporation and/or its research analysts "within the last 3 years." Mackie Research's Canadian offices: Calgary, St. Albert (Alberta), Vancouver, Regina, Toronto (head office) and Montreal. It has a large team of 13 investment bankers, 10 of which operate in Toronto, and Mackie's four senior executives are John McMahon (vice chairman), Patrick G. Walsh (chair, CEO), Geoffrey G. Whitlam (president), and Andrew Selbie (executive vice president, corporate secretary, COO, CFO). Mackie's U.S. subsidiary is called Mackie Research Capital USA Inc.
Quote from the report about the company: "Mackie Research Capital provides institutional investors in North America and Europe with superior research coverage, market intelligence, and distribution and placement capabilities. Our competitive advantage comes from an in-depth knowledge of the industries, companies, and investors that make up the global growth-company market. This specialized market focus, along with a reputation for quality, integrity, and strong client relationships, has made Mackie Research Capital a leading trader of growth stocks. Mackie Research Capital provides a full range of investment banking services to the growth market MININGs and is highly respected for the quality of its equity underwriting and advisory services. Our investment banking services include initial public offerings (IPOs), secondary and follow-on equity offerings, private placements, capital pool company offerings and listings, mergers and acquisitions, reorganizations, fairness opinions and valuations, and sponsorship of TSX listings. In all, at Mackie Research Capital, we strive to develop long-term relationships with corporations that are building their way to the top."

Association, but also its ties to Hill & Knowlton, the international public relations firm which appears to be a handler of deep shale gas energy issues in Europe, the United States, and in Quebec, a subject seemingly un-investigated by the media covering deep shale gas controversies in North America.

In a number of tables, Mackie Research's October 2010 report highlights the holdings of the major company players in Quebec, indicating that Talisman has the upper hand in a number of forecast investment and asset categories.

As reported below in the Talisman Energy Inc. section, the new Quebec Oil and Gas Association has three associated members, one of which is Montreal-based **SNC-Lavalin**, one of the top ten engineering firms in the world. On Talisman's board of directors sits Christiane Bergevin, former "senior vice-president and general manager of Corporate Projects with **SNC-Lavalin Group Inc."** Bergevin "held several executive and international finance positions with various **SNC-Lavalin subsidiaries** including President of **SNC-Lavalin Capital Inc.**, its finance advisory arm, between 2001 and 2008." Also reported below, in 2004 SNC-Lavalin invested $100 million into Hydro Quebec's newly privatized company Noverco, which Enbridge Inc., the company pushing Alberta's tar sands oil export pipeline across mid-British Columbia, has a large controlling interest in.

There seems to be an inter-provincial, and cross-border corporate connection between SNC Lavalin, Talisman and Encana Corporation, the latter two of which are major players in North American deep shale and coal bed methane gas, including major holdings and projects in northeast British Columbia. Since leaving his position as CEO with Encana Corp. (April 2002 - December 31, 2005), formerly the Alberta Energy Company Ltd. which he was the president and CEO (from 1994-2003), southern Vancouver Island resident **Gwyn Morgan** [3] became the chair of SNC-Lavalin on May 4, 2007. On January 13, 2003, Macleans magazine profiled Morgan "by his own account" as "the most powerful man in Canada's Oil patch." Since April, 2009, Morgan has also been a columnist for the Globe and Mail newspaper. As reported in the Fraser Institute's December 2007 - January 2008

[3] Bloomsberg has the following biography of Gwyn Morgan: "Mr. Gwyn Morgan, CM, founded and served as President and Chief Executive Officer of **EnCana Corporation** from April 2002 to December 31, 2005. Mr. Morgan served as President and Chief Executive Officer of **Alberta Energy Company Ltd.** from 1994 to 2003. He joined **Alberta Energy Company Ltd.** in 1975 during the start-up of operations and served as a Member of the founding management of the **Alberta Energy Company Ltd.**, a predecessor of EnCana Corporation. He served as an Honorary Colonel (ret'd) of 410 Tactical Fighter Squadron of the Canadian Air Force. Mr. Morgan has been Chairman of **SNC Lavalin Group** Inc. since May 4, 2007. He serves as Vice Chairman of the **Canadian Council of Chief Executives**. He served as Executive Vice Chairman of **EnCana Corporation** from December 2005 to October 12, 2006. He has been an Independent Director of **SNC Lavalin Group Inc.** since March 04, 2005. He has been an Independent Non Executive Director of **HSBC Holdings plc** since October 3, 2006. He serves as a Director of the **Institute of the Americas**, Member of the Board of Governor of the **Council for Canadian Unity** and a Trustee of **The Fraser Institute**. Mr. Morgan serves as a Director of the **American Petroleum Institute** and a Member of the **Accenture Energy Advisory Board**. He served as a Director of **EnCana Corporation** from 1993 to October 12, 2006. He served as an Independent Director of **Rio Tinto Alcan** (Also known as **Alcan Inc.**) since January 18, 2006. He served as a Director of **Alberta Energy Company Ltd.** (AEC) from 1993 to 2003. He served as a Director of **HSBC Bank Canada** from December 1996 to 2006 and served as its Lead Director. He served as a Director of **Lafarge North America Inc.** until June 2004. Mr. Morgan was selected **Canada's Outstanding Chief Executive Officer of the Year** for 2005. In 2005, he was named as Fellow of the Canadian Academy of Engineering (FCAE). He is the recipient of the Canadian Business Leader Award from the University of Alberta and the Ivey Business Leader Award from the University of Western Ontario, two Honorary Degrees and an inductee to the Alberta Business Hall of Fame. Mr. Morgan holds a Bachelor of Science in Petroleum Engineering from the University of Alberta and a Post Graduate qualification including the Executive Business Program of Cornell University in New York State."

publication *Fraser Forum*, Gwyn Morgan and Patricia Trottier, who own a $7.5 million bungalow in Greater Victoria's North Saanich, donated $1 million to the Fraser Institute.

Michael Walker, President of The Fraser Institute Foundation (left) with Institute founder T. Pat Boyle, Patricia Trottier, and Gwyn Morgan.

Gywn Morgan formally entered the British Columbia provincial political arena in January 2011 as one of BC Liberal Party Premier Christy Clark's (who became Premier on March 13, 2011) new provincial campaign economic advisors. The internet "Team Christy fan site for the next Premier of British Columbia" reported on January 12, 2011 that the "other members of Ms. Clark's advisory group are **Larry Bell**, the former chair and CEO of BC Hydro; **Wendy Lisogar-Cocchia**, owner of Century Plaza Hotel & Spa and Absolute Spa Group; **Gerry Martin**, chair of the BC Progress Board; **John Sheridan**, president and CEO of Ballard Power Systems; and condo king **Bob Rennie**, director of Rennie Marketing Systems." Said Morgan, "I am available for any kind of advice she wants at any time".

Gwyn Morgan recently authored a March 10, 2011 opinion article in Victoria's Time Colonist, *Oilsands a boon to both Canada, U.S.*, defending Alberta's tar sands as "ethical oil", emphasizing a part of Ezra Lavant's book *Ethical Oil* where "Lavant points out that environmental standards governing the Canadian oilsands are vastly superior to those in the oilsoaked Niger Delta or Venezuela's Orinoco region." The controversial, systematic deregulation of environmental laws and oversight of Alberta's tar sands which has tragically allowed the tar sands to be mined is consistent with Encana's recent statement to the Canadian federal Standing Committee on Natural Resources on November 23, 2010 that "it would not make sense to do a cumulative (environmental) effects assessment" of its and the other numerous, integrated deep shale gas operations in northeast British Columbia. Encana, with its fracking partner Apache Canada, recently each conducted the "world's biggest fracks", setting the stage for the fracking industry to mirror those records as new standards in the rush to develop shale gas around the world.

Four days later on March 14, 2011, and closely following on the heels of Quebec's decision to impose a two-year moratorium on shale gas developments, the Vancouver Sun ran a front page story called *Shale gas could herald era of unparalleled wealth in B.C.* :

> The shale gas deposits have triggered a slew of deals worth billions of dollars as global companies jockey to gain a foothold in this new resource gold rush. **Petro China's** $5.4-billion investment with **Encana**, for a 50-per-cent stake in one B.C. gas deposit alone, is the largest, while South African synthetic fuel producer **Sasol's** $2-billion investment in two of **Talisman Energy's** gas holdings perhaps brings the most promise.
>
> Sasol is a world-leader in technology of converting natural gas to synthetic diesel, and it has agreed with **Talisman** to conduct a feasibility study around the economic viability of a facility in Western Canada to convert natural gas to liquid fuels.
>
> "It's exciting, innovative stuff," said Travis Davies of the **Canadian Association of Petroleum Producers**.
>
> Last week, the province of Quebec placed a two-year moratorium on fracking in shale-gas deposits in that province while it develops regulations.
>
> **Energy minister Thomson** said the situation in Quebec is far different than here. "This is a province where oil and gas exploration has been taking place for decades. Quebec, on the other hand, is only beginning to establish an oil and gas sector," he said in the email. "It makes sense for Quebec to take a prudent approach as they do not have the background and regulatory structure in place like we do."

The problem with BC Liberal Minister Thomson's position is that the BC government has yet to be accountable and "prudent", by failing to consult the public on issuing thousands of petroleum leases on BC public lands, failing to implement integrated cumulative environmental effect studies, failing to disclose important resource use information and allocation of fresh surface and sub-surface waters, failing to properly regulate environmental and safety standards related to the production of natural gas and its dangers and risks to human and non-human health, and has taken advantage of old mining laws and legislation concerning "free entry" that allows energy companies to access and develop private lands, and concentrated decision-making powers into a single watchdog authority, the BC Oil and Gas Commission.

As stated in our November 9, 2010 report, *Encana's Cabin Not So Homey:*

> Northeast British Columbia's shale gas race will undoubtedly become and remain one of the most significant environmental and public planning issues facing First Nations, the Province, Regional Districts, regulators, communities and residents alike. Given the backdrop of evermore lax and non-existent legislation and regulations, these developments can be understood as distinct social and political failures.

QUOTES

The Utica is Canada's newest shale play and has relatively few players. The Utica shale gas play covers an area of approximately 5,000 square kilometers and runs along Quebec Canada's St. Lawrence River shoreline in the St. Lawrence Lowlands. The heart of the Utica Shale trend in Quebec is massive, bounded by the Yamaska Fault to the north-east, which roughly follows the St. Lawrence river through this area, and the Logans Line fault system to the south-west. The plays Fairway extends along the St. Lawrence from roughly Montreal to Quebec City covering an area of over 1.1 million acres or roughly 2,400 square miles. Drilling depths vary from 800 to 2,500 meters with shale thickness ranging between 75 and 300 meters.

But it's not yet clear that the Utica is an economic gas play. ***Fortunately major players like Forest Oil Corporation (FST-NYSE) and Talisman Energy Inc. (TLMT - NYSE) are now committing large amounts of money to find out if it is.*** *Market confidence - in regards to the commercial viability of this play - could increase dramatically in the coming months.* ***This author believes the work commitment by the major players in the area warrants investors paying closer attention*** *to this still young, early days gas play - the prize at stake in Quebec's St. Lawrence Lowlands is enormous - if Utica shale gas is proven commercially viable then the Utica has the potential to be one of the largest resource plays in Canada.*

(Source: *The Utica, An Emerging Canadian Shale Gas Play*, by Richard Mills, January 9, 2010, The Market Oracle)

Questerre Energy *is the biggest position in my portfolio and it is also my favorite. With just over one million acres of land in Quebec, I believe Questerre has the best land position in the St. Lawrence River. It has partnered itself with Canadian senior* ***Talisman Energy****, an experienced oil and gas producer and explorer in Canada that also has other interests around the world.* ***Talisman*** *is one of the biggest producers of natural gas in Canada and has declared that it will be spending $130 million in the next two years to drill and explore the property. This property consists of approximately 719,000 acres of land and is located directly above the Utica, Lorraine and Trenton-Black River which is also referred to as the "sweet spot." This block of land was the determining factor that made* ***Questerre*** *my top pick.*
(Source: Comments from Risktaker77, Stockhouse blog, August 15, 2008: *Investors Agree: Questerre Energy the one to beat*)

333817 ALBERTA LTD

333817 Alberta Ltd., a numbered company, with two permits east of Montreal over a 37,247 hectare area, has a Calgary, Alberta address registered to the Canterra Tower, along with a website link for **Sunoco** (www.sunocoinc.com). Presumably, Sunoco (formerly Sun Company Inc. and then Sun Oil Co., which then became Sunoco in 1998), the large American petroleum and petrochemical manufacturing company, headquartered in Philadelphia, owns 333817 Alberta Ltd. (In 1967, Sunoco started up the **Great Canadian Oil Sands Limited** plant in Alberta's tar sands.)

In a news release, Sunoco's pipeline subsidiary, **Sunoco Logistics Partners**, is planning to open a large storage facility in the Philadelphia area for ethane produced by shale gas drilling in the Marcellus. The ethane, up to 50,000 barrels per day (2.1 million U.S. gallons), and refrigerated to store supercooled ethane, will then be shipped to petrochemical plants on the Gulf Coast.

9161-7795 QUEBEC INC.

The Quebec government's list of shale gas/ oil permit holders, states that this numbered company is linked with **Sky Hunter Exploration**, and that the 8 permits issued in 1997 in the Gaspe Peninsula One reference was found which suggests this numbered company is based in Alberta. Another document, *Offshore Exploration in the Anticosti Basin, Gulf of St. Lawrence, Quebec, Canada*, presented at a 2007 energy industry convention, states that Torca Geophysical Consultants had conducted seismic studies for the numbered company. Torca is (or, was) headquartered in Calgary, Alberta.

9220-5558 QUEBEC INC.

According to a September 22, 2010 Quebec news article, this numbered company is a subsidiary of an Italian company, and a subsidiary of **Petrocorp**, whose principal shareholder is James Fitzsimons, a Swiss citizen. A Facebook site, held by an X-Terra employee, states that this numbered company's address is:

Sir Frank J. Hariton
1065, Dobbs Ferry Road
White Plains, New York, 10607

In a publication by Climate Justice Montreal, *Burning Water: An Introduction to Shale Gas Extraction in Quebec*, is the following on this numbered company:

> On March 23rd, 2010, this company bought the exploration and exploitation rights to most of the island of Montreal for $0.10 per hectare. Quebec inc. is a **Mac Oil** subsidiary (Rome, Italy), itself a subsidiary of **Petrocorp**, NY, whose main shareholder is a Swiss citizen.

This numbered company has 7 shale gas permits surrounding the City of Montreal, a great concern for many Montreal residents, and is perhaps one of the most controversial permits provided by the Quebec government. **Junex Inc.** also has many permits in the Montreal area, with neighbouring permits by **Molopo Canada Inc.**, **Greencastle Resources Ltd.**, and **Squatex** (Ressources et Energie Squatex).

On October 25, 2010, a draft motion (65.08) was presented to Montreal City Council against shale gas mining in the Montreal area, which included a motion to present these concerns to the Quebec provincial government.

ABBA QUEBEC RESOURCES INC.

A search for this company gives the following address and contact information:

56 Roehampton Ave Suite 62
St Catharines, ON L2M 7S8, Canada
Phone: (905) 688-8083

The search also states that "Abba Quebec Resources Inc is a private company categorized under Business Services (Unclassified) and located in St Catharines, ON, Canada. Current estimates show this company has an annual revenue of $602,314 and employs a staff of approximately 5."

ALTAI RESOURCES INC.

"Still.....the most leveraged of the Four Horsemen to the success of the Utica Shale play"

Image source: ***Stateside Report, October 2009 Fall Update***, by Vice "Stateside" Marciano. The Stateside report states: *It has been a relatively quiet 6 months since my last update on Altai Resources in March of this year. However, as natural gas prices have rebounded sharply from the "blow-off" 7 year bottom near $2.50/mcf on September 4th to the near $5 level today and as we head into the seasonably favorable period for Canadian junior resource companies, it was time we took another look at Altai Resources and the promising Utica Shale gas play. Altai's share price has rebounded from $.22 at the time of my March update to $.33 today, still far below the highs reached last year* ***when natural gas explorers in the Utica play were the darlings of the Canadian exchanges****.*

Altai Resources Inc. (Toronto Stock Exchange, "ATI") is an exploration company. Board of Directors:

- Niyazi Kacira, chair, and director
- Anne Maria, director (financing affiliations with **Patrician Consolidated Gold Mines Ltd.**)
- Didier Pomerleau, director
- Kasi Sethu Raman, director
- Rejean Paul, director
- Maria Au, secretary-treasurer, director
- Marc-Andre Lavoie, president, CEO (Lavoie is also director of **Schwabo Capital Corporation**, with financing affiliations with **Gastem Inc.** *Raymond Savoie*, president, director and CEO of **Gastem Inc.**, is also the director, president and CEO of **Schwabo Capital Corporation**. Savoi is also the director, president and CEO of **Ditem Explorations Inc.**, and CEO of **Tawsho Mining Inc.**, and director of **Graniz Mondal Inc.**)

On August 11, 2008, Altai published the following news release:

Altai updates on its acquisition of remaining interest in its Utica Shale gas project in the St. Lawrence Lowlands, Quebec

Altai Resources Inc. (ATI, TSX VENTURE; US Sec. Rule 12g3-2(b) File # 82-2950) ("Altai" and the "Company") is pleased to announce that TSX Venture Exchange (the "Exchange") has given its conditional approval for Altai's acquisition of Petro St-Pierre Inc. ("PSP"), its joint venture partner in its Utica shale gas property, which was announced in Altai's press release of June 16, 2008. Upon completion of this transaction, Altai will own 100% interest in 114,252 hectares (282,317 acres) of land in the heart of the St. Lawrence

Lowlands shale gas play. In addition Altai will have 15% gross royalty in a permit of 13,290 hectares (33,000 acres) now held by Talisman Energy Canada in the same area.

Upon closing of this transaction, Altai's landholdings are the largest uncommitted (not farmed-out) contiguous block in the main area of interest in the St. Lawrence Lowlands gas play among the junior public companies.

Altai Resources Inc. is an Exploration Company with a Portfolio of Oil and Gas (In the St. Lawrence Lowlands, Quebec), Gold, Nickel and Sulphur Properties in Canada and the Philippines.

Quotes from Fraser Mackenzie's May 2, 2008 research document, *Investing in the Utica Shale Gas Play in Quebec*, about Altai's early operations and partnership strategies:

Sorel-Trois Rivières (ATI-59.4%)

• Altai owns a 59.4% interest in the Sorel-Trois Rivières (Sorel) property, covering 13 permits of 282,317 gross acres. **Petro St-Pierre**, a private company, owns the remaining interest.

• **Talisman** signed an agreement with Altai involving four permits and a fraction of a fifth one aggregating to approximately 183,500 acres. Talisman may earn a 100% working interest in any permit by drilling one well in that permit and Altai retains an 8% gross over-riding royalty.

• Talisman drilled one well in Permit No. 2002PG625 covering 33,000 acres. The vertical well encountered good gas shows in the TBR formation. Pursuant to drilling, Talisman has earned a 100% working interest in this permit while Altai retains an 8% gross over-riding royalty.

• The Sorel permit is located directly to the west of the Yamaska permit. The underlying prospective Utica Shale is believed to extend onto the Sorel property.

• Besides good exploration potential in the Utica shales, one deep exploration target has been identified and delineated. The target is a NE trending fault zone, which appears as a depression at the top of the TBR formation.

• In addition, 23 shallow gas targets have been defined by seismic data, with estimated recoverable reserves of approximately 12 Bcf. Two targets have been drilled, resulting in two gas discoveries.

BERTRAND BRASSARD

A Quebec environmental-based website states that the company **Bertrand Brassard** is the name of a Bertrand Brassard, who is a professional geologist, consultant and the vice president of exploration with the Montreal-based mining company, **Nevado Resources**. Nevado's website has the following description of Bertrand Brassard:

> An experienced and accomplished geologist, Mr. Brassard will join the Corporation as Director. Mr. Brassard greatly contributed to geology through his involvement in research, by teaching prospecting courses at Collège de la région de l'Amiante, by working alongside various associations and by drafting erudition works on the subject including numerous articles and publications. In addition to his contribution to geology, Mr. Bertrand held several management positions and sat on numerous Boards of Directors, namely **Gold Finch Explorations Inc.**, **Andromède Mining Resources Inc.**, **Valmont, Mining Exploration Inc.**, **Groupe Géoconseil Phénix Inc.**, **GHK Company**, **Kennecott Canada**, **North Coast Mineral Exploration Fund**, **Services miniers du Nord Inc.**, **Allican Resources Inc.**, **Mirabel Resources**, **Canadian Royalties Inc.** and **Niogold Mining Corporation**. Today, he is senior consultant for the firm Bertrand Brassard Géo-Conseil Inc.

Mr. Brassard, who has three permits under his self-named company, totalling 48,506 hectares in the southeastern part of the St. Lawrence Lowlands, is also a board director with **Lounor Exploration Inc.** On Lounor Exploration are the following directors:

- Albert Bruce Campbell
- Gilles Fiset, president (has financing affiliations with **Loubel Exploration Inc.**, and **Tom Exploration Inc.**)
- Michel Bernard Jules Hertel (has financing affiliations with **Lounor** and **Tom Exploration Inc.**)
- Rodrigue Tremblay (also, CEO, director, president and secretary of **Z-Gold Exploration Inc.**)

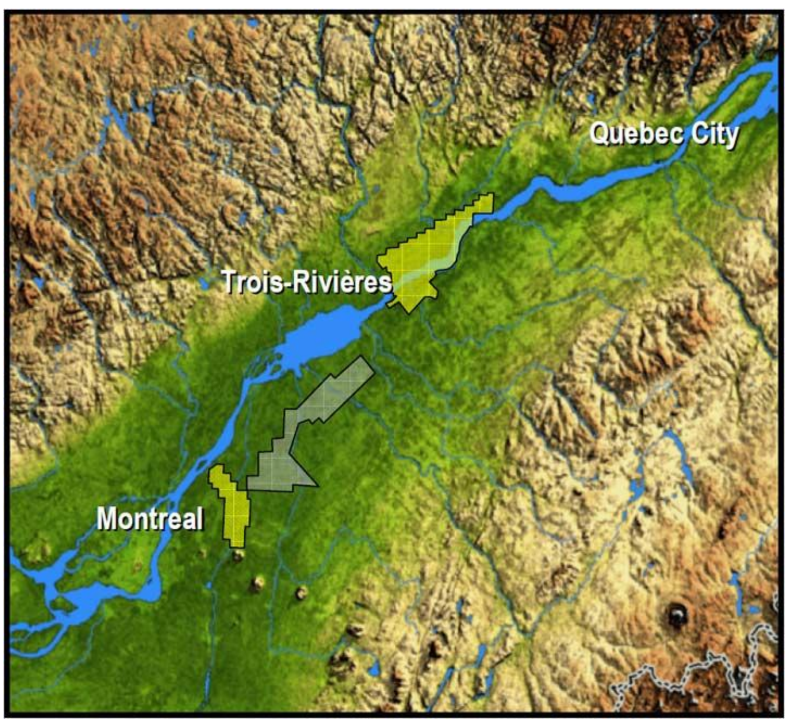
Brassard has financing affiliations with **Jourdan Resources Inc.**, **Navado Venture Capital Corporation**, **Electric Metals Inc.**, **Navado Resources Corporation**, and **Nigold Mining Corp**.

CANADIAN FOREST OIL

Calgary-based Canadian Forest Oil (CFO) is a Canadian subsidiary of Denver, Colorado-based **Forest Oil Corporation** (New York Stock Exchange, "FST"). CFO does not have a shale gas/ oil permit in Quebec, but has established a number of partnerships and agreements with petroleum permit holders (i.e., see our February 23, 2011 report, ***Ants to the Picnic***). In the fiscal year of 2009, Forest Oil Corp. netted $923 million. This from Hoover's company profiles:

> Forest Oil hasn't gotten lost among the big trees of the oil and gas business as it squeezes hydrocarbons from old forests buried deep underground. The independent exploration and production company explores primarily in Arkansas, Louisiana, Texas, and western Canada and is focusing on building additional reserves in these core areas. It holds substantial acreage in Canada (15% of total reserves in 2009). Forest Oil also holds exploration acreage in Italy and South Africa. In 2009 the company reported estimated proved reserves of about 2.1 trillion cu. ft. of natural gas equivalent, the bulk of which is natural gas.

In a May 5, 2008 presentation, *Shale Gas Teach-in*, Forest Oil reported on its natural gas development interests in the following projects in Canada and the U.S.: the Greater Buffalo Wallow area; Canada Deep Basin and Foothills; Canada Plains; Ark-La-Tex; South Texas; Barnett Shale; Permian Basin; Rockies; and Utica Shale. It stated that "Forest has over 460,000 gross acres in standalone shale plays along with other emerging shale plays on legacy acreage", with 339,000 gross, or 269,200 net acres in the "Utica" shales.



This map from Forest Oil's 2008 presentation, indicates that the shaded sections in the St. Lawrence Lowlands are Forest Oil's agreement areas with permits to the following companies: Junex, Talisman Energy, and Gastem Inc.

Currently, Forest Oil has the following board of directors:

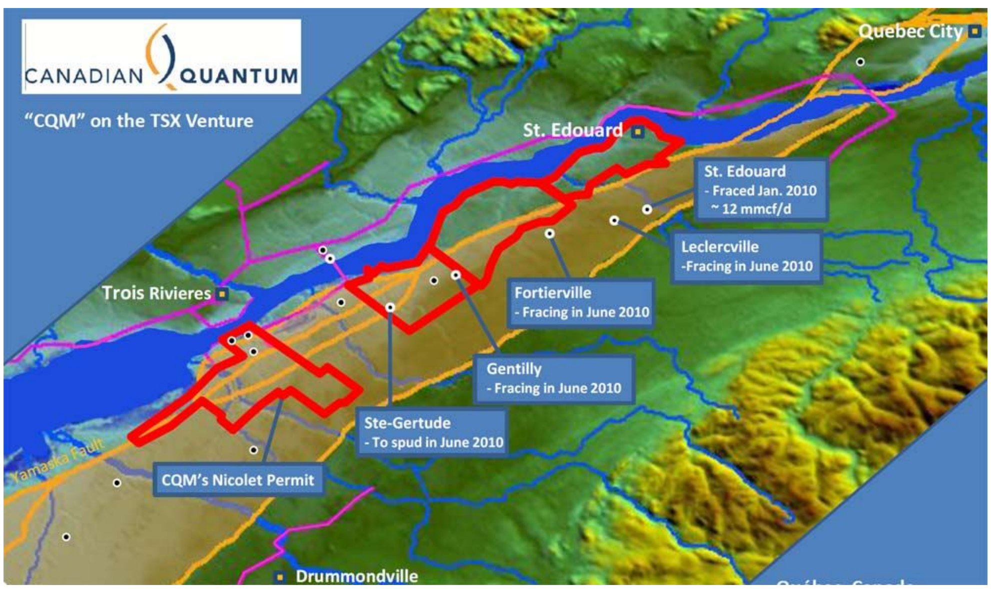
- James D. Lightner, chair (partner and CEO of **Beacon E&P Company LLC**. Former: partner and CEO of **Orion Energy Partners**; director, chair and CEO with **Tom Brown Inc.**; vice president and general manager of **EOG Resources Inc.**)
- H. Craig Clark, president, CEO (formerly executive vice president of U.S. operations, chair, and CEO of **Pro Energy**, an affiliate of **Apache Corporation**)
- Michael N. Kennedy, executive vice president, CFO (formerly an auditor and business advisor with Arthur Andersen)
- J.C. Ridens, executive vice president, COO (formerly "in various capacities" at **Apache Corporation**, and formerly vice president of operations and exploitation with **Cordillera Energy Partners LLC**)
- **David Anderson, president, Canadian Forest Oil** (in Anderson's company biography: "Mr. Anderson was appointed as President of Canadian Forest Oil Ltd., a wholly owned subsidiary of Forest Oil Corporation, in August 2008. Mr. Anderson previously worked for Canadian Forest Oil Ltd. from August 1998 until April 2006 as Production Engineer, Project Manager, and Exploitation Manager in Calgary. He has also held various positions with **Norcen Energy Resources**, **Pinnacle Resources Ltd.**, and **Kereco Energy Ltd.**")
- Mark E. Bush, Eastern Region vice president (formerly with **Oryx Energy Company**, previously registered as Sun E&P)
- Cecil N. Colwell, senior vice president of worldwide drilling (formerly with **Texaco**, **Amoco**, **Placid Oil** and **Colwell Engineering**)
- Paul J. Dusha, vice president of human resources (formerly vice president of human resources and administration at **Virginia Indonesia Company**)
- Leonard C. Gurule, Western Region senior vice president (formerly with **Atlantic Richfield Co.**, and had "served on the boards of several local community and non-profit organizations")
- Stephen T. Harpham, vice president of corporate engineering
- Rick Hatcher, vice president and chief technology officer
- Scotte Laverde, vice president of acquisitions and divestitures
- Cyrus D. (Skip) Marter IV, senior vice president, general counsel and secretary
- Glen J. Mizenko, senior vice president, business development and engineering
- Ronald J. Nutt, Southern Region vice president
- Patrick J. Redmond, vice president, corporate planning and investor relations
- Daniel R. Richardson, treasurer
- Timothy F. Savoy, vice president, operations support
- Victor A. Wind, senior vice president, chief accounting officer and corporate controller

CANADIAN QUANTUM ENERGY CORPORATION

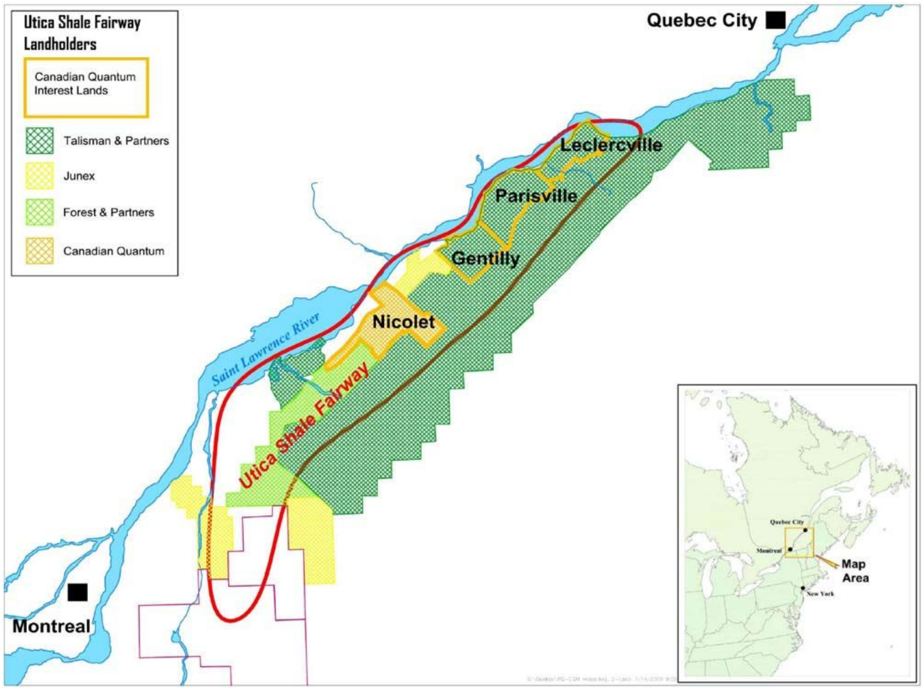
According to Calgary-based, Quantum’s website:

> Canadian Quantum Energy Corporation is a TSX Venture Exchange listed company trading under the symbol “CQM”. Canadian Quantum is focused primarily on advancing its interests in the Utica Shale play located in the St. Lawrence Lowlands, in the Province of Quebec, Canada.
>
> The Company has interests in four key permits covering ~174,000 acres / 37,100 net acres which are extensively located within, what is thought by industry experts, the prime fairway for potential commercial gas production.
>
> Canadian Quantum continues to participate with its partners **Talisman Energy** and **Questerre Energy** in three permits which include the Gentilly Permit. Canadian Quantum and its partners have jointly drilled and cased the Gentilly #2HZ horizontal well that is awaiting completion.

According to the province of Quebec’s map of gas and oil permits, Canadian Quantum was only issued one permit on December 2, 2009, covering 23,892 hectares, about 80 kilometres northeast of Montreal. In examining the map and Quantum’s company brochure, the other properties mentioned on its website are those permitted to Talisman, directly northeast of its only permit.



Quantum’s website also has information on its three corporate partners: Junex, Talisman Energy Inc., and Questerre Energy Corp. In a number of news bulletins, Junex and Quantum were partners in the St. Gregoire #3 well, Talisman and Quantum were involved in the Gentilly #1 well, and Questerre and Quantum were involved in the Gentilly #2 well. In June, 2010, Quantum announced that it was drilling the Ste-Gertrude #1Hz well with Talisman.



Quantum's board of directors:

- Douglas J. Brett, director, president, CEO
- Eric Leslie, director (also, director with **Samson Healthcare Corp.**, and financing affiliations with **BacTech Mining Corporation**, **Charger Energy Inc.**, **Guerrero Exploration Inc.**, **Mecca Medi-Tech Inc.**, **Vault Systems Incorporated**, **C2C Zeolite Corporation**, **Samson Healthcare Corp.**, and **Sernova Corp.**)
- Michael Koenig, director, CFO
- Neil Munro, director
- Madeline Brett, director

CANBRIAM ENERGY INC.

According to Canbriam's website:

> Canbriam Energy Inc. is a private company focused on unconventional resource exploration and development. The company is headquartered in Calgary, Canada with over US$400 million of committed equity. Canbriam's investors include **Warburg Pincus**, **ARC Financial**, **GE Asset Management** and **BlackRock**.
>
> **Quebec**
>
> Canbriam's 122,494 net acres in Quebec lies in the middle of the industry recognized prospective Utica shale gas fairway. Canbriam entered the play in late 2008 through 2 farm-in arrangements holding 80% and 60% working interest respectively. Canbriam operates both farm-ins and has drilled and completed its first wells in Quebec in late 2009 and is currently planning the summer 2010 drilling program.
>
> Canbriam estimates there is up to 14 TCF of Original Gas in Place (OGIP) in the Utica Shale over its land base. The Utica Shale is an emerging shale gas play and operators are now testing the application of horizontal drilling and completions technologies to establish commerciality of this play. The Utica is well positioned in North American natural gas markets to take advantage of regional commodity price advantages.
>
> **British Columbia - Montney Operations**
>
> Canbriam's 60,232 net acres (94 sections) in British Columbia lies in the heart of the Montney shale gas play surrounding Talisman's Farrell Creek Montney shale position. Canbriam has tested both the Upper and Lower Montney zones in horizontal wells with very encouraging results. As of Q1 2011 Canbriam has drilled 3 vertical wells and 13 horizontal wells which produce through two expandable gas facilities commissioned in Q1 2011. Canbriam has renewable firm capacity on the Spectra T-North sales line which intersects its land base.

According to Mackie Research Capital Corporation's October 2010 report, *Spotlight on the Utica Shale*, it provided the following background information on Canbriam:

> In 2008, **Gastem** entered a joint farm-in on the 92,100 acre St-Hyacinthe property with Canbriam. Gastem participated in the drilling of the St. Hyacinthe No. 1 and La Presentation No. 1 vertical wells in 2008 which tested at sustained rates flow rates of 200 and 100 mcf/d.
>
> On the Yamaska permit, Gastem holds a 20% interest in 112,000 acres with partners **Forest Oil** (60%) and **Questerre** (20%). In 2007, Gastem drilled two Utica shale exploration wells, which Forest Oil later tested and re-completed to earn an interest in the property and become operator.
>
> In addition, the company has projects at the Gaspe Peninsula (75% W.I.) and the Magdalen Islands (100% W.I.). Gastem also participates in the New York Utica Shale project through its wholly-owned subsidiary, Gastem-USA.

The following April 15, 2010 bulletin, Canbriam Energy, Inc. to earn 60% Interest in Up to 24,000 Additional Hectares:

> **Petrolympic Ltd.** announced that Canbriam Energy, Inc. has successfully completed the initial exploration program relating to the Farmout and Joint Operating Agreement that was entered into among **Petrolympic**, **Ressources & Energie Squatex Inc.** and Canbriam in November 2008, and subsequently amended in June 2009, and confirmed the selection of the first 8,000 hectare block in which it has earned a 60% interest. On March 30, 2010, Canbriam finalized their selection of two St. Lawrence Lowlands exploration permits, 2006PG864 and 2006PG866, as forming part the farmout lands under the Agreement. On April 7, 2010, Canbriam selected its 60% earned interest in a contiguous 8,000 hectare block located within permits 2006PG864 and 2006PG866. This first block includes the Farnham No.1 well site spudded in July 2009 and drilled to a total vertical depth of 2,507 metres through the Utica Formation. The Partners' interests over the 8,000 hectare block are now as follows: Canbriam 60%, Squatex 28% and Petrolympic 12%. Pursuant to the Agreement, Canbriam maintains the option to earn a 60% interest in up to 24,000 additional hectares within the Farmout Lands by drilling up to six additional vertical/horizontal wells, and by making cash payments of up to $13.5 million ($9.45 million to **Squatex** and $4.05 million to **Petrolympic**) prior to November 30, 2011. Canbriam is responsible for all drilling, completion or abandonment costs incurred with respect to the wells.

CNW news reported the following in a February 21, 2011 news bulletin, *Canbriam Energy Establishes New Exploration and Production Venture*:

> CALGARY, Alberta -- Canbriam Energy, Inc. announced today that it entered into an equity financing arrangement of up to US$300 million from company management, **Warburg Pincus**, and **ARC Financial Corp.** to pursue the acquisition, exploration and development of oil and gas interests in certain onshore regions of Canada and the United States.
>
> Canbriam Energy will explore for and develop oil and gas resources in selected hydrocarbon basins in North America. Initially, Canbriam Energy will concentrate on unconventional oil and gas opportunities in Western Alberta and Eastern British Columbia. Over time, the company will draw on the previous experience of its management team to target other unconventional opportunities where it believes significant value can be created through advanced drilling and production technologies.
>
> President and Chief Executive Officer Paul Myers, the former CEO of **Esprit Energy Trust**, said: "We are delighted to be partnering with **Warburg Pincus** and **ARC Financial**, two leaders in private equity investing in the energy sector. With **Warburg Pincus** and **ARC's** financial backing and expertise, I am confident that our management team is in the best possible position to create and realize value."
>
> Mr. Myers is joined by Chief Financial Officer Stephen Soules, who previously served as CFO of **Esprit** and of **Canadian Hunter**. The executive team is complemented by strong managers in the areas of geology and geophysics, land and engineering.
>
> Commenting on the investment, Peter R. Kagan, a Warburg Pincus Managing Director, said: "Led by a senior management team with extensive technical experience in all of its targeted areas, Canbriam Energy has the operational capability and financial foundation to pursue

> multiple exploration and development projects simultaneously and to succeed in the competitive environment of onshore unconventional oil and gas exploration in North America." Nancy L. Smith, Managing Director at ARC Financial, added: "This investment follows our firms' practice of backing strong management teams to build companies of meaningful scale."

The February 2011 bulletin also provided the following summaries about Warburg Pincus and ARC Financial:

> **Warburg Pincus** has been a leading private equity investor since 1971. The firm currently has more than $20 billion of assets under management with more than $10 billion available for investment. **Warburg Pincus** invests in a range of sectors including energy, financial services, consumer and retail, industrial, business services, healthcare, real estate and technology, media and telecommunications. **Warburg Pincus** has raised 12 private equity investment funds which have invested more than $29 billion in approximately 585 companies in 30 countries. Since the late 1980s, the firm has invested more than $2.5 billion in more than 30 companies in the energy sector including investments in oil and gas exploration and production, power, alternative energy, and oilfield services. **Warburg Pincus** has been the lead investor in several successful public and private energy companies, including: **Newfield Exploration Co.** (NYSE: NFX), **Spinnaker Exploration, Inc.** (NYSE: SKE, since acquired by Norsk Hydro ASA), **Encore Acquisition Company** (NYSE: EAC), **Bill Barrett Corp.** (NYSE: BBG), **Targa Resources Partners LP** (NASD: NGLS), **MEG Energy Corp.** and **Antero Resources Corp.**
>
> **ARC Financial Corp.** is a Calgary-based private equity investment firm founded in 1989. The five ARC Energy Funds represent C$1.9 billion of capital and are focused exclusively on investment in the energy sector. Areas of investment include Canadian and international conventional oil and gas exploration and production, oilfield services, energy infrastructure, power generation and emerging sources of supply such as oil sands, unconventional gas and renewables.

Canbriam's board of directors:

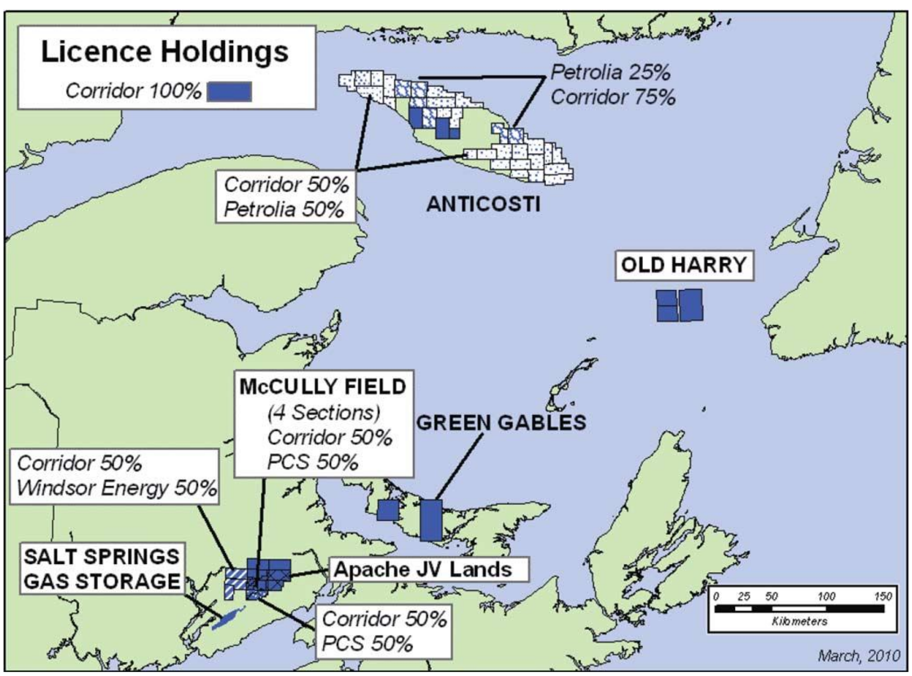
- Paul B. Myers, CEO (Bloomberg reports that Myers is affiliated with **Esprit Energy Trust**. Esprit merged with **Pengrowth Energy Trust** on October 2, 2006. Pengrowth states on its website that the 2006 merger went for "a transaction value of $1.1 billion, adding natural gas and coalbed methane potential.")
- Nancy Smith, director (Managing director of Finance and Planning with **ARC Financial**. "Nancy's responsibilities include finance and risk management, strategic planning, investor relations, and legal and regulatory compliance at ARC. Nancy joined ARC in 1999 after nine years in the Oil and Gas industry and four years with a major Canadian Bank. Joined ARC in 1999 as Chief Financial Officer. Member of ARC's Executive, Investment and Strategy committees. Currently represents ARC on the boards of **Canbriam Energy Inc.** and **Corinthian Exploration Corp.** Prior to joining ARC, worked with a major integrated oil company in various executive roles in the financial management and marketing areas. Prior to that worked at a major Canadian bank. Education includes an M.B.A. and a B.A. in Economics from the University of Alberta. Member of the Board of Directors of the Alberta Children's Hospital Foundation.")

- Peter R. Kagan, director (managing director of Energy, New York, for Warburg Pincus. “Kagan has been with Warburg Pincus since 1997. He co-leads the firm’s investment activities in energy and natural resources and is a member of the Executive Management Group. Mr. Kagan received an A.B. degree cum laude from Harvard College and J.D. and M.B.A. degrees with honors from the University of Chicago. Prior to joining Warburg Pincus, he worked in investment banking at **Salomon Brothers** in both New York and Hong Kong. Mr. Kagan is currently on the Board of Directors of **Antero Resources**, **Broad Oak Energy**, **Canbriam Energy**, **Fairfield Energy**, **Laredo Petroleum**, **MEG Energy**, **Targa Resources** and **Targa Resources Partners L.P.** In addition, he is a member of the Visiting Committee of the University of Chicago Law School, and a member of the Board of Directors of **Resources for the Future**.” Bloomberg reports that Kagan is also affiliated with **Latigo Petroleum Inc.** and **MEG Energy Corp.**)
- David Kreiger, director (Managing Director of energy, New York for **Warburg Pincus**. “Krieger has been with Warburg Pincus since 2000. He received a B.S. in Economics. from the Wharton School of the University of Pennsylvania, an M.S. from the Georgia Institute of Technology, and an M.B.A. from Harvard Business School. Prior to joining Warburg Pincus, he worked at **McKinsey & Company** in Atlanta and Europe. He is a board member of Canbriam Energy, **Fairfield Energy**, **Kosmos Energy**, **MEG Energy** and **Osum Oil Sands**.”)
- Tim Holt, director
- James Honert, director
- Steven VanSickle, director (Bloomberg reports that VanSickle is the director, president and CEO of **Fairborne Energy Ltd.**, and has affiliations with **Seaview Energy Inc.** and **3P International Energy Corp.**)
- Simon Bregazzi, CFO

CORRIDOR RESOURCES INC.

According to its website:

> Corridor holds Québec exploration licences covering 123,550 gross acres over most of the giant "Old Harry" prospect, located in a water depth of 460 meters in the Laurentian Channel in Québec. Corridor acquired 1300 kilometers of modern seismic data across and in proximity to this structure in 1998 and 2002. Approximately 60% of the prospect lies within the Québec sector. The remainder lies with the Newfoundland and Labrador sector of the Gulf, where Corridor holds an exploration permit issued by the Canada-Newfoundland Offshore Petroleum Board. The Newfoundland and Labrador licence covers 127,948 acres and carries a minimum work commitment of $1,521,000 to be conducted over a five year initial term.
>
> The prospect has simple 4-way closure covering an area of more than 20,000 hectares, and is one of the largest undrilled prospects in Eastern Canada. Recoverable reserves potential is estimated to be in the order of 1.5 to 2 billion barrels (if oil) or 4 to 5 tscf (if gas). Six natural oil seeps have been detected on the ocean surface by satellite, apparently emanating from the flanks of "Old Harry".
>
> Corridor has filed a proposal with the Newfoundland and Labrador Offshore Petroleum Board to undertake a site survey in preparation for drilling an exploratory well on the Newfoundland and Labrador side of the prospect (see below) within the next couple of years, as soon as the requisite government approvals can be obtained. Corridor is also looking to secure a rig to drill the prospect.



According to Wikimarcellus website:

> Halifax, Nova Scotia-based Corridor Resources Inc. (TSX: CDH) is a junior oil and gas exploration and production company which has an emphasis on Québec Province, offshore in the Gulf of St. Lawrence, and the Canadian Maritimes. Together with partner, **Petrolia**, each holds roughly 900,000 and 600,000 net acres, respectively (combined 1.5 million net acres) potentially prospective for shale oil.
>
> In May, 2010 Corridor entered into a joint venture with Petrolia to drill four exploratory Trenton-Black River wells on Anticosti Island during the summer of 2010. (Visit the latter company's wiki page for additional details.)
>
> In 2003, Corridor Resources and Hydro-Quebec "joined forces" to evaluate oil and gas potential of "the Old Harry and Cape Ray prospects in the Laurentian Channel and to enable exploration drilling to be undertaken in the Quebec sector of the Gulf of St. Lawrence." (Source from OilVoice: *Corridor Resources Inc. announces an agreement with Hydro-Quebec*, August 8, 2003.)

Corridor's board of directors:

- Achille E. Desmarais, director (director and financing affiliations with **J.A.G. Ltee**)
- David Fischer, director (financing affiliations with **Marengo Exploration Ltd.**)
- Jacques Plante, director
- John (Jack) Bray, director
- John Douglas Foster, director (secretary of **Bishop Capital Corporation**, and secretary of **First Pursuit Ventures Ltd.**)
- Maurice Charles Macdonald, director, chair (director, president, CEO of **Absolut Resources Corp.**, director, president and treasurer of **Estaurum Mines Ltd.**, and director, president, CEO, chair of, and financing affiliations with **Tanqueray Resources Ltd.**)
- Norman Wallace Miller, director, president
- Paul James Hopkins, director
- Robert D. Penner, director (director of **Storm Cat Energy Corporation**, director of **Sustainable Energy Technologies Ltd.**, director of **Terra Energy Corp.**, and director of **Unbridled Energy Corporation**)
- W.C. (Mike) Seth, director (director with **Reliable Energy Ltd.**, and director with **Waldron Energy Corporation**)

EPSILON ENERGY LTD.

Epsilon Energy Ltd. is a Calgary-based parent company, with its Epsilon Energy USA Inc. arm (Traverse City, Michigan) for United States operations, Epsilon Energy International Ltd. arm (Barbados) for its Middle East operations, and its Epsilon Energy Yemen Ltd.

In its 2008 *Annual Information Report,* Epsilon reported the following:

> Epsilon is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in North America, the Middle East and Africa, where it has leasehold rights to approximately 4,607,000 gross (2,978,000 net) leasehold acres and has entered into a study agreement with the government of Ethiopia covering 154,871.53 square kilometers (96,233 square miles or approximately 38,300,000 acres) in the northwestern sector of the country The Corporation's strategy involves developing a well-balanced inventory of oil and natural gas projects, including lower risk oil and natural gas properties within the United States and Canada coupled with higher potential oil and natural gas properties in Yemen, Oman and Ethiopia. The Corporation generally employs the strategy of acquiring oil and natural gas leasehold rights near areas of existing established production, with the goal of converting the acquired leasehold rights into proven oil and natural gas reserves, followed by production that optimizes cash flow and return on investment.
>
> Epsilon was incorporated in March 2005. At its inception in 2005, the Corporation initially focused its efforts on developing low-risk natural gas properties in the Appalachian basin, which management believes is one of the largest established gas resources in the United States, yet one of the least technologically advanced basins in terms of the application of drilling, completion and production techniques. Upon completing its management team in early 2007, the Corporation expanded its focus to include high potential projects in the Middle East and Africa.
>
> **Appalachian Basin**
>
> On March 6, 2006, the Corporation acquired approximately 18,894 gross (12,296 net) leasehold acres covering the Amber Bank and Blue Jacket projects in West Virginia, with Hard Rock Exploration Inc. ("Hard Rock Exploration"), a local operator, acting as operator with the option to participate in both projects. The Amber Bank and Blue Jacket projects are focused on Devonian-aged shale gas formations that have low-risk profiles coupled with long-term reserve life.
>
> **Pennsylvania**
>
> As of December 31, 2008 the Corporation has acquired approximately 15,403 gross (15,184 net) leasehold acres in Pennsylvania where the Corporation is operator, holds a 100% working interest and is focused on the Marcellus shale, an unconventional Devonian-aged shale gas zone.
>
> During 2007, the Corporation began large-scale development on its leasehold positions in West Virginia, including the drilling of 67 gross (35.8 net) wells with a 100% success rate.

During early 2007, the Corporation commenced a lease acquisition program in Pennsylvania over the Marcellus shale, a prospective unconventional Devonian-aged shale gas formation, with a 100% working interest. During late 2007 the Corporation drilled the LaRue #1, a successful exploratory vertical test well in its Highway 706 project. To date, the Corporation has acquired approximately 15,000 (gross and net) leasehold acres in Pennsylvania, including 12,000 (gross and net) leasehold acres on its Highway 706 project.

New York

Within New York, the Corporation is focused on exploration and development of the Trenton-Black River formation (conventional gas) and the Marcellus shale (unconventional gas). The Corporation's acreage position covers primarily Schuyler, Steuben, Chemung and Tioga counties, consisting of approximately 32,618 gross (15,947 net) leasehold acres. The Corporation has a 50% working interest in its New York acreage, with two privately held companies each holding a 25% working interest.

During 2008, the Corporation acquired 10,200 gross (5,100 net) prospective Marcellus shale leasehold acres in Chemung and Tioga counties in New York from a privately held company for approximately $3.7 million.

Quebec

The Corporation has an elective participating interest of up to 25% in **Gastem Inc.'s** (TSXV: GMR) holdings in approximately 1,185,000 gross (249,000 net) leasehold acres. The leasehold acreage includes 452,000 gross (66,000 net) leasehold acres in the St. Lawrence Lowlands covering Utica shale and Trenton-Black River targets, and 733,000 (183,000 net) leasehold acres in the Gaspe Peninsula covering Silurian and Devonian targets. Within the St. Lawrence Lowlands leasehold acreage, **Forest Oil Corporation** has committed to spend CDN$10 million to earn a 60% interest in approximately 112,000 gross acres held by Gastem Inc, which is referred to as the Yamaska project. The Corporation elected not to participate in the first two wells drilled on the Yamaska project. However, the Corporation has elected to participate in future operations with a 5% working interest and does not expect to spend a significant amount of capital.

On February 7, 2007, the Corporation signed an agreement with Gastem Inc. ("Gastem") whereby the Corporation acquired an elective 25% working interest in approximately 1,184,000 gross (249,000 net) leasehold acres in the St. Lawrence Lowlands and Gaspe Peninsula areas, in the Province of Quebec with Gastem acting as operator. The leasehold acreage includes 452,000 gross (66,000 net) leasehold acres in the St. Lawrence Lowlands covering Utica shale and Trenton-Black River targets and 733,000 (183,000 net) leasehold acres in the Gaspe Peninsula covering Silurian and Devonian targets. In return, Gastem acquired 25% of the Corporation's working interest in 24 gross (6.0 net) wells in the Corporation's Amber Bank project.

On February 19, 2007, Gastem signed an agreement with Forest Oil Corporation ("Forest Oil"), whereby Forest Oil agreed to participate in exploration for oil and natural gas on the Yamaska project, which consists of approximately 112,000 gross (28,000 net to the Corporation) leasehold acres within Gastem's acreage holdings in the St. Lawrence

> Lowlands. Terms of the agreement included Forest Oil having the right to earn a 60% working interest in the Yamaska acreage by exercising the option to evaluate two test wells and pay 50% of the completion costs thereof and committing to spend CDN$10.0 million over a period of eighteen months from the date of the election. Forest Oil made such an election during 2007.
>
> As of the date of this AIF, two exploratory wells had been drilled under the Forest Oil agreement. In an effort to conserve capital, the Corporation elected to not participate in the drilling of these wells. However, the Corporation has elected to participate in further future exploration, development and production opportunities in the Yamaska Project with a 5% working interest (except for the two previous drilled wells and their direct offsets).

Mackie Research Capital Corporation it is October 2010 *Spotlight on the Utica Shale* reported the following:

> The company holds a 25% interest in the St. Jean West permit and a 12.5% interest in the St. Jean East permit subject to a joint operating agreement with Questerre. With existing seismic and aeromagnetic data from a survey taken in 2007, Gastem is developing a possible two-well program to test the Utica shale on the St. Jean East block in 2010/2011.

On its website, Epsilon reports that in New York State it has “various working interests in well units” with **Fortuna Energy Inc.**, “a wholly owned subsidiary of **Talisman Energy Inc.**”

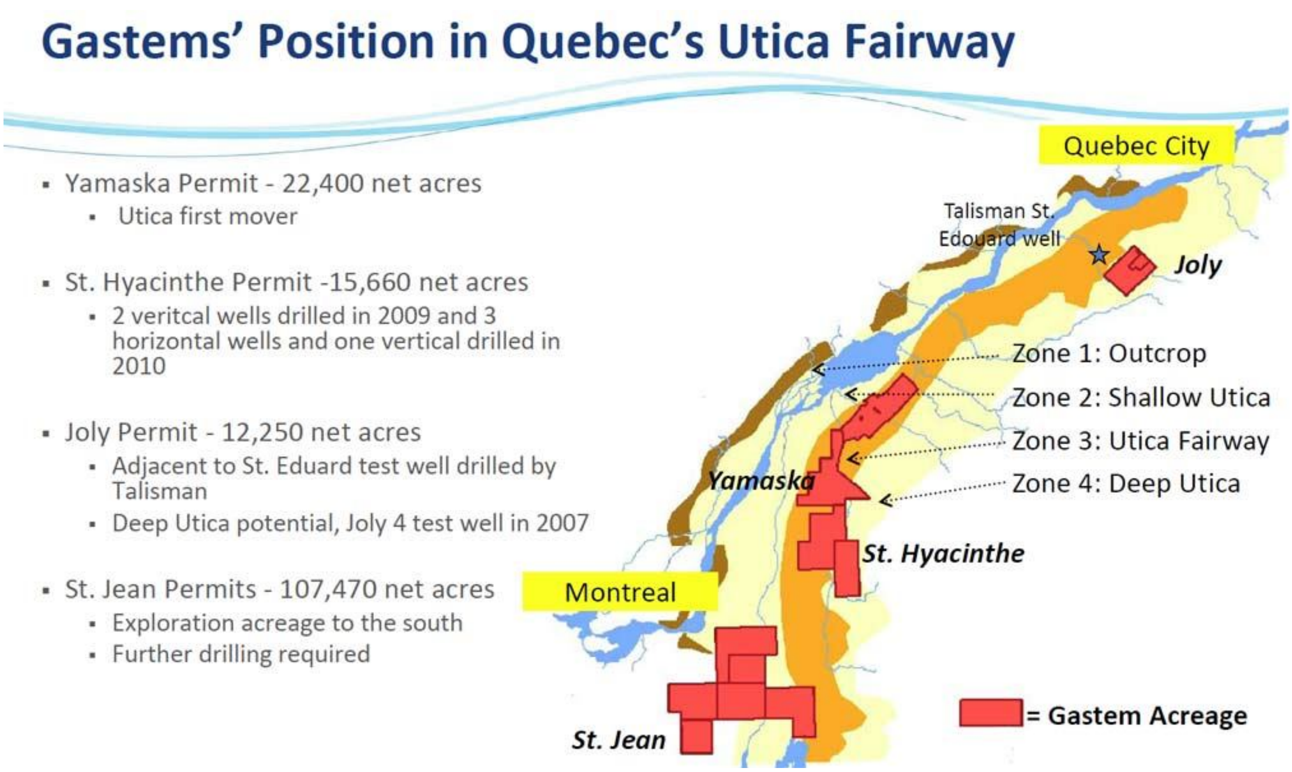
On Epsilon’s board of directors (direct quotes from its website):

- Zoran Arandjelovic, executive chairman, president, CEO. Director of Various Public & Private companies, including **Martinrea** (TSX: MRE). President & CEO of **Capital Z Corp.**
- Kurt Portmann. Chairman of **Orbis Equity Partners Limited**, 45 years experience in independent private equity and wealth management
- Raymond Savoie. President of **Gastem Inc.**, **Ditem Explorations**, Former Minister of Mines and Former Revenue Minister (Quebec)
- Nick Orlando. President and CFO of **Martinrea International Inc.**
- Joseph Feldman. President of **Joseph Feldman Consulting Services Inc.**, President and CEO of **Tawsho Mining Inc.**

GASTEM INC.

According to Gastem Inc.'s website (Toronto Stock Exchange, "GMR"):

> Gastem is a Quebec-based oil and gas exploration and development company holding exploration and storage rights to over 1.1 million acres of land in the St. Lawrence Lowlands, the Gaspe Peninsula and the Magdalen Islands in Quebec. A Gastem wholly owned subsidiary, Gastem USA, holds exploration licenses to approximately 34,400 acres in New York State and 1,200 acres in Virginia.
>
> Gastem was incorporated under the Canada Business Corporations Act in 2002 and listed on the TMX-Venture Exchange in January 2004 (GMR, TMX-V). Gastem USA was incorporated in 2007 in the State of Delaware.
>
> Gastem's main focus is to develop commercial production of the Utica Shale formations in Quebec and New York State as well as exploring the world class potential conventional structures of the Magdalen Islands and the Magdalen Basin in Quebec. Gastem was the first to target the Quebec Utica Shale formation when it drilled and cored two wells on the Yamaska permit in 2007.



The website states the following about Gastem USA:

> **Gastem USA**, a wholly owned subsidiary company of Gastem Inc. was formed in 2007 in order to manage Gastem's objectives and interests in the US Appalachia. In fall 2009, Gastem completed its earn-in option on the New York property, and is now operator (80% WI) on the property. One well has been successfully completed on the property, and

Gastem-USA intends to proceed with a comprehensive program of drilling and acquisition of land in 2010.

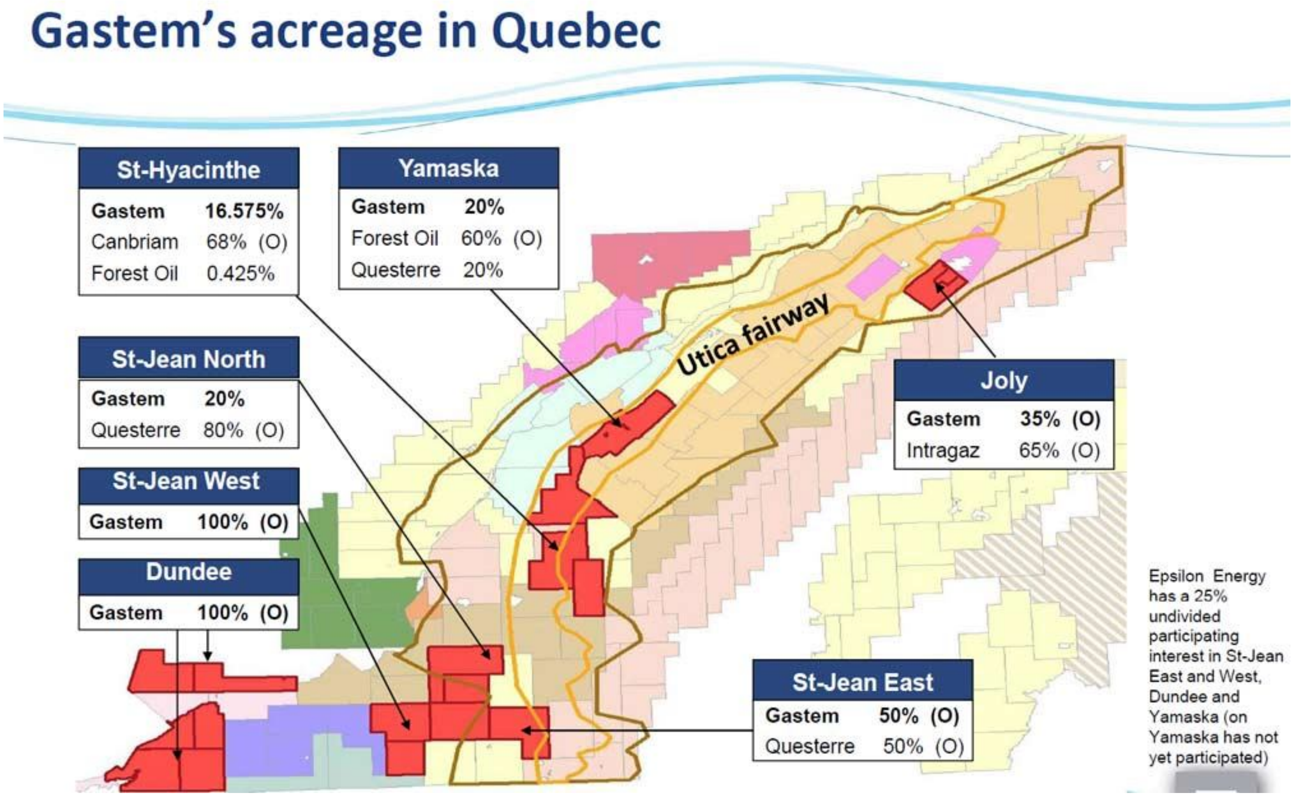
New York Project

Gastem-USA operates three active wells in Otsego County, New York. It holds 80% interest on approximately 34,400 acres mostly in Otsego County, with a scattering of leases in Herkimer and Schoharie Counties. These wells are permitted through the New York Department of Environmental Conservation and the Susquehanna River Basin Commission. All three wells targeted the Ordovician Utica Formation. The most recent well drilled, the Ross #1 encountered gas in the Devonian Marcellus, the Silurian Oneida, and the Ordovician Utica. Upon successful fracing of the Ross No 1 the frac water was analyzed and tested before being delivered to the William T. Field Pollution Control Plant in Watertown, NY. Gastem-USA is encouraged by the environmental and geological results from the Ross No.1 that it can expand its exploration program and safely operate in under New York State regulations.

The three active wells in Otsego County are as follows: the Pullis No.1 and the Scheckels No.1 in northern Otsego County and the Ross No.1 in the southeastern part of Otsego County. Both the Pullis No.1, and the Scheckels No.1 were completed with smaller fracs during the summer of 2007. The Ross #1 was completed with a frac volume of 80,000 gallons of water in November 2009, the largest frac volume that is authorized under current New York State regulations. Current regulatory rules have been going through review and new supplemental rules are anticipated to be in affect before the beginning of the New Year.

Under this current regulatory environment, an extensive sampling of water wells and surface waters were tested to develop a baseline study prior to drilling the Ross No. 1. Prior to drilling, Gastem-USA provided the frac constituents to the New York Department of Environmental Conservation for approval and met with state and local officials to listen to local concerns. Bonds were posted to local authorities for protection against damage to local roads near the drilling site. Testing continued on all fluids, these fluids were contained in closed containers and tested throughout the drilling of the well. Before and after results were given to the New York Department of Environmental Conservation and the William T. Field Pollution Control Plant in Watertown, NY for review.

An extensive short term monitoring program order by the New York Department of Environmental Conservation to test the frac water for a 35 day period after the first tank of frac water was delivered from the Ross No.1 was recently completed. This monitoring showed the wastewater treatment plant could accommodate the fluid. With the completion of the formidable permitting process from start to finish Gastem-USA is confident it can now move forward with it exploration program in New York State. Gastem-USA plans to drill three wells in its area of interest to possibility begin commercial production in the near future.



Gastem Inc. has a number of joint venture partnerships with other energy companies in Quebec, with:

- Canadian Forest Oil
- Canbriam
- Questerre
- Intragaz

Two of these companies, Canadian Forest Oil and Canbriam, are not otherwise mentioned as permit holders on the Quebec government's petroleum land lease maps. Gastem acquired a total 28 permits:

- one permit in 2003;
- 7 permits in 2006;
- 7 permits in 2007;
- one permit in 2008;
- and 12 permits in 2009.

The following is a news bulletin published on February 26, 2009, by the Scandanavian Oil and Gas Magazine:

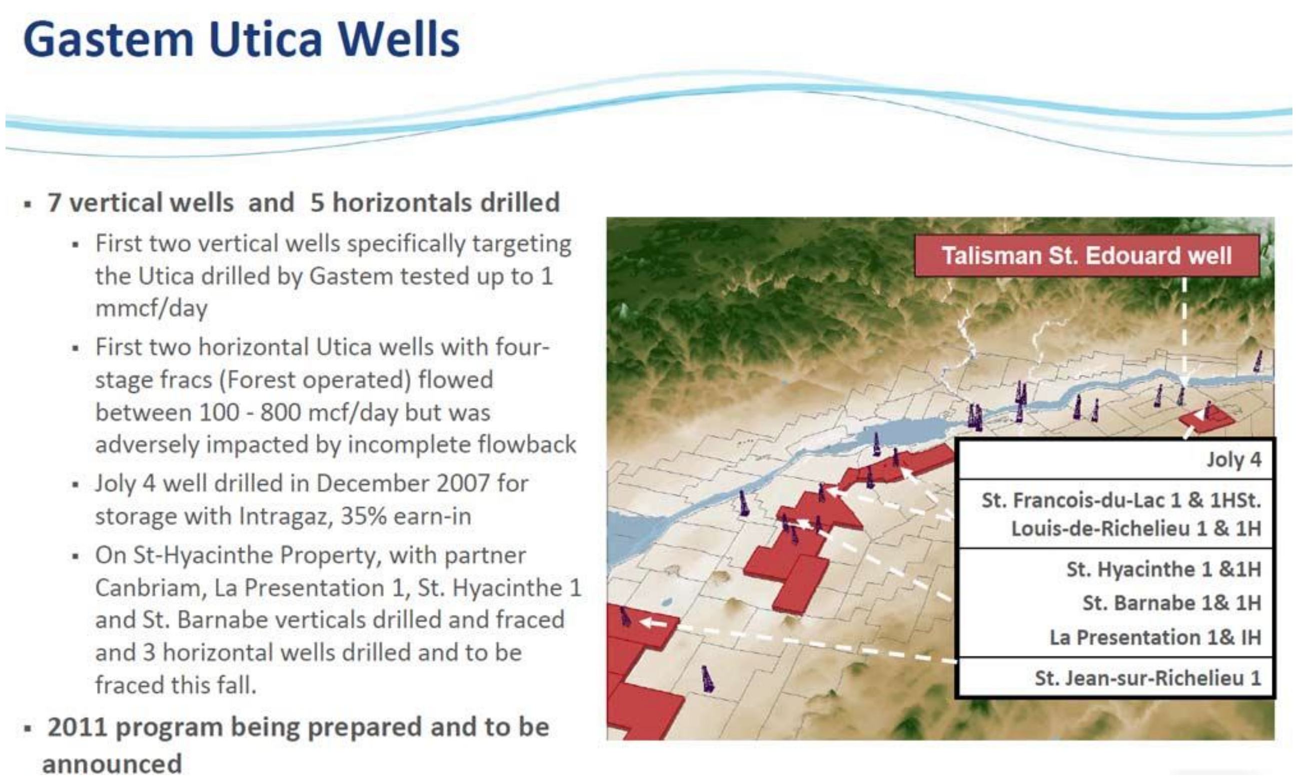
> Gastem's operating partner on the Yamaska permit, Canadian Forest Oil presented in its "2008 Financial and Operational Results" a brief project update on its work program on the Utica Shale properties.
>
> "Forest drilled and completed the first three horizontal Utica Shale wells in Quebec's St. Lawrence Lowlands, which were successfully cased and fracture stimulated in four stages

with rates ranging from 100 - 800 Mcf/d. Frac load flowback was incomplete due to the lack of coiled tubing units in the area. Forest expects to continue to test its wells after the winter season is over. Although sustained rates were not as high as anticipated, the tests have allowed Forest to identify the section of the shale it intends to target in future test wells. Each of the wells were tested in different sections of the Utica Shale with an objective of gathering data on productivity to allow optimization of future completions. Furthermore, Forest proved the ability to successfully drill the wells horizontally and pump multi-stage slickwater frac jobs without major operational issues."

Two of the three horizontal wells were drilled and completed on the Yamaska Property at St-Francois and St-Louis and are considered an important step forward in the validation of the Utica. Further testing work is currently being planned on Yamaska after this winter. As with any other new and developing shale play, it is to be expected that well productivity will improve with knowledge gained.

"The multi-stage frac results are very good, although flowback needs to be improved," said Chairman and CEO Raymond Savoie. "Gastem looks forward to continuing this initial horizontal well test program on Yamaska with the aim of substantially improving deliverability."

On its recently acquired participation on the St-Hyacinthe permit, located to the South West of Yamaska, Canbriam and Gastem are currently preparing a 3 vertical well program designed to test the Utica and Loraine Shale sequences this summer and fall. St-Hyacinthe is contiguous and geologically analogous to Yamaska, and the location of the test wells is in the process of being selected to facilitate potential pipeline tie-ins.



Gastem's board of directors:

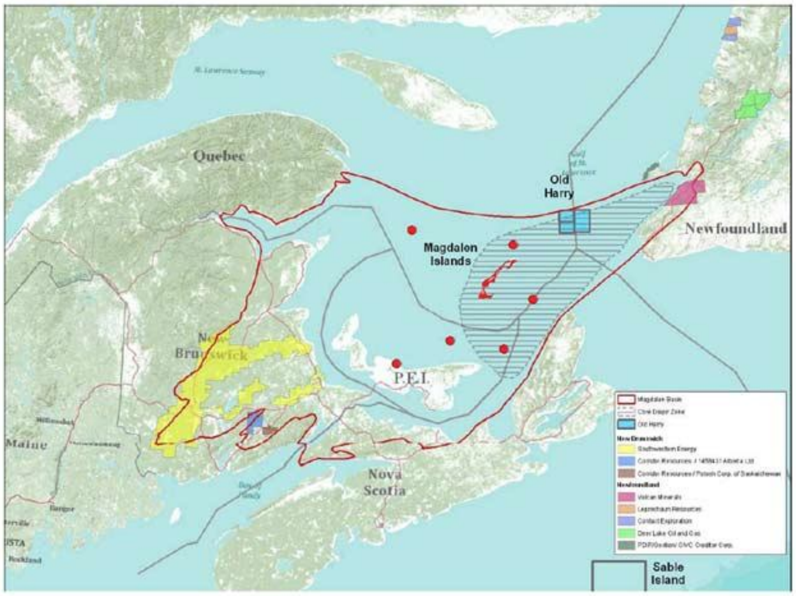
- Glenn R. Kelly, director, chair (director, president, and CEO of, and financing affiliations with, **CO2 Solution Inc.**)
- Jonathan R. Kelafant, director (director and financing affiliations with **Tsodilo Resources Limited**)
- Louis Morin, director (director of **Komet Manufacturers Inc.**, and financing affiliations with **Lithic Resources Ltd.**)
- Michel Lemoine, director, secretary/treasurer (director and chair of, and financial affiliations with, **Alphinat Inc.**)
- Paul Glover, director
- Raymond Savoie, director, president, CEO (director, chair, and CEO of, and financial affiliations with, **Ditem Explorations Inc.**, director of **Graniz Mondal Inc.**, director, president and CEO of **Schwabo Capital Corporation**, and CEO of **Tawsho Mining Inc.**, and director of **Epsilon Energy Ltd.**)
- Regent Watier, director (director of **Ditem Explorations Inc**.)
- Zoran Arandjelovic, director (director of **Schwabo Capital Corporation**, director and chair of **Tawsho Mining Inc.**, with financing affiliations with **Largo Resources Ltd.**, **Jardincap Inc.**, and **Systech Retail Systems Inc.**)
- Barnard Hanault, acting CFO (treasurer financing affiliations with **Graniz Mondal Inc.**)

Summary of Gastem's Net Utica Acreage

Property	Gross Acres	Working Interest	Net Acres	Net OGIP 3)	Recoverable assuming 15%
Yamaska* 2	112,139	20%	22,427	4,400 Bcf	600 Bcf
St-Hyacinthe*2	92,039	17%	15,256	2,700 Bcf	400 Bcf
St-Jean East	125,203	50%	62,602	Under evaluation	N/A
St-Jean North*1	53,953	20%	10,791	Under evaluation	N/A
St-Jean West***	71,337	100%	71,337	Under evaluation	N/A
Joly*1	34,718	35%	12,153	Under evaluation	N/A
New York State*1	34,150	80%	27,320	Under evaluation	N/A
TOTAL	523,539		221,886**		

*Wells drilled
**OGIP: Estimates of between 93 – 150 bcf/section (Forest, Gastem and Encana), one recent estimate NSAI uses 150 bcf/section. These estimates are indicative as it is still early to have a reliable number.
*** On the St-Jean West Property, the Utica has yet to be evaluated as it may be less prospective.

Magdalen Islands Property Overview



- Conventional gas play
- Approx. 49,420 acres, Magdalen Islands permit, acquired early July 2008 (valid to 2018)
- Numerous gas occurrences on Islands and offshore (77 Bcf in off-shore East Point Well the early 1970's)
- Seismic review completed, magnetic survey completed, drill program prepared, possible drill program in fall of 2010
- Emerging gas play in Eastern Canada confirmed by GSC

Gastem's website descriptive about some of its board members:

Chairman and CEO: Raymond Savoie LL.L

Mr. Raymond Savoie is Chairman and CEO of Gastem and has been CEO of the Company since October 2002. After practicing mining law in Abitibi, Quebec, Mr. Savoie was elected to the National Assembly in 1985 and 1989 where he served as **Minister of Mines** (1985-1989) and later, **Minister of Revenue** from 1990 to 1994. Since then, he has been active in as a Director of several public resource companies and is currently Chairman and CEO of **Ditem Explorations** as well as a Director of **Tawsho Mining**, **Epsilon Energy** as well as other private companies.

COO and President of Gastem USA: Orville Cole

Mr. Orville Cole began his career in Western Canada in 1974 with **Halliburton Energy** Services in all facets of the companies oilfield service business. Experience throughout his twenty two years at Halliburton included planning, design and execution of fracturing operations. Mr. Cole also spent five years in computer design, modeling fracturing and cement design for high temperature and horizontal wells as well as designing under balanced drilling operations. After resigning from Halliburton in 1996, Mr. Cole joined Fire **Creek Resources Ltd.** providing Drilling and Completions Management Services to the oil & gas industry in Western Canada and South America. From 2004 through to 2006, Mr. Cole acted as President of a TSX-V listed junior; **Strike Petroleum**, where he managed a program to increase production from 54 boe/d to 720 boe/d (barrels of oil equivalent per day). In late 2006 Mr. Cole joined **Gastem** and has been focused on shales in Appalachia and Quebec - including operations and business development.

CFO: Bernard Henault

Bernard Henault has been an accountant since 1973. He has been Gastem's accountant since December 2003 and is responsible for the preparation of the company's tax and Quarterly reports as well as related documents and administrative reports. In March 2010, he was named Chief Financial Officer for Gastem.

Accounting: Francois Lapierre, CA

François Lapierre (Chartered Accountant), has recently joined the Corporation. With experience as auditor in a private firm for more than 20 years, Mr. Lapierre is responsible for preparing accounting reports and will establish the transition to the International Financial Reporting Standards (IFRS).

Corporate Secretary and Compliance: Estelle Dufresne

Me Dufresne was called to both the Québec Bar in 2008 (civil law) and Law Society of Upper Canada Bar (common law) in 2009 after completing law degrees in civil and common law at Sherbrooke University and Queen's University. Me Dufresne specializes in Quebec Securities Law, TMX-V Policies and CAPL Agreements as well as managing compliance of regulatory filings with the regulatory authorities. She also supervises land acquisitions equity financing, shareholder's meetings and security transactions. Me Dufresne has been with the Company since 2004.

Director Investor Relations: David Vincent, M.Sc.

Since early 2008, Mr. Vincent has been in charge of investor and public relations for Gastem. Mr. Vincent began his career in the energy sector with **Gaz Metro**, a gas distribution company, where he was involved with business development for projects including LNG terminals, pipeline systems and wind power energy production. Mr. Vincent holds an M.Sc. in Financial Economics from the University of Montreal and has been working in the finance sector, focusing on the development of several small companies.

V-P Geology (Gastem USA): Richard Nyahay

Mr. Nyahay joined **Gastem USA**, a wholly owned subsidiary of Gastem, as V-P of Geology for New York State. Mr. Nyahay received his BA in Geology from SUNY College, Plattsburgh in 1982 and has more than 20 years of experience with the **New York State Oil and Gas office**. He has co-authored 18 individual papers with the majority focusing on Ordovician and Devonian era rock in New York State.

Landman: Jacques Perron

Mr. Perron has been a landman in Quebec for oil and gas companies for the past 40 years most notably for **SOQUIP**, as well as most all other companies working in Quebec. He has been landman for Gastem since 2002.

Quotes from Fraser Mackenzie's May 2, 2008 research document, *Investing in the Utica Shale Gas Play in Quebec*, about Gastem's early operations and partnership strategies:

Yamaska Permit (GMR-15% working interest - Assume **Epsilon Energy** exercises its option to acquire 25% of Gastem's interests in the Yamaska Permit.)
• The Yamaska permit covers an area of approximately 112,000 acres in the St. Lawrence Lowlands to the south of Lac St. Pierre. The entire permit is located southeast of the Yamaska fault and the sequence is relatively undisturbed and un-faulted.
• Gastem farmed into the Yamaska property from **Questerre** in early 2004. In February 2007, the company signed an agreement with **Forest Oil** whereby Forest took an option to earn an interest of up to 60% in the Yamaska permit by spending $10 million over 18 months.
• Gastem has participated in the drilling of two vertical wells, St. Francois du Lac #1 and St. Louis de Richelieu #1, at no cost to the company in the summer of 2007, pursuant to which **Forest Oil** exercised its completion option on the two wells.
• In February 2008, **Forest Oil** further elected to proceed after a hydraulic fracturing program undertaken at the St. Francois du Lac #1 well, which subsequently tested at rates up to 1 mmcf/d.
• Gastem has contracted Sproule Associates to complete a resource assessment for the Yamaska property, which is expected shortly.
• **Forest Oil** is planning to drill two horizontal wells on the permit over the summer of 2008. Subject to results from the horizontal drilling and testing program, pilot production is expected to start in 2009 with a fullscale development program targeted to commence in 2010.

New York Utica Shales
• In February 2008, Gastem signed a farm-in agreement with **Utica Energy**, a private gas company, whereby Gastem will undertake a drilling program comprising five vertical wells and one horizontal well to earn a 65% working interest in 29,000 acres of prospective shale gas lands in NY State.
• The drilling program will target the Utica shale formation, which is believed to extend south to New York State. Drilling of the initial three vertical wells is expected to begin in July 2008.

St. Jean Permit (GMR-44%)
• The St. Jean property consists of four exploration and storage permits and lies in the south of the St. Lawrence Lowlands basin.

Joly Property (GMR-35%)
• Gastem signed a farm-in agreement with **Intragaz** on the Joly property. The property is adjacent to the existing gas storage installation at St-Flavien. This property is also believed to be prospective for Utica shales.
• The Joly 4 well was drilled in December 2007 and did not encounter any dolomite sequence. Gastem has an option to drill a second well before the end of 2009 to earn a 50% in potential gas production and a 49% interest in the operation of a potential gas storage facility.

GREENCASTLE RESOURCES LTD.

Formerly, Vergene Capital Corp., 2004, Toronto Stock Exchange, “VGN”.

Greencastle, “a diversified company”, with an interest in gold mining, and with an oil field in Saskatchewan, says in a June 12, 2008 press release on its website:

> Greencastle Resources Ltd. (“Greencastle,” or the “Company,”) is pleased to report that the Company has applied for an oil and gas exploration permit in the St. Lawrence Lowlands of Quebec. The permit covers approximately 6,000 hectares in the Longueil area, east of Montreal.

Greencastle board of directors:

- Anthony Roodenburg, director, CEO (director of **Axiotron Corp.**, director, president and CEO with **Seafield Resources Ltd.**, financing affiliations with **Bralorne-Pioneer Gold Mines Ltd.**, **Daren Resources Ltd.**, **Ecstall Mining Corporation**, **Gold Summit Mines Ltd.**, **Gold Summit Corporation**, **Seafield Resources Inc.**, **Vergene Capital Corp.**, **Levon Resources Ltd.**, **Mill Bay Ventures Inc.**, **Black Pearl Minerals Consolidated Inc**.)
- Eric Lowy, director (secretary of **Mukuba Resources Limited**)
- James Pirie, director, president (director, secretary, vice president and CFO with **Seafield Resources Inc.**, and financing affiliations with **Gold Summit Mines Ltd.**, **Seafield Resources Inc.**, **Vergene Capital Corp.**)
- Richard John Zakaib, director, corporate secretary, CFO

INTRAGAZ EXPOLORATION, SEC

Intragaz Exploration is a division within a complex of holdings under Gaz Metro Limited Partnership (Gaz Metro), a publicly traded gas distribution company. Gaz Metro is owned by a holding company, Noverco Inc., which is owned by three parties (through equity interest). A January 20, 2011 company complex flowchart identified each of the three parties with the percentage of ownership in Noverco Inc.:

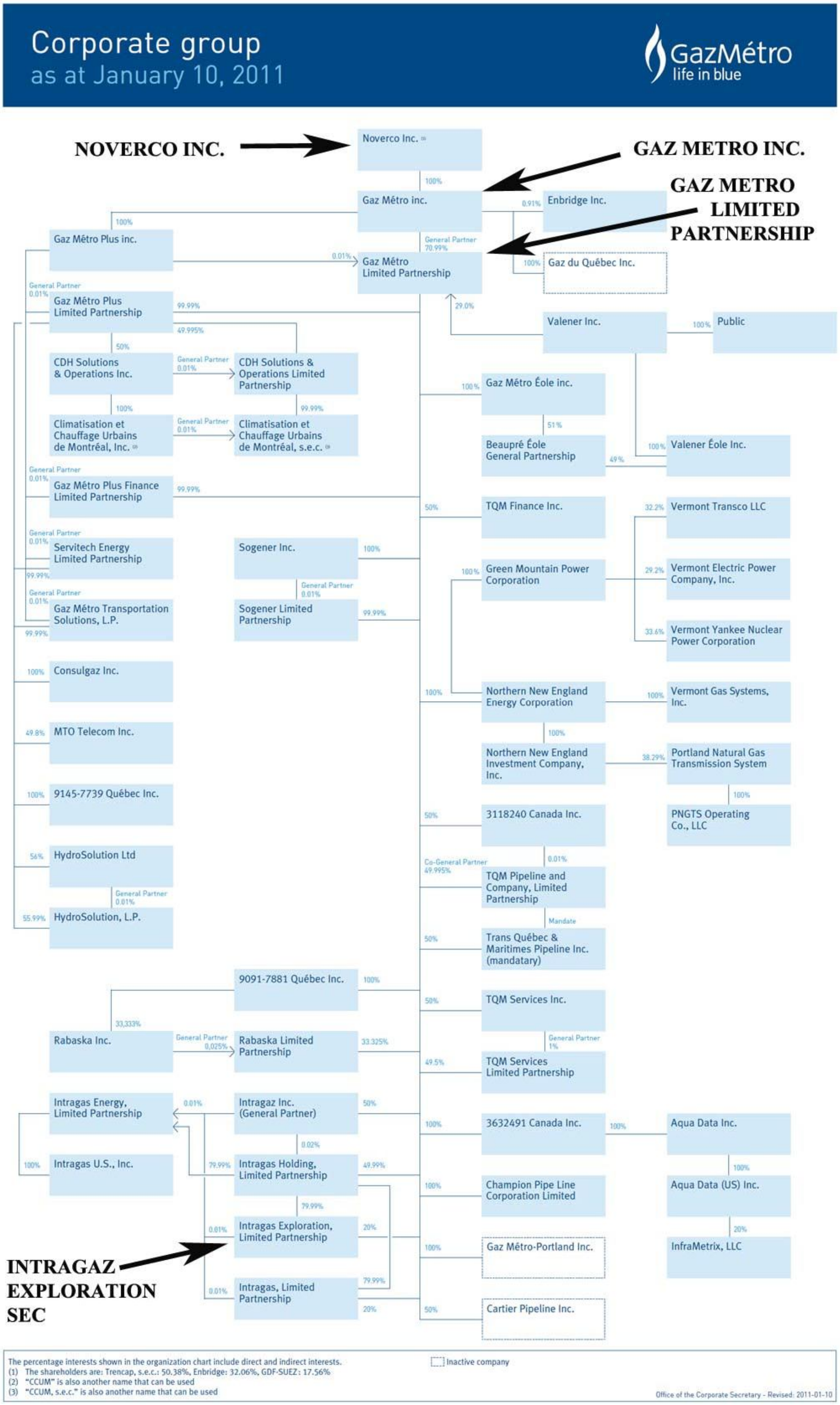
- Trencap L.P. (50.38%);
- Enbridge Inc. (32.06%);
- and GDF-SUEZ (17.56%).

A February 3, 2011 news bulletin reported that Enbridge desired to acquire a further 6.8% interest in Noverco Inc., for a total 38.9% interest in Noverco. Enbridge Inc.'s *Annual Information Form* for December 31, 2010 (filed on February 18, 2011) states:

> **NOVERCO**
> Enbridge owns an equity interest in Noverco through ownership of 32.1% of the common shares and a cost investment in preferred shares. Noverco is a holding company that owns approximately 71.0% of Gaz Metro Limited Partnership (Gaz Metro), a natural gas distribution company operating in the province of Quebec with interests in subsidiary companies operating gas transmission, gas distribution and power distribution businesses in the province of Quebec and the states of New England. Gaz Metro became a privately held limited partnership as a result of a reorganization of its publicly held partnership units, which were exchanged on a one for one basis for common shares in Valener Inc., a new publicly listed corporation. The reorganization was effective September 30, 2010.
>
> The Company announced on February 3, 2011 that it will invest $145 million to acquire an additional 6.8% interest in Noverco from Laurentides Investissements (SAS), a subsidiary of GDF SUEZ, bringing its total interest in Noverco to 38.9%. Trencap, a partnership managed by the Caisse de Depot et Placement du Quebec, will acquire Laurentides Investissements' remaining 10.8% interest in Noverco, following which Enbridge and Trencap will become the sole shareholders of Noverco. The transaction is expected to close later in the year once all regulatory approvals have been received.
>
> Weather variations do not affect Noverco's earnings as Gaz Metro is not exposed to weather risk. A significant portion of the Company's earnings from Noverco is in the form of dividends on its preferred share investment, which is based on the yield of 10-year Government of Canada bonds plus 4.34%.

Bloomberg Businessweek reported in late 2009:

> Noverco, Inc. through its subsidiary distributes natural gas. The company, through its subsidiary, also engages in the power production, gas storage, and marketing. It operates in Quebec and Vermont. The company is headquartered in Montreal, Canada. Noverco, Inc. is a former subsidiary of Hydro-Quebec. As of June 30, 2004, Noverco, Inc. operates as a subsidiary of Capital Infragaz.


Corporate group
as at January 10, 2011
GazMétro
life in blue
NOVERCO INC.
GAZ METRO INC.
GAZ METRO LIMITED PARTNERSHIP
INTRAGAZ EXPLORATION SEC
Noverco Inc. (1)
100%
Gaz Métro inc.
0.91%
Enbridge Inc.
100%
Gaz Métro Plus inc.
General Partner 70.99%
0.01%
Gaz Métro Limited Partnership
100%
Gaz du Québec Inc.
29.0%
Valener Inc.
100%
Public
General Partner 0.01%
Gaz Métro Plus Limited Partnership
99.99%
49.995%
50%
CDH Solutions & Operations Inc.
General Partner 0.01%
CDH Solutions & Operations Limited Partnership
100%
Gaz Métro Éole inc.
100%
99.99%
51%
Climatisation et Chauffage Urbains de Montréal, Inc. (2)
General Partner 0.01%
Climatisation et Chauffage Urbains de Montréal, s.e.c. (3)
Beaupré Éole General Partnership
49%
100%
Valener Éole Inc.
General Partner 0.01%
Gaz Métro Plus Finance Limited Partnership
99.99%
50%
TQM Finance Inc.
32.2%
Vermont Transco LLC
General Partner 0.01%
Servitech Energy Limited Partnership
Sogener Inc.
100%
100%
Green Mountain Power Corporation
29.2%
Vermont Electric Power Company, Inc.
99.99%
General Partner 0.01%
General Partner 0.01%
Gaz Métro Transportation Solutions, L.P.
Sogener Limited Partnership
99.99%
99.99%
33.6%
Vermont Yankee Nuclear Power Corporation
100%
Consulgaz Inc.
100%
Northern New England Energy Corporation
100%
Vermont Gas Systems, Inc.
49.8%
MTO Telecom Inc.
100%
Northern New England Investment Company, Inc.
38.29%
Portland Natural Gas Transmission System
100%
9145-7739 Québec Inc.
50%
3118240 Canada Inc.
100%
PNGTS Operating Co., LLC
56%
HydroSolution Ltd
Co-General Partner 49.995%
0.01%
TQM Pipeline and Company, Limited Partnership
General Partner 0.01%
55.99%
HydroSolution, L.P.
Mandate
50%
Trans Québec & Maritimes Pipeline Inc. (mandatary)
9091-7881 Québec Inc.
100%
50%
TQM Services Inc.
33,333%
Rabaska Inc.
General Partner 0,025%
Rabaska Limited Partnership
33.325%
General Partner 1%
49.5%
TQM Services Limited Partnership
Intragas Energy, Limited Partnership
0.01%
Intragaz Inc. (General Partner)
50%
100%
3632491 Canada Inc.
100%
Aqua Data Inc.
0.02%
100%
Intragas U.S., Inc.
79.99%
Intragas Holding, Limited Partnership
49.99%
100%
Champion Pipe Line Corporation Limited
100%
Aqua Data (US) Inc.
79.99%
0.01%
Intragas Exploration, Limited Partnership
20%
100%
Gaz Métro-Portland Inc.
20%
InfraMetrix, LLC
79.99%
0.01%
Intragas, Limited Partnership
20%
50%
Cartier Pipeline Inc.
The percentage interests shown in the organization chart include direct and indirect interests.
(1) The shareholders are: Trencap, s.e.c.: 50.38%, Enbridge: 32.06%, GDF-SUEZ: 17.56%
(2) "CCUM" is also another name that can be used
(3) "CCUM, s.e.c." is also another name that can be used
Inactive company
Office of the Corporate Secretary - Revised: 2011-01-10

CBC news reported on June 30, 2004, *Hydro-Quebec sells Noverco stake for $900 million*:

> Quebec's provincially owned electricity company, Hydro-Quebec, has sold the control block and some debt in Noverco Inc. to a consortium headed by the giant Caisse de dépôt et placement du Quebec pension fund for $900 million.
>
> Noverco owns 74.7 per cent in the gas distributor Gaz Métro Limited Partnership and 9.8 per cent Enbridge Inc., a pipeline and petroleum distribution company.
>
> The Caisse is putting up $625 million, engineering company SNC-Lavalin is investing $100 million, and the B.C. Investment Management Corp., a provincial pension fund manager, anted $85 million. Other investors are putting up the remainder.
>
> Hydro-Quebec said it sold the 50.4 per cent shareholding in Noverco and $285 million in subordinate debt instruments which it bought in 1997. At the time, it paid a total of $482 million.
>
> The sale, which appears to double Hydro-Quebec's money, "represents an opportunity to make a financially attractive transaction in a favorable market environment," it said in a statement.
>
> Noverco, a private company, is now owned by the Caisse consortium, Enbridge (32 per cent) and Gaz de France (18 per cent).

Wikipedia reports on Gaz Metro (the new name introduced in 2003), as a company "founded in 1955 as the Corporation de gaz naturel du Quebec (Natural Gas Corporation of Quebec)". This company was renamed Gaz Metropolitain in 1969. "In 1985, the company expanded its service area with the acquisitions of Gaz Inter-Cité Québec (serving eastern Quebec) and Gaz Provincial du Nord (serving the Abitibi-Témiscamingue region)."

Wikepedia also states that Gaz Metro "owns Northern New England Energy Corporation, which in turn owns two utilities serving the US state of Vermont -- Vermont Gas, and Green Mountain Power (GMP)."

From 2008 to 2009, Intragaz Exploration SEC obtained 9 petroleum permits from the Quebec government, totalling 77,303 hectares.

Intragaz Exploration states on its website that it has shale gas agreements with Talisman Energy and Gastem Inc.:

> As part of its storage operations, Intragaz acquired exploration licenses in Quebec. These licenses cover exploration projects for storage in conventional geological formations as well as in salt caverns.
>
> In most cases, Intragaz operated its licenses alone. Farm-out agreements were signed with Talisman Energy in 2006 on the Villeroy license and with Gastem in 2007 on the Joly license. Both companies have subsequently carried out drilling activities and continue to analyze the potential of these sites.

> Intragaz’s exploration licenses are well located to take advantage of the recent interest for unconventional gas (shale gas). The expertise of its employees, the location of its storage facilities and the proximity of the transportation infrastructure of gas puts Intragaz in an advantageous position to benefit from the potential development of this geological area.

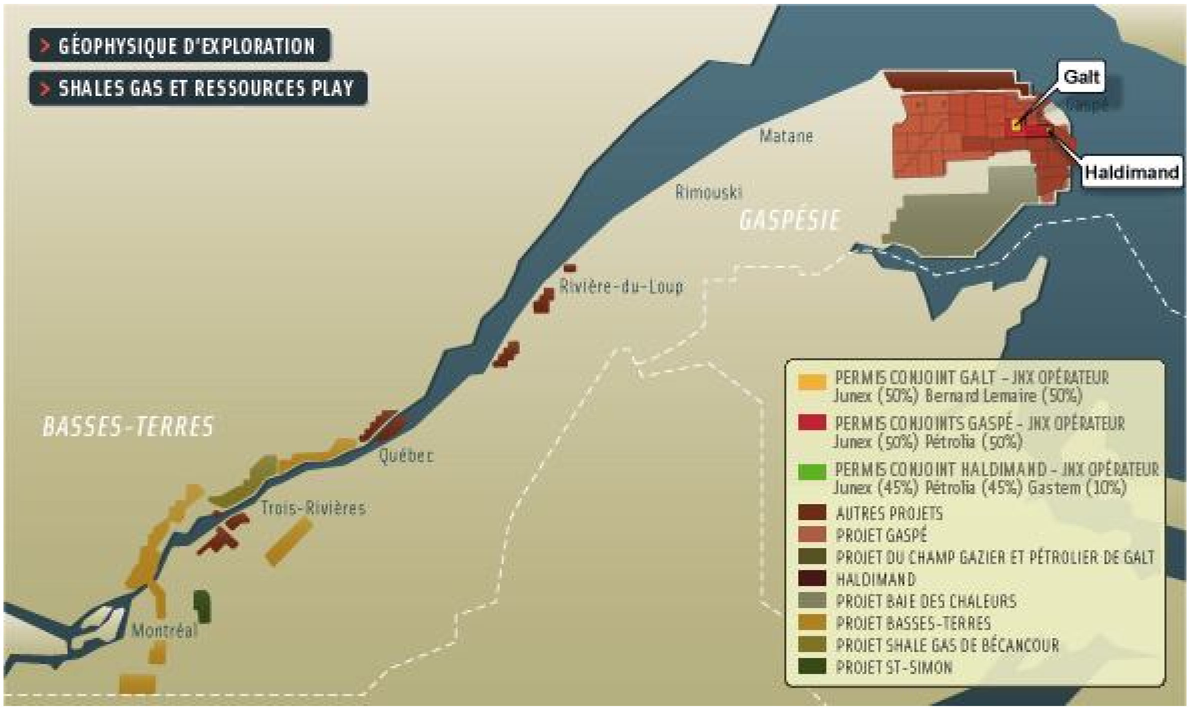
JUNEX INC.

Junex Inc.s (Toronto Stock Exchange, “JNX”) website states the following (using Google french translator):

> Junex is a junior exploration company which owns oil and gas exploration rights on more than six million acres in the Appalachian basin in Quebec. Several recent discoveries in the United States and Eastern Canada have stimulated exploration in Quebec, whose sedimentary basin is located in a favorable geological setting for the discovery of oil and gas fields.
>
> Junex holds rights to over one million acres in the Lowlands area of St-Laurent (Quebec-Montreal) where the successes in the United States in the sedimentary strata of the Trenton-Black River and Shale have prompted major companies like Talisman in 2006 to begin drilling in the region. Junex signed in July 2006 partnership agreements with two U.S. companies. These two partnerships, one of which concluded with one of the largest independent natural gas producers in the United States could launch over the next three years with investments of at least 20 million U.S. dollars on U.S. properties located between Quebec Junex and Montreal.
>
> Junex also holds various licenses and oil and gas rights in the Gaspé, a very large area virtually unexplored but where some drilling work completed to date have shown strong indications of hydrocarbons, especially in the Galt area (Junex owns 50% of this project), where two wells produce low speed, and in Haldimand (Junex owns 45% of this project), where an oil discovery was made in 2006.
>
> In addition to its exploration activities for oil and gas, Junex pursues complementary activities such as production of natural brine and drilling services to generate cash from operations to better manage risks associated with the exploration of a basin as a pioneer of Quebec.

From 2006 to 2009, Junex acquired 111 permits from the Quebec government:

- 14 permits in 2006;
- 37 permits in 2007;
- 16 permits in 2008;
- 42 permits in 2009;
- 2 permits in 2010.



The on-line Energy Business Review has the following overview of Junex:

> Junex, Inc. (Junex) is an independent energy company. It engages in the exploration and production of oil and natural gas as well as production and marketing of natural brine. The company also provides drilling services for oil, natural gas and natural brine wells as well as underground storage for natural gas. The company principally operates in the Quebec Appalachian geological basin in Canada and the US. The company's projects include Gaspe, Baie des Chaleurs, Bande Taconique, Galt et Baillargeon, Riviere-du-Loup, Appalachian basin, Becancour, Richelieu and North Shore. It is headquartered in Quebec, Canada.

The following from a February 8, 2008 Junex news bulletin:

> **Junex is Getting Back 100% Interest in 700,000 Acres of Land With Shale Gas Potential**
>
> Junex Inc. (TSX VENTURE: JNX) announced today the signature of an agreement in order to terminate its Exploration Partnership with AMQUE U.L.C., which means that Junex is getting back 100% interest in 5 different blocks of permits located in the St. Lawrence Lowlands. These permits, for which the main geological targets are the Utica Shales and the Trenton/Black-River, are spanning over an area of more than 700,000 acres.
>
> Junex and **AMQUE U.L.C.** had contracted the Exploration Partnership in July 2006. Since AMQUE U.L.C. failed to meet its minimum investment commitment, the parties terminated the Joint Venture and, in the context of this Termination agreement, Junex has received a financial compensation from AMQUE. Junex also kept an Overriding Royalties Interest of 1.5% in 1.8 million acres of land previously held by AMQUE and recently sold to **Molopo Australia Limited**.

"We are pleased to get back all the lands which were part of the deal with AMQUE and we are also pleased with the arrival of **Molopo Australia Limited** in Quebec. We believe that Molopo's expertise will enable them to accelerate the development of the Shale gas potential in the 1.8 million acres block of land in which we hold a 1.5% ORRI. We already have another active partnership with a large US-based independent producer in order to evaluate the Shale gas potential in Quebec and we now believe that we will be able to sign new favorable partnership agreements on these 700,000 acres of land we are getting back today" noted Junex's president, Mr. Jean-Yves Lavoie, P. Eng.

About Junex

Junex's strategy is to reduce exploration risks by entering into partnerships with other exploration companies. In parallel to its exploration efforts, Junex's goal is to achieve positive cash flows from its natural brine and drillings services operations. Junex also holds approximately a 9.4% interest in Petrolia (TSX VENTURE: PEA) and a 2.2% interest in Gastem (TSX VENTURE: GMR).

The "large US-based independent producer" referred to above was **Canadian Forest Oil**. Information about this company was later released in a December 8, 2009 Junex news bulletin:

Junex's Partner Commits to Drilling the Utica Shales on the Richelieu North Permit

QUEBEC CITY, QUEBEC--(Marketwire - Dec. 8, 2009) - Junex Inc. (TSX VENTURE:JNX) is pleased to announce that its partner, **Canadian Forest Oil Ltd.** ("Forest"), has committed to the drilling and completion of a horizontal well in the Utica Formation in order to earn an interest in the Lorraine and Utica Shale sections of the Richelieu North Permit in the Contrecoeur area, located approximately 50 kilometers from the city of Montreal.

Contractually, Forest must spend $4 million to earn 60% working interest in the Shale section of the lands. In such event, Junex will retain the 40% balance of the working interest in the Shale section of the lands along with a 100% working interest in other geological formations, including the Trenton/Black River.

In its work commitment, Forest has proposed to drill a vertical pilot hole and acquire wellbore data in the winter of 2010, then analyze the acquired wellbore data, followed by the drilling and completion of a horizontal wellbore in the Utica Formation in the summer of 2010.

"We are pleased that Forest is planning to move ahead on the Richelieu North Permit. This effort will complement Junex's exploration operations focussed on evaluating the Shale Gas potential of its vast land base in the St. Lawrence Lowlands" commented Junex's CEO, Mr. Jean-Yves Lavoie, P. Eng.

Quotes from Fraser Mackenzie's May 2, 2008 research document, *Investing in the Utica Shale Gas Play in Quebec*, about Junex's early operations and partnership strategies:

> **Bécancour/ Champlain Shale Gas** (JNX-5% GORR convertible to a 15% Working Interest)
>
> • In July 2006, **Forest Oi**l farmed into Junex's four permits that cover 143,395 acres. Forest drilled the Bécancour #8 well and extracted two cores from the Utica shales.
>
> • In May 2007, Forest elected to exercise its option to go forward with an $8 million pilot-project. The Bécancour #8 well was successfully fracture stimulated in late 2007. The well has flowed natural gas at undisclosed rates. Junex also completed a 39 km seismic survey over Bécancour to define locations targeting prospects in the TBR formation.
>
> • Also in late 2007, Junex completed the Champlain #2 well, which indicated natural gas potential from the Lorraine, Utica and TBR formations. The company completed a 27.9 km seismic program to define additional drilling targets.
>
> **Contrecoeur (JNX-40%)**
>
> • **Forest Oil** farmed into the 55,000-acre Contrecoeur permit in April 2008. The Contrecoeur permit is located adjacent to the Yamaska permit. Forest has an option to invest $4 million to complete work commitments within 18 months and earn a 60% working interest in the shales on the Contrecoeur permit.
>
> • The farm out agreement also stipulates that Junex will drill an exploration well on the land before July 2008 targeting the TBR formation. The geological and logging information derived from the well will be used by Forest in deciding whether or not to exercise the option to perform additional work commitments.
>
> **St. Simon (JNX-100%)**
>
> • Covering 57,126 acres of land with geology similar to the St-Flavien natural gas deposit. Junex is looking for partners to farm in on the permit and to commit to seismic work and eventually drill one or two new wells targeting the TBR formation.
>
> • The block lies to the southeast of the Yamaska permit. The Utica shales are also present in the permit area.
>
> **Other acreage with Utica Shale potential (JNX-100%)**
>
> • Junex also holds a 100% interest in five additional permits totalling approximately 750,000 acres. These permits were initially optioned out to **AMQUE U.L.C.** However, AMQUE failed to meet its minimum work commitment and Junex's interest was reverted to 100%.
>
> • In addition, Junex has a 1.5% GORR in 1.8 million acres of land held by an Australian company, **Molopo Australia**.

Junex Inc.'s board of directors :

- Robert Fia, director, chair (director and chair of **The Jenex Corporation**, with financing affiliations with **Anglo Swiss Resources**, **Angus Resources Inc.**, **Cliffmont Resources Ltd.**, **Lakeland Resources Inc.**, and **The Jenex Corporation**)
- Andre Caille, director
- Daniel Courteau, director
- Gerald Riverin, director (director, president and CEO, and financing affiliations with, **Cogitore Resources Inc.**, director of **Odyssey Resources Ltd.**, and financing affiliations with **Woodruff Capital Management Inc.**)
- Jacques Aubert, director
- Jean-Yves Lavoie, director (financing affiliations with **Spinlogic Technologies Inc.**, and **Tom Exploration Inc.**)
- John Gamble, director (interim director with **Forterra Environmental Corp.**, director and CFO of **The Jenex Corporation**)
- Laurent Lemaire, director
- Peter Shippen, director (interim managing director with **The Junex Corporation**)
- Roberto Aguilera, director
- John Rae Aikman, president, CEO
- Dave Pepin, secretary, vice president of corporate affairs
- Peter Dorrins, COO
- Mathieu Lavoie, vice president of operations

Jacques Aubert was the President and Chief Executive Officer of Junex from foundation of the company in 1999 to June 2006. He is now Junex Chairman of the Board. In the two years preceding the creation of Junex, he was a member of the senior management team and President of **SOQUIP**, a corporation wholly-owned by the Government of Quebec primarily active in natural gas storage. From 1976 to 1994, Mr. Aubert was a member of the senior management team for **Cascades Inc.**, including as Vice-President and Corporate Secretary thereof. During such time, he was actively involved with the listing of the shares of the company on the stock exchange and with the growth of this company in the pulp and paper industry.

Dr. Roberto Aguilera is Professor and ConocoPhillips **Chair in Tight Gas Engineering at the University of Calgary** and President and Chief Executive Officer of **Servipetrol Ltd.**, an international oil and gas consulting company. Dr. Aguilera's reputation is recognized worldwide. As a consultant since 1978, he has been involved in petroleum engineering studies in more than 40 countries and he has presented short industry courses dealing with "Naturally Fractured Reservoirs", "Reservoir Engineering", "Horizontal Wells", and/or "Well Testing" for many major oil and gas companies active on all the continents of the planet. Dr. Aguilera is a petroleum engineering graduate from the Universidad de America at Bogota, Colombia, and holds Masters and Ph.D. degrees in petroleum engineering from the Colorado School of Mines. He is a member of the Petroleum Society of CIM, SPE, CSPG, AAPG, SPWLA, CWLS, APEGGA and ACIPET.

Mr. André Caillé was **Chairman of the World Energy Council** from September 2004 to November 2007. He held the position of Chairman of the Board of **Hydro-Québec** from April to September 2005. Prior to this appointment, he was President and Chief Executive

Officer of the Corporation for a period of 9 years starting in October 1996. Moreover, for more than 14 years he has occupied several other strategic management positions within **Gaz Métropolitain** such as president and CEO between 1987 and 1996. He was also appointed Quebec's **Deputy Minister of the Environment** from 1978 to 1981. Mr. Caillé received the Order of Canada and the National Order of Quebec in recognition for his career in the Energy sector.

Daniel Courteau is a partner with the law firm **DeGranpré Chait** and holds a masters degree in taxation from the University of Sherbrooke as well as a postgraduate degree in international taxation from the Universite de Nice in France. He has extensive business experience, which includes having counselled several companies during the time that he was a taxation specialist at the accounting firm of **Raymond Chabot** 1980 to 1987 and as a partner specialized in taxation at the law firm of **DeGrandpré Chait** in Montreal where he has been for more than 13 years.

Jean-Yves Lavoie, P. Eng. is CEO of Junex since June 2006. He had previously been serving as President and Chief of Operations since the creation of the Company in March 1999. He was employed by **SOQUIP** as a petroleum engineer from 1974 to 1980 after which he remained active as a technical consultant and drilling engineer on several oil and gas projects in Quebec and overseas. All these different experiences either prior of following the production process have permitted him to refine his entrepreneurship qualities. As president of **Les Ressources Naturelles Jaltin Inc.** he has, among other things, initiated the realisation of the natural gas underground storage of Pointe-du-Lac. This was a first in Quebec and also a first worldwide to ever be perform in non-consolidated sediments. Mister Lavoie is a member of l'Ordre des Ingénieurs du Québec as well as the Association of Engineers, Geologists and Geophysicists of Alberta.

Laurent Lemaire is currently the Vice-Chairman of the Board of Directors of **Cascades Inc.** Before that, from 1992 to 2003, he was the President and Chief Executive Officer of the same company, the annual revenues of which exceed CDN$3.5 billion. Mr. Lemaire holds a masters degree in commerce from the University of Sherbrooke. He also sits on the Board of Directors of the **Scotiabank** and has been the recipient of numerous prizes and awards in recognition of his skill as a manager over the course of his career.

Dr. Gérald Riverin is President and Chief Executive Officer of **Cogitore Ressurces Inc.**, a public company active in the exploration for base metals in Québec. Mr. Riverin has vast experience in the management of mining projects, notably with the **Inmet Mining Corporation** where he has worked for more than ten years as General Manager, Exploration for North America. Mr. Riverin and the exploration team he was in charge of have been credited for the gold discovery of the Troilus mine in northern Québec. He is a member of the Ordre des Géologues du Québec.

Management

Peter K. Dorrins, COO, is a petroleum geologist with 28 years of experience in domestic and international oil and gas exploration, having worked on projects in Quebec, Western Canada, Ontario, USA, Australia, Trinidad, Cuba, South America, and Egypt. He has held a number of technical and management positions with major, intermediate and junior oil companies, including **Amoco Canada** from 1979 to1981, **Amoco International Oil**

Company from 1981 to 1985, BP Canada from 1985 to 1987, **Westcoast Petroleum** from 1987 to1992, and Shell Canada from 1997 to 1999. More recently, he was Hydro-Québec's Oil & Gas Exploration Manager from 2003 to 2006, Special Advisor to Junex Inc.'s management from 2006 to 2007, and Chief Operating Officer and a director of **Onco Petroleum Inc.** from 2007 to 2008. He also has extensive consulting experience. His expertise includes defining & establishing corporate business strategy, planning, implementing & managing exploration programs, negotiating oil & gas agreements, mergers & acquisitions, and the generation & drilling of oil & gas prospects. Mr. Dorrins is a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Having graduated at the top of his class, he holds a Bachelor of Science de Honours-First Class Honours degree in Geology obtained from the University of Manitoba in 1980.

Mathieu Lavoie, Eng. is vice-president of operations. Within this function, he is responsible, among other things, for the production, drilling operations as well as Junex's division **Foragaz** which has been offering oil and gas drilling services. Mr. Lavoie is a graduate from the Université Laval in Geological Engineering and has been with Junex since 2002. He is a member of the Ordre des Ingénieurs du Québec and has acquired a solid experience in the oil and gas industry mainly focused on the field work. .

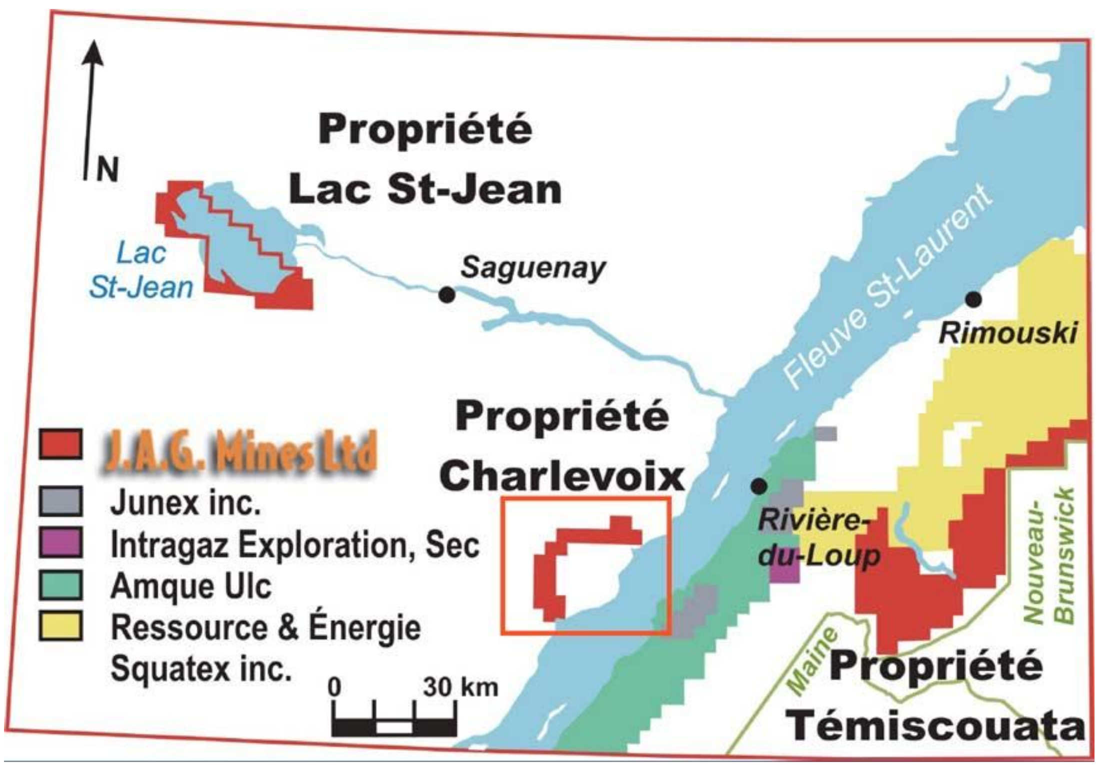
Dave Pépin,, MBA, is vice-president of corporate affairs and CFO. As such, he is responsible for all financing activities of the company and relations with investors and the press representatives. Mr. Pépin has joined Junex in 2001 after having worked as a marketing consultant for **SSQ Financing Group** and as a development consultant for **SOQUIP**. He graduated in journalism from the CEGEP of Jonquière and obtained his MBA from the Université du Québec à Montréal and also has a Masters degree in literature from the Université Laval. Mr. Pépin has successfully passed the Canadian Securities Course from the Canadian Securities Institute (CSI).

Peter Dorrins has been appointed by the Board of Directors as Chief Operating Officer of Junex. Cumulating 28 years of experience in domestic and international oil and gaz exploration, Mr. Dorrins has held a number of technical and management positions with different oil companies over the years. He was **Hydro Québec's Oil & Gas Exploration Manager** from 2003 to 2006. Mr. Dorrins' expertise includes defining and establishing corporate business strategy, implementing exploration programs and negotiating oil and gas agreements, among others. Mr. Dorrins is a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicts of Alberta. He holds a Bachelor of Science degree in Geology, with First Class Honours, from the University of Manitoba

LES MINES J.A.G. LTEE

J.A.G. obtained 23 petroleum permits from the Quebec government: 16 permits in 2006 and 7 permits in 2010. Les Mines J.A.G. Ltee's (Toronto Stock Exchange, "JML") 2009 annual report states:

> In March 2006, the Company obtained 16 oil and natural gas research permits covering 332,790 hectares in three Quebec areas: Témiscouata, Lac St-Jean and Charlevoix. In designing its exploration programs, the Company chose to adopt an innovative multidisciplinary approach that takes advantage of recent advances in geochemical and geophysical techniques applied to oil and gas exploration.
>
> Nine permits were obtained for the Bas St-Laurent-Temiscouata a total area of 193,587 hectares, five permits are located in the western part of Lake St. John spread over 99,945 hectares, and two permits in Charlevoix covering 39,258 hectares.



J.A.G. issued the following news bulletin on February, 24, 2010:

> **J.A.G. MINES LTD – OLITRA INC.**
>
> Les Mines J.A.G Ltd. («JAG») announces that the process for the transfer to its subsidiary Olitra Inc. ("Olitra") of its oil and natural gas exploration permits in Quebec is in progress. As per the scenario described in the January 27, 2010, press release JAG received for this transfer 20,865,040 ordinary shares, representing 77.7% of Olitra's capital stock.

Two additional issuances of Olitra shares to JAG are planned. The second issuance will be completed upon filing of JAG's audited financial statements for the period ending December 31st, 2009 and will take into consideration the total exploration and acquisition costs committed by JAG during the last quarter of 2009. The third issuance will take place once JAG pays for work currently being executed by a team from Institut National de Recherche Scientifique led by Marc Richer-Lafleche, Ph.D. and P. Geo. Upon receipt of these three share issuances JAG will own approximately 31 million Olitra common shares.

Board of directors:

- Achille E. Desmarais, director (director with **Corridor Resources Inc.**)
- Andre Duquenne, director (director with **Bigknowledge Enterprises Inc.**, director and chair of **D-BOX Technologies Inc.**, director with **H2O Innovation Inc.**, director with **ISACSOFT Inc.**, director with **Ommitech Consultant Group Inc.**, with financial affiliations with **Omnitech Consultant Group Inc.**)
- Claude Clement, director
- Guy Brassard, director
- Guy Normandin, director (director and secretary treasurer and financing affiliations with **Robex Resources Inc.**)
- Martine Kennedy, secretary
- Pierre Gevry, director (director and president of **Orbite VSPA Inc.**, and director, president and CEO of **Pro-Or Inc.**, with financing affiliations with **Orbite VSPA Inc.**, and **Pro-Or Inc.**)
- Raymond Desrosiers, director, vice president (director with **Orbite VSPA Inc.**, and director with **Pro-Or Inc.**, with financing affiliations with **Orbite VSPA Inc.** and **Pro-Or Inc.**)
- Richard Boudreault, director (president and CEO of **Orbite VSPA Inc**., and director of **Raymor Industries Inc.**, with financing affiliations with **Orbite VSPA Inc.** and **Raymor Industries Inc.**)
- Yvon Boisselle, director, secretary treasurer (secretary treasurer and director of **Orbite VSPA Inc.** (Exploration), and secretary treasurer, director of **Pro-Or Inc.** Financing affiliations with **Orbite VSPA Inc.** and **Pro-Or Inc.**)

MARZCORP OIL & GAS INC.

In a March 31, 2010 bulletin, *Tudor announces execution of binding letter agreement for the reverse take-over of Tudor*, is the following description of Marcorp:

> Marzcorp is a private Canadian oil and natural gas exploration company in the Gaspe Peninsula in Quebec. The company's permits cover 378,579 hectares (935,090 acres) in the Matapedia Valley, Gaspesie, Quebec, with half the land located in the Taconic belt and half in the Gaspe belt. Marzcorp received a geological evaluation of prospective resources dated December 1, 2009, effective November 30, 2009 (the "Chapman Report"), prepared by Chapman Petroleum Engineering Ltd. in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities. Based on exploration work including 2D seismic and other exploration activity in the area, the report focussed on four identified prospects for oil. Further exploration and development work is proposed to delineate the prospective resources including 3D seismic and two exploration wells.

In 2006, Marzcorp obtained 20 petroleum permits from the Quebec government.

In the same bulletin, the Calgary-based Tudor Corporation, a publicly traded oil and gas company (Toronto Stock Exchange, "TDR", and about to be delisted/renamed) announced a new deal with Marzcorp:

> Tudor Corporation (TSX: TDR) ("Tudor") and Marzcorp Oil & Gas Inc. ("Marzcorp") are pleased to announce that they have entered into a binding letter agreement (the "Letter Agreement") dated March 31, 2010, whereby Tudor will acquire all of the outstanding shares of Marzcorp (the "Acquisition"). Marzcorp is an arm's length Canadian company with petroleum properties in Matapedia Valley, Gaspesie, Quebec. The Acquisition will result in a reverse take-over of Tudor by Marzcorp and a backdoor listing under the policies of the Toronto Stock Exchange. A special meeting of the Tudor shareholders will be held to consider the reverse take-over. Prior to or concurrently with the Acquisition, Marzcorp proposes to complete a brokered private placement offering for gross proceeds of not less than $5,000,000 (the "Marzcorp Financing"). The Acquisition will not proceed if the Marzcorp Financing is not completed.

Bloomberg reported the following:

> Marzcorp Oil & Gas Inc. offers oil and gas exploration and production services. The company operates oil and gas permits covering 935,090 acres in Matapedia Valley, Gaspesie, Quebec. The company is based in Quebec, Canada.... Frank Marzoli serves as the President of Marzcorp Oil & Gas Inc. Mr. Marzoli has been a Director of **Tudor Corp. Ltd.** since June 2010. He serves as a Director of Marzcorp.
>
> Tudor Corporation Ltd. engages in the exploration and development of oil and gas properties in Canada and the United States. It also manufactures and distributes skate sharpening machines in Canada. The company was formerly known as **Tudor Energy Corporation Ltd.** and changed its name to Tudor Corporation Ltd. in May 1986. Tudor Corporation Ltd. was founded in 1980 and is headquartered in Calgary, Canada.

> Frank Marzoli is the president and CEO of Marzcorp, and also the owner at **MARBAW International Nickel Corporation**.

The TSX reports that Marzoli has financing affiliations with Quebec-based **Raudin Exploration Inc.**

On December 29, 2010, the Tudor Corporation announced that it and Marzcorp:

> entered into an amalgamation agreement dated October 22, 2010, to combine the companies (the "Amalgamation")." The Amalgamation will result in a reverse take-over of Tudor by Marzcorp and so was treated as a new listing for exchange purposes. From discussions with TSX, Tudor concluded it was in the best interests of the combined company to pursue a listing on TSX Venture.
>
> Tudor mailed a joint information circular containing prospectus level disclosure on both Tudor and Marzcorp to its holders and the Amalgamation was approved by the shareholders of both companies at special meetings held on November 18, 2010. The closing of the Amalgamation is subject to Marzcorp completing a private placement of a minimum of $6.5 million in gross proceeds and to receipt of stock exchange approval.

Tudor Corporation board members:

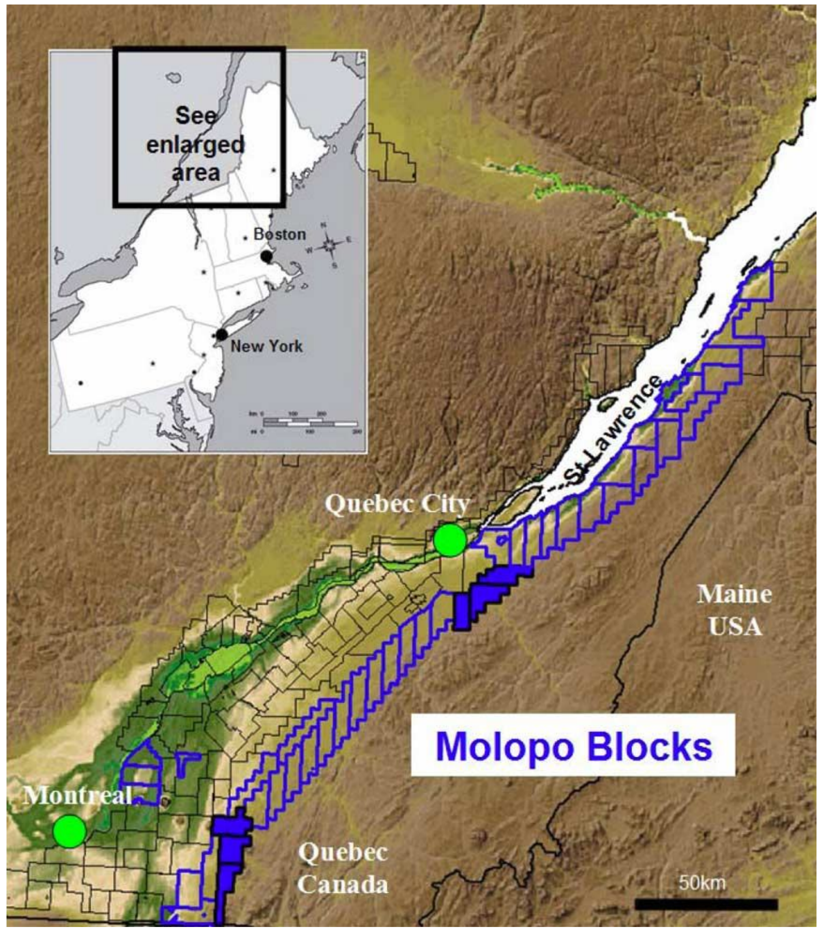
- Alan Thiessen, director
- Fred W. Amman, director (financing affiliations with **International Hydrocarbons Corp.**)
- Lionel Conn, director, president, CEO
- Richard John Bergmann, director (financing affiliations with **International Hydrocarbons Corp.**)
- Jim McCallum, CFO

MOLOPO CANADA INC.

Australia-based Molopo Energy Limited, through its Calgary-based subsidiary, Molopo Canada Inc., obtained a total 45 petroleum permits from the Quebec government:

- 38 permits in 2006;
- 6 permits in 2008;
- 1 permit in 2009.

According to Molopo's website:



> Molopo controls (100%) 2.2 million acres of shale gas exploration acreage (also with conventional hydrocarbon potential) in Quebec, Canada. Of this, about 1.8 million acres was purchased from Amque LLC in January 2008 (See Junex, above) and 0.4 million acres was added later in 2008 and 2009 on application to the Quebec ministry of Natural Resources.
>
> The first planned well, St. marc sur Richelieu-1, is located 20km northeast of Montreal and will target both the Utica Shale and channel sandstones. A drilling application was submitted to the Quebec Agricultural Commission (CPTAQ) on 20 November 2009 and as of 15 August 2010 the application had still not been approved. The Company is taking the opportunity to address the concerns expressed by local residents regarding the subsurface reservoir fracturing process.

On September 25, 2008, Molopo Australia made a presentation to the Quebec Shale Gas conference held in Toronto, sponsored by **Wellington West Capital Markets Inc.** (WWCM). In its presentation was a map (see below), showing the company's global "diverse portfolio of assets." According to its website, WWCM is "an institutional equities firm focused on providing value-added equity research ideas combined with strong execution in trading and corporate finance," and "is a member firm of the: Investment Industry Regulatory Organization of Canada; Toronto Stock Exchange; TSX Venture Exchange; and Canadian Investor Protection Fund."

Currently with WWCM, under its Oil & Gas section with the Equity Research division, are the following staff:

Kim Page

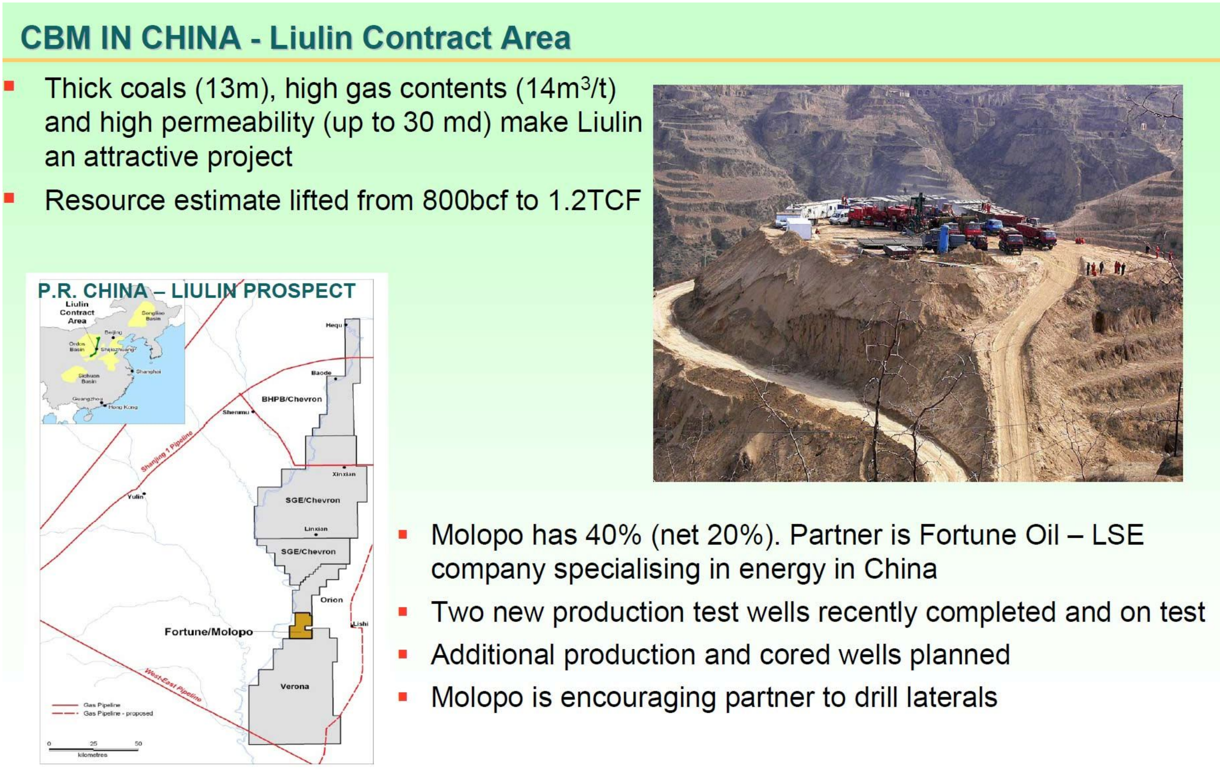
- Equity Research with leading Canadian brokerage firms (**RBC Capital Markets**, **BMO Nesbitt Burns**, **Sprott Securities**, **First Associates**)
- 15 years experience, including corporate lending within the **CIBC Oil & Gas Group** (Calgary)
- HB.Sc. Geology, University of Waterloo

Kevin Shaw, P.Eng, MBA (Calgary Office)

- Extensive industry experience involving engineering, operations, and management positions with **Imperial Oil Resources**, **Trimox Energy Inc.** (VP Operations), and **Colt WorleyParsons** (Alliance Manager).
- B.Sc. in Mechanical Engineering (Minor in Petroleum); Haskayne MBA

Greg Colman

- 5 years equity research at WWCM establishing and building the Farmland and Energy Services franchises
- Formerly business development for Toronto-based multimedia marketing firm
- HB.Comm (McMaster) MBA (Saint Mary's)



In its September 2008 conference presentation, Molopo also included information about its new fracking operations in China, with its partner **Fortune Oil**. As one can see in the photo (above), getting and removing the resources to and from this remote site must have been a challenge, especially during rainstorms. At the end of the presentation, Molopo, as every other energy company routinely carries, included the following warning to investors:

> Forward looking statements are based on numerous assumptions regarding Molopo's present and future business strategies and the environment in which Molopo will operate in the future. Among the important factors that could cause Molopo's actual results, performance or achievements to differ materially from any prediction, estimate, forecast or other forward looking statement in this presentation are – changes in levels of demand and market prices, increases in relevant input costs, drilling and production results, producible reserves being lower than anticipated, technical and other problems in the production and transportation of products, loss of market, delays in implementing projects, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, **political uncertainty, economic conditions in relevant areas of the world, actions of competitors, and the activities of governmental authorities (including changes in taxation, business regulation, environmental laws and fiscal policy)**.

Google Finance provides the following summary information about Molopo Energy Limited:

> Molopo Energy Limited (Molopo) is engaged in the petroleum production and investment in exploration, appraisal, development and production of coalbed methane (CBM) and other on-shore petroleum products, including unconventional oil and shale gas. The Company holds 50% interest in CBM sites located in the Bowen Basin, Australia and 100% interest in a shale gas project in Quebec, Canada, an interest in the Bakken and Spearfish oil projects in

> Canada. Its exploration, appraisal, development and production activities for petroleum predominantly take place in Australia, Canada, South Africa, and China. On September 25, 2009, the Company acquired **Brink Energy Ltd.** On September 30, 2009, the Company acquired **Alberta Ltd.** On July 2, 2010, it acquired 67.12% interest in **Anglo Coal** (Dawson) Limited's (Anglo).

Stockhouse reported on June 30, 2009 about Lanny Fenwick's new appointment:

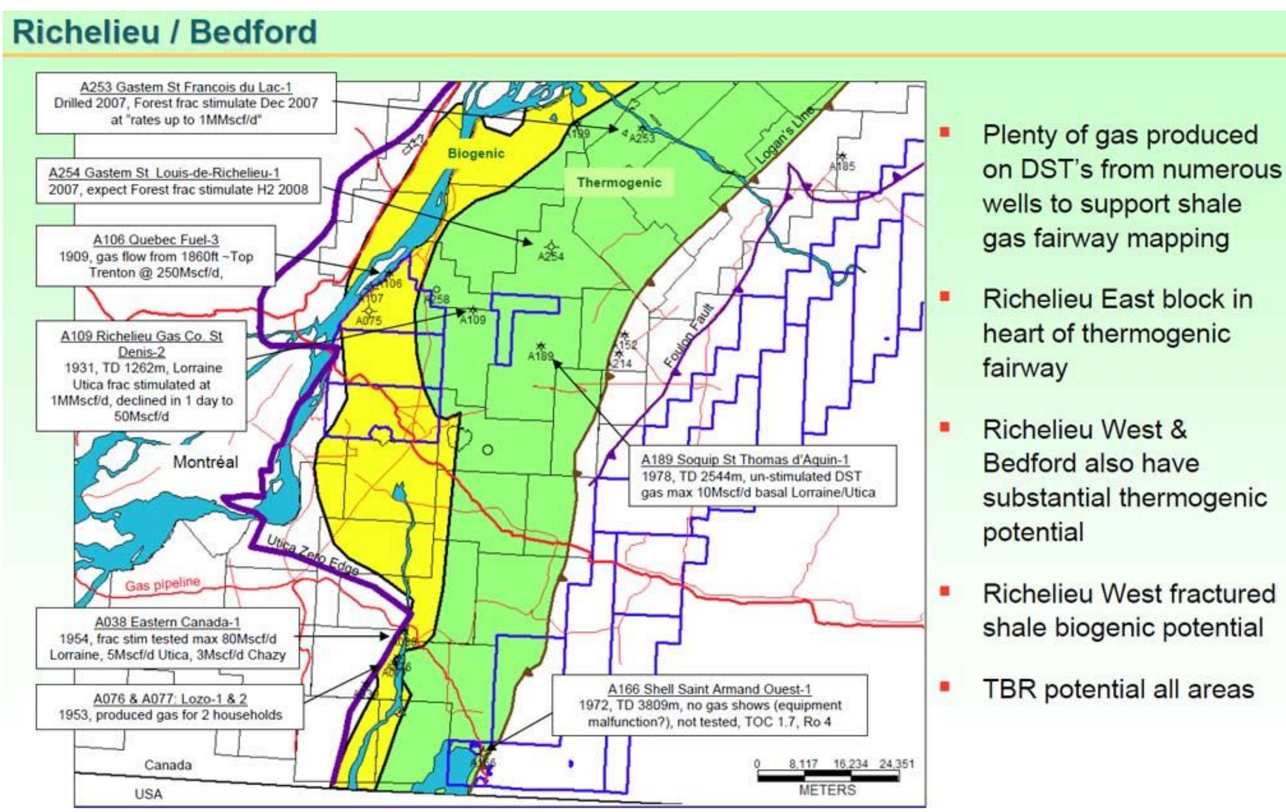
> ### Molopo Appoints First Canadian Director
>
> Molopo Australia Limited is pleased to announce the appointment of Mr **Lanny Fenwick** to the board of its wholly owned subsidiary Molopo Canada Inc. Mr Fenwick is a well respected member of the North American Oil and Gas Industry with over 37 years experience.
>
> He joined the industry in 1970 and followed a distinguished career in field development, production and marketing. Prior to his retirement from full time executive employment in 2007 Mr Fenwick was Senior Vice President and General Manager of **EOG Resources Canada Inc** having previously held positions at **Tenneco Oil & Minerals**, **CDC Oil & Gas**, **Canterra Energy** and **Enron Oil Canada**.
>
> During his 18 years leadership role at EOG, Lanny guided the company from a modest 32 MMscf/d producer with 40 staff in 1989 to a major North American Independent with production of 246 MMscf/d and over 200 staff in 2006.
>
> Lanny will play a key role in providing strategic direction and guidance to the expansion of Molopo's Canadian business based on its Quebec Shale Gas Acreage and the growth in value of this core asset within the Molopo portfolio.
>
> In commenting on the appointment, Molopo's Chairman, Mr. Don Beard said; "Given the increasing importance of the Canadian assets to Molopo's portfolio, we are indeed fortunate to have such an experienced and successful North American oil and gas professional join the Molopo team".

Bloomberg reported on November 20, 2009 of Monty Bower's appointment:

> Molopo Energy Limited announced the appointment of Mr. **Monty Bowers** as **Molopo Canada Inc.'s President and Chief Executive Officer**. Mr. Bowers will be responsible for all aspects of Molopo's Canadian subsidiary including management, production, exploration and finance. He will continue to build Molopo Canada's technical and managerial resources in its Calgary office. It is expected the Canadian operations will soon be fully independent with financial and technical support being provided by Molopo in the short-term. Mr. Bowers has approximately 30 years of technical and management experience. He is both a professional Engineer and Geologist having spent the first 16 years of his career with **Shell Canada** and **Amerada Hess Canada**. More recently, during the period from 2003 to 2007, Mr. Bowers was President and CEO of **Capitol Energy Resources Ltd**.

Capitol Energy Resources Ltd. board of directors:

- Grant Billing, director
- James S.A. MacDonald, director
- Johannes J. (Jim) Nieuwenburg, chair (director of **RIFCO Inc.** and **Verenex Energy Inc.**)
- John A. Brussa, director (director of **Allied Consolidated Energy Inc.**, **Allied Oil & Gas Corp.**, **Allied Petroleum Inc.**, **Antrim Energy Inc.**, **Applied Terravision Systems Inc.**, **Ascot Energy Resources Ltd.**, **Aventura Energy Inc.**, **Brooklyn Energy Corporation**, **Campion Resources Ltd.**, **Capitol Energy Resources Ltd.**, **Cirrus Energy Corporation**, **Dancap Resources Inc.**, **Divestco Inc.**, **Dts Capital Corporation**, **E4 Energy Inc.**, **Edge Energy Inc.**, **Endev Energy Inc.**, **Excelsior Energy Limited**, **Galleon Energy Inc.**, **Gopher Oil & Gas Company Ltd**, **Grand Petroleum Inc.**, **Magin Energy Inc.**, **Meriden Energy Corporation**, **Orleans Energy Ltd.**, **Petroleum Capital Energy Inc.**, **Pilot Energy Ltd.**, **Progress Energy Ltd.**, **Rider Resources Ltd.**, **Storm Energy Inc.**, **Tanganyika Oil Company Ltd.**, **Ventus Energy Ltd.**, **Westpoint Energy Inc.**, and secretary with **Meota Resources Corp.**)
- John P.A. Budreski, director (director of **Cell-Loc Location Technnologies Inc.**, **Sandstorm Gold Ltd.**, and **Sandstorms Metals & Energy Ltd.**)
- **Monty Bowers**, president, CEO (manager, vice president with **Remington Energy Ltd.**)
- Murray Robert Nunns, director (director, president and CEO of **Crispin Energy Inc.**, director with **Antrim Energy Inc.** and **Netherfield Energy Corporation**)
- Sheldon Reid, director (director, president and CEO of **Cell-Loc Location Technologies Inc.**)



It’s a bit confusing, but Molopo Energy Limited seems to have two Canadian subsidiaries, Molopo Canada Inc., and Molopo Energy Canada Ltd. According to Bloomsberg, Molopo Energy Canada Ltd. “engages in oil and gas exploration services. The company engages in rig drilling services. The company is based in Calgary, Canada.” Under this subsidiary title, Bloomsberg reports the following “key executives”:

R.L. Bowers

Mr. R. L. Bowers, Monty B.S. Eng., P.Eng, P.Geol has been the Chief Executive Office and President of Molopo Energy Canada Ltd. since November 19, 2009. Mr. Bowers has approximately 30 years of technical and management experience. Mr. Bowers served as the Chief Executive Officer and President of Molopo Canada Inc. Mr. Bowers served as the Chief Executive Officer and President of **Capitol Energy Resources Ltd.** from December 2003 to June 2007. Prior thereto, Mr. Bowers ... served as Vice President, Exploration of **Petromet Resources Ltd.** since April 8, 1999. He served as the President and Chief Executive Officer of **Amarone Oil & Gas Ltd.** from July 2007 to September 2008. He has spent the first 16 years of his career with **Shell Canada** and **Amerada Hess Canada**. He serves as Chairman of Chairman of **Amarone Oil & Gas Ltd**. He has been a Director of **Capitol Energy Resources Ltd.** since November 23, 2004. He has been a Director of **Emerge Oil & Gas Inc.** since August 2008. He has been a Director of Molopo Energy Canada Ltd. since November 19 , 2009. He serves as a Director at **Emerge Energy Resources Ltd.** He served as a Director at Molopo Energy Limited and **Capitol Energy Resources Ltd.** He served as a Director of Molopo Energy Limited. He has been a Professional Engineer since 1982 and a Professional Geologist since 1998. Mr. Bowers was an Independent Businessman from 2001 to 2003. He holds Bachelor of Science in Geological Engineering from University of Saskatchewan in 1978.

Scott Greenshields

Mr. Scott Greenshields, B.Comm C.A has been Chief Financial Officer and Vice President of Finance at Molopo Energy Canada Ltd since March 1, 2010. Mr. Greenshields has over 20 years experience in the public accounting and oil and natural gas industry. He served as Vice President, Tax and Controller at **Canadian Oil Sands Trust** from May 2009 to March 2010 and a Contract Controller from March 2008 to April 2009. He also served as Controller at **Capitol Energy Resources Ltd.** ... from May 2005 to June 2007. Mr. Greenshields received his Bachelor of Commerce at the University of Calgary in 1990 and became a Chartered Accountant in 1993.

David McGuinness

Mr. David McGuinness, B.Comm has been Vice President of Land & Business Development at Molopo Energy Canada Ltd., since December 14, 2009. Mr. McGuinness has 16 years experience in oil and natural gas land management, including serving as the Vice President, Land at **Venturion Natural Resources Ltd.** from October 2006 to March 2009. Prior to that, he served as a Senior Landman at both Burlington Resources Canada Ltd. / **ConocoPhillips Canada** and **Renaissance Energy Ltd.** ... / **Husky Energy Ltd.** Mr. McGuinness received his Bachelor of Commerce in 1993 from the University of Calgary.

> **Brian Tompkins**
>
> Mr. Brian Tompkins, B.Sc. (Hons) M.Sc has been Vice President of Exploration at Molopo Energy Canada Ltd since July 21, 2009. Mr. Tompkins has 26 years experience in oil and natural gas exploration and production. Mr. Tompkins was a consultant geologist with Molopo Energy from January 2009 to July 2009. From October 2005 to January 2009, Mr. Tompkins was a director and the Vice President, Exploration of **Camton (Exploration Ltd.)** and also served as interim President from October 2008 until ... January 2009. Additionally, Mr. Tompkins was exploration specialist and Senior Geologist at **EOG Resources Canada Inc.** from March 1992 to September 2005. Mr. Tompkins received a Bachelor of Science (Honours) degree in Geology from St. Francis Xavier University in 1984 and a Masters of Science in Clastic Sedimentology in 1991 from the University of Calgary.
>
> **Curtis Schoenfied**
>
> Mr. Curtis Schoenfeld B.S., Eng, P.Eng has been Vice President - Engineering of Molopo Energy Canada Ltd. since August 1, 2009. Mr. Schoenfeld has 17 years experience in the oil and natural gas industry. He served as a consultant with Molopo Energy from January to July 2009. From September 2005 to January 2009, Mr. Schoenfeld served as the Vice President, Engineering of **Camton** and a project reservoir engineer at **EOG Resources Canada Inc.** from March 2001 to September ... 2005. He served as Director of **Camton** from September 2005 to January 2009. Mr. Schoenfeld received his Bachelor of Science in Engineering from the University of Saskatchewan in 1993 and became a Professional Engineer in 1996.

In late November, Molopo Australia announced that it was selling off its Canadian assets, but not its assets in Quebec's Utica shales:

> **Molopo Energy Limited To Conduct Initial Public Offering Of Canadian Oil Assets In North America**
> Sunday, 28 Nov 2010 09:32pm EST - Molopo Energy Limited announced that it intends to conduct an initial public offering (IPO) of its wholly-owned subsidiary, Molopo Energy Canada Ltd. in North America. At the time of the IPO, Molopo Canada will hold all of Molopo's interests in the Spearfish and Bakken tight oil projects. The Quebec shale gas and the US Wolfcamp oil projects will not be included in the IPO. Molopo has engaged Credit Suisse and Macquarie Capital as joint lead managers for the IPO. The Company is well advanced in its preparations, with the IPO expected to occur in the first quarter of 2011.

According to a December 27, 2010 news bulletin, *Molopo Energy Canada Ltd. Announces Initial Public Offering*, Molopo Energy Limited's subsidiary, Molopo Energy Holdings Ltd., was making a secondary offering of Common Shares "led by Macquarie Capital Markets Canada Ltd." Molopo's December 23, 2010 Preliminary Prospectus states that the company "appointed 152928 Canada Inc. as its agent for service of process in Canada."

MUNDIREGINA RESOURCES CANADA INC.

Mundiregina obtained 2 petroleum permits in 2007. A search of Mundiregina Resources Canada Inc found that it " is a private company categorized under Business Services (Unclassified) and located in St Catharines, ON, Canada. Current estimates show this company has an annual revenue of 108,992 and employs a staff of approximately 1." It also provides the following address:

56 Roehampton Avenue Unit 62
St Catharines, ON L2M 7S8, Canada
Phone: (905) 688-8083

The TSX Venture lists Anna McCullough as affiliated with Mundiregina Resources Canada Inc., as "beneficial owner". It also states that the company is affiliated with **Aldershot Resources Ltd.** (Uranium mining, gold and silver mining).

The search also discovered a number of comments from market investors making inquiries about the company, and finding little information. Here are the comments from someone at Stateside Investor:

> Jerry Mccullough is some relation to Anna McCullough whose name is on the permit. I talked to Jerry. He was nice enough to refer me to Roger Smith at Suncor. Roger called me. I told him I was interested. He was supposed to get back to me. I got back to him twice in the past 6 weeks. Nothing from this guy.... They are a division of Suncor but have their own P&L. They are trying to flip it for some $$$, I expect. To Suncor parent this in nothing.

According to information within a conference document, Jerry McCullough participated in a workshop meeting held in Quebec City at Laval University on September 18-22, 2006, the second meeting of the *ILP Task Force on Sedimentary Basins*. In appendix 1, the register of the participants, Jerry McCollough is shown as affiliated with the organization, **Anna McCullough**.

Another Stateside blog, dated May 30, 2008, states:

> As those who have studied the maps know, there is a property called Mundiregina that lies within Forest Oil's circle of prospectivity and is adjacent to their southern holdings. No one seems to know who has the rights to this property. I have located a newly formed public company selling at $.30 with less than 20 million shares outstanding that has a property named Mundiregina. I talked to the company on Friday and they acknowledged they have a property called Mundiregina but they weren't sure where it was located. I kid you not.....this property was thrown in on the deal they did on their recent public offering and they are not sure where it is. He was speculating it might be in Sudbury which is NOT where the Utica shale play is. I don't want to disclose this company because I have a feeling that it is not the Mundiregina I am looking for. The company rep was going to check it out and get back to me on Monday. I will let you know what I find out.
>
> Hi Stateside, just found this site, I have been also looking at this area known as Mundiregina, and thought I had found out the answer...Aldershot Resources, they have an option to lease land from Mundiregina resources from April 2007, but what I have ascertained , the land they have leased is in "Latour", and not the Lowlands...

> "An Option Agreement dated February 8, 2007 between the Company and Mundiregina Resources Canada Inc. (Anne McCullough) whereby the Company has been granted an option to acquire a 100% interest in the Latour Uranium Property located in Quebec. Consideration is $180,000 and1,000,000 common shares payable over a 4 year period. "

Finally, on June 2, 2008, this revealing reply:

> Finally on Mundiregina, a fellow research hound has found out that the Mundiregina land was farmed out to Suncor last year by Anne and Jerry McCullough. Too bad as they blew the chance for a million dollar lottery prize.

Reuters reported the following news release, dated January 5, 2009:

Gastem Farms-In on Mundiregina's Utica Permits

MONTREAL, QUEBEC, Jan 05 (MARKET WIRE) -- Gastem (TSX VENTURE: GMR) is pleased to announce that it has signed together with its partner Canbriam Energy a farm-in agreement for a total 85% working interest in both Mundiregina permits (92,104 acres) situated in the St-Lawrence Lowlands. According to the terms of the Agreement, Gastem may earn a 17% interest and Canbriam 68% with the sellers maintaining a 15% carried interest.

The Mundiregina permits are located immediately south-west of Gastem's Yamaska permit, which is presently the subject of a substantial exploration program with two horizontal wells currently undergoing flow tests. Gastem considers the Mundiregina permits a direct extension of prime Utica fairway as defined by Gastem and others in recent exploration work. A pipeline is present on the property.

"The agreement doubles Gastem's existing Utica Fairway acreage and materially increases our leverage to the validation of the Utica for commercial production." commented Raymond Savoie, Chairman and CEO of Gastem. "By building upon our experience with the previous exploration programs on the Yamaska property, Gastem and Canbriam are confident that we will be able to undertake an effective exploration program to move this property to potential gas production as quickly as possible."

Gastem (61,044,000 shares outstanding) is an independent oil and gas exploration and development company based in Montreal. The company holds exploration and storage permits and rights to over 1.1 M acres of land in the St. Lawrence Lowlands, the Gaspe Peninsula and the Magdalen Islands in Quebec as well as rights and interests in New York State and collects revenues from a participation in the Amber Bank shale gas project with Epsilon Energy in West Virginia.

Canbriam Energy is a privately held Alberta based oil and gas exploration and production company with a focus on certain onshore regions of Canada and the United States. Formed with financial support from Warburg Pincus and ARC Financial, Canbriam Energy is led by a veteran management and technical team with extensive relevant experience and a proven record of finding and developing hydrocarbon reserves.

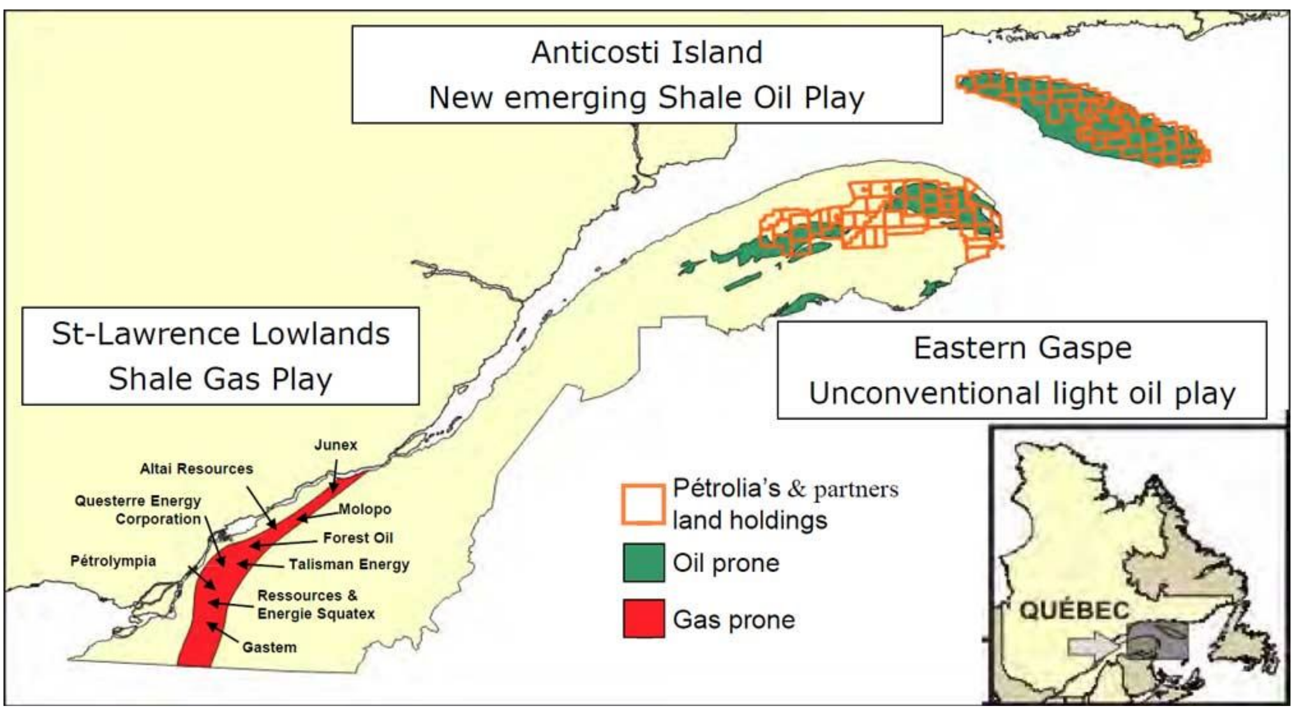
Of more recent interest, Mundiregina Resources is sponsoring the Martin Royackers Lecture scheduled for April 6, 2011 at Regis College, *Fostering Cultural Reconciliation in Canada: Healing Relations with Aboriginal Peoples through Truth-Telling*, presented by Commissioner Marie Wilson.

NJ & EXPLORATION INC.

There is little information about this company. Rashid Gabidtow, of Russian descent, is president and owner of NJ & Exploration, Inc., a privately held company formed in January, 2006. In a February 2011 internet bulletin, "Access to cross border investors", Alexey Kalashnikov is listed as the contact for the company. The company obtained 3 petroleum permits in May, 2006.

PETROLIA INC

Petrolia Inc., headquartered in Rimouski, Quebec, was first listed on the Toronto Stock exchange in 2005. The company has both oil and gas interests in Quebec, and holdings in northern New Brunswick. In Quebec, Petrolia has partnerships with Junex, Gastem, and Corridor Resources. Petrolia obtained a total of 69 petroleum permits from the Quebec government: 5 permits in 2005, and 64 permits in 2009.



Petrolia’s website states:

> Pétrolia is an oil and gas exploration company solidly positioned in Quebec’s hydrocarbon industry. As a result of its acquisition of exploration rights and its partnership agreements, the Company now holds an interest in 18% of all the gas and oil exploration permits issued in Quebec.
>
> Pétrolia is currently conducting its activities in the Gaspé area and on Anticosti Island, which are considered the most favourable regions on land for the discovery of hydrocarbons in Quebec.
>
> The Company’s growth is largely linked to its ability to prove that Quebec’s subsoil contains hydrocarbons in significant quantities and that their development is financially feasible.
>
> The leader in petroleum exploration in Quebec, Pétrolia is also a company actively involved in regional development. As well, its operations are carried out with the greatest possible respect for the environment.

Bloomberg states:

> Petrolia Inc. engages in the exploration and development of oil and gas properties in Canada. It owns interests in mineral properties covering approximately 15,000 square kilometers in the Gaspe Peninsula and Anticosti Island, Quebec. Petrolia, Inc. has a joint venture with and **Corridor Resources Inc.** to conduct a four-well joint exploration drilling program on Anticosti Island. The company is headquartered in Rimouski, Canada.

In a October 7, 2008 news release by Petrolia:

> About Pétrolia
>
> Petrolia is a junior oil and gas exploration company which owns interests in oil and gas licences covering 15,000 km² (3.7 million acres), which represents about 18% of the Québec territory under lease. These leases, the majority of which are located on the Gaspé Peninsula and Anticosti Island, are considered to be very promising and represent almost 70% of Québec’s land-based oil potential. By forming joint ventures, Petrolia is planning to intensify its exploration program during the upcoming year. The Company has 40.7M shares outstanding and holds 2.2% of the issued shares of Gastem (TSXV: GMR) in addition to a cash position of 11 million dollars. Over the next five years, Petrolia’s objective is to produce 5% of the Québec oil consumption.
>
> About Junex
>
> Junex is a junior oil and gas exploration company that holds exploration rights on more than 6 million acres of land located in the Appalachian basin in the Province of Quebec. Several recent discoveries in the United States and Eastern Canada have stimulated exploration in Quebec, whose sedimentary basin is located in a favourable geological setting for oil and gas discovery. Junex’s strategy consists in entering into partnerships with other exploration companies in order to reduce exploration risks. In parallel to its exploration efforts, Junex’s

goal is to achieve positive cash flows from its natural brine and drilling services operations. Junex also owns approximately 7.9% of the issued and outstanding shares of Petrolia (TSXV : PEA) and 1.0% of the issued and outstanding shares of Gastem (TSXV : GMR).

About Gastem

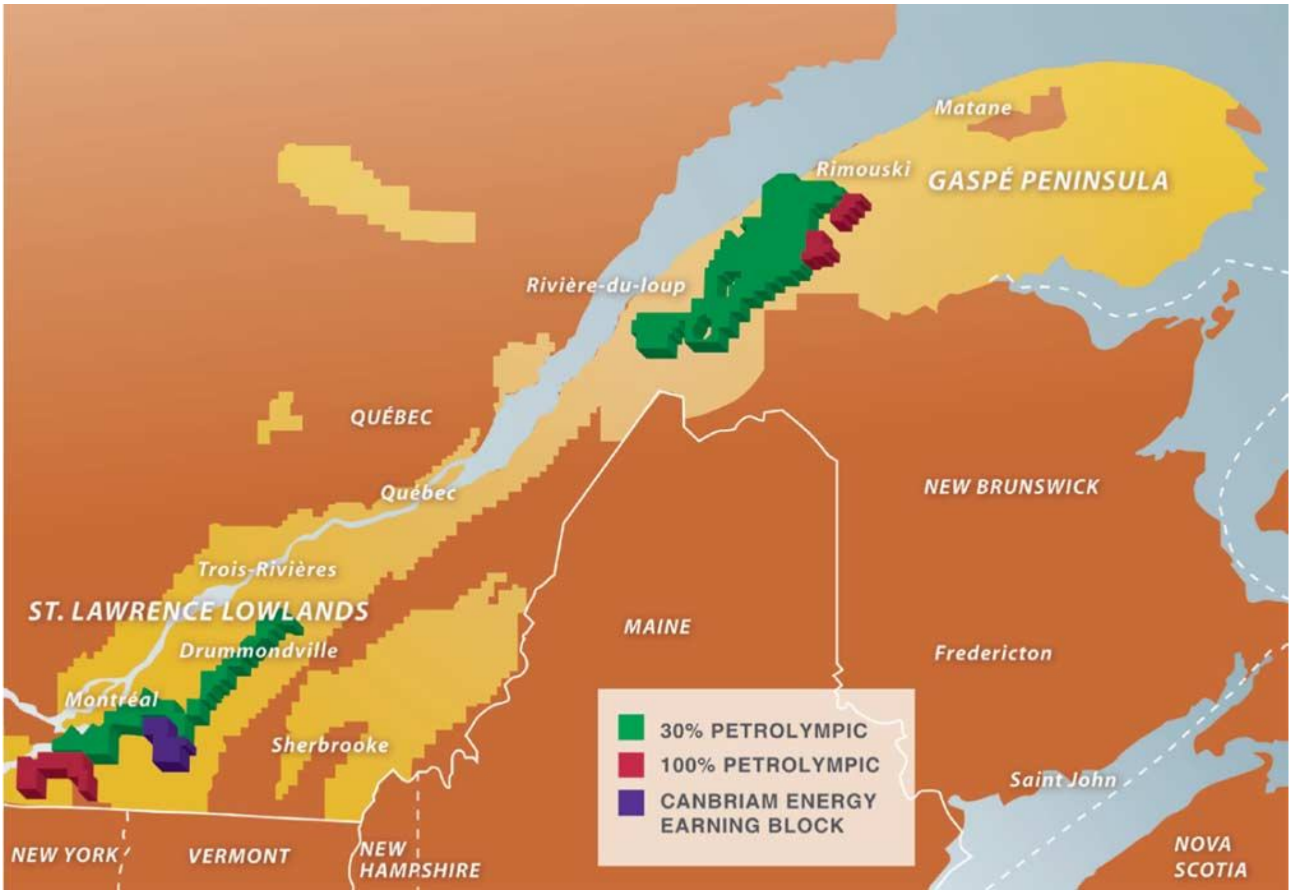
Gastem is a gas exploration and development company which holds exploration rights on more than 1 million acres of land in Québec, an earn-in interest in the Joly Project with Intragaz and also various projects in the North-East United States. The company has a participation in 24 gas wells currently in production in the Amber Bank project, West Virginia. Gastem is a highly active leader in the exploration and development of the Utica Shales in the St-Lawrence Lowlands and Upstate New-York. In the coming weeks, the company expects to undertake important drilling projects in the State of New-York while leading many exploration projects in Québec.

Petrolia's board of directors:

- Adam Erick, director
- Alain Ferland, director (financing affiliations with **Environmental Applied Research Technology House - Earth (Canada) Corporation**)
- Albert Wildgen, director
- Andre Proulx, director, president (director general and president of **Appalaches Resources Inc.**, director, chair and CEO of **Puma Exploration Inc.**, with financing affiliations with **Appalaches Resources Inc.** and **Hawkeye Ventures Inc.**)
- Jacques L. Drouin, director (financing affiliations with **Environmental Applied Research Technology House - Earth (Canada) Corporation**)
- Myron Authur Tetreault, director (financing affiliations with **Octane Energy Services Ltd.**)
- Saeed Yousef, director
- Vincent Causse, director

PETROLYMPIC INC. (formerly, Petrolympia Inc.)

Toronto-based Petrolympic obtained 5 permits from the Quebec government. In its October 2010 presentation, the company states to investors that it has the "2nd largest land position of any junior exploration and production company in the Utica Shale Gas Fairway."



From its website:

> Petrolympic Ltd. (PCQ.V) is a Canadian junior oil and gas company actively exploring for premium light crude oil and natural gas. The Company is presently focused on its Shale Gas Assets located in the Utica Fairway of Quebec, Canada and holds 100% interest in exploration rights over 97,507 hectares (240,883 acres) and 30% interest in 36 exploration permits totaling 672,438 hectares (1,661,594 acres) in the Gaspé Peninsula and St. Lawrence Lowlands.
>
> Formerly known as Petrolympia Inc., Petrolympic Ltd. boasts significant land positioning, promising geology, systematic exploration, accessible infrastructure and experienced management.

St. Lawrence Lowlands Area Play

Total Land Package: 281,558 hectares (695,729 acres)

1. Petrolympic owns 100% of 56,625 hectares (139,920 acres) over the Lowlands shallow carbonates platform on the south shore of the St. Lawrence River, less than 30 kilometres southwest of Montreal.
2. Petrolympic owns 30% of 216,933 hectares (536,041 acres) with Squatex (70%)
3. Petrolympic owns another 12% of the total land package 8,000 hectares (19,768 acres) through an Agreement with Canbriam (www.canbriam.com – click HERE for the News Release)

Petrolympic holds a 100% interest in exploration permits over 56,622 hectares (139 856 acres) in the St. Lawrence Lowlands located on the south shore of the St. Lawrence river directly south of the City of Valleyfield, less than 30 kilometres southwest of Montreal. The permit block lies within the southern end of the St. Lawrence Lowlands sedimentary basin that extends from the Ontario border to the West to Quebec City to the East and from the St. Lawrence River to the North to the USA border to the South, in the shallow portion of a more or less undisturbed Ordovician Carbonate Platform. Three permits covering 56,622 hectares (139 856 acres) were granted in April 2006 by the Quebec government. Numerous paved and gravel roads exist throughout the permitted area. A secondary gas pipeline connected to the main Gaz Metro line to the north of the St. Lawrence River runs across the property. The properties are believed to have potential for shallow gas production. These permits are located over the Ordovician carbonate platform near important normal faults bringing the Utica source rocks in contact with potential reservoir rocks in the Beekmantown and the Potsdam Formations providing trapping mechanisms for gas accumulation. The company developed an exploration program aimed at demonstrating the potential of this area of the Lowlands and proceeded in the field during Fall 2007.

Gaspésie Peninsula Area Play

Total Land Package: 471,848 hectares (1,165,936 acres)

1. Petrolympic owns 100% of 40,688 hectares (100,540 acres) between Rimouski and Matane
2. Petrolylmpic owns 30% of the remaining 431,160 hectares (1,065,396 acres) with **Squatex** (70%) in the Gaspé and Bas-St. Lawrence regions

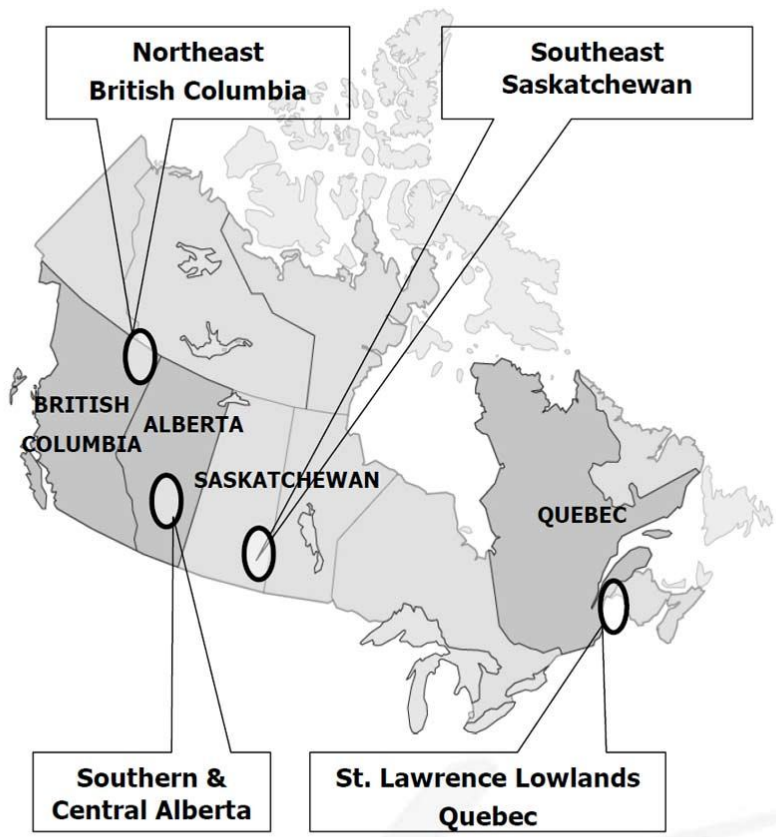
Petrolympic holds a 100% interest in exploration permits over 40,885 hectares (101,027 acres) in the Gaspe in two blocks located between Rimouski and Matane. The first permit, the MATAPEDIA permit 2003 RS 092, was initially granted by the Quebec government in September 2003 to Prospection 2000 Inc. who transferred the ownership in 2004 to Petrolympic. A second permit, the Mitis permit 2006 PG 905, was granted by the government to Petrolympic in the spring of 2006. The permits are located to the southwest of a main highway and a few kilometres south of Val-Brillant. Main roads and various secondary, as well as private or forestry roads allow very good access for the acquisition of seismic surveys.

Petrolympic's board of directors:

- Alain Fleury, director, chief operating officer
- Andreas Jacob, director, vice president
- Enrique Lopez de Mesa, director (president and chief operating officer of **Sino Vanadium Inc.**, director of **Veraz Petroleum Ltd.**)
- Frank Ricciuti, director (director of **Novik Inc.** and **Grenville Gold Corp.**)
- Gerold Urwin Fong, director (financing affiliations with **Coral Sea Resources Inc.**)
- Mendel Ekstein, director, president, CEO (director of **Canada Pacific Capital Corp.**, director of and financing affiliations with **Grasslands Entertainment Inc.**)
- Miles Pittman, director
- Adam K. Szweras, corporate secretary (secretary of **Bassett Media Group Corp.**, director and corporate secretary with **Canada Pacific Capital Corp.**, and director of **Sagittarius Capital Corp.**)
- Carmelo Marrelli, CFO (CFO with **Angus Mining (Namibia) Inc.**, **Augen Gold Corp.**, **BE Resources Inc.**, **Cogitore Resources Inc.,** **Drift Lake Resources Inc.**, **FMX Ventures Inc.**, **Focused Capital Corp.**, **Goldbard Capital Corporation**, **Gossan Resources Limited**, **Guyana Precious Metals Inc.**, **Newstrike Resources Ltd.**, **Nitinat Minerals Corporation**, **Northquest Ltd.**, **Odyssey Resources Ltd.**, **Petrolympic Ltd.**, **Probe Mines Limited**, **Reliant Gold Corp.**)

QUESTERRE ENERGY CORPORATION

According to its March 30, 2009 *Annual Information Form* for the year 2008, was the following history of Questerre:

> Questerre Energy Corporation ("Questerre" or the "Corporation") was incorporated under the Companies Act (Alberta) on October 25, 1971 under the name "Westpro Equipment Ltd." and continued under the Business Corporations Act (Alberta) (the "ABCA") on December 13, 1982. On July 13, 1990, the Corporation was continued under the Companies Act (British Columbia). On December 5, 2000, the Corporation was continued from British Columbia to Alberta under the ABCA and its name was changed to "Questerre Energy Corporation". On June 26, 2003, the issued common shares were subdivided into three new common shares ("Common Shares") for each old common share of the Corporation. The principal, head and registered office of the Corporation is located at Suite 1650, 801 - 6th Avenue S.W., Calgary, Alberta T2P 3W2.
>
> **Intercorporate Relationships**
>
> 
>
>
> The Corporation has four wholly-owned subsidiaries, Questerre Beaver River Inc., Magnus Energy Inc. ("Magnus") and Terrenex Ltd. ("Terrenex"), each incorporated under the ABCA and 6058931 Canada Inc., which was incorporated under the Canada Business Corporations Act. Magnus has one wholly-owned subsidiary, Magnus One Energy Corp., which was incorporated under the ABCA. Terrenex has one wholly-owned subsidiary, Cabernet Holdings Limited, a corporation incorporated pursuant to the laws of the Bahamas.
>
> Questerre initially operated as an oil and gas exploration and production company with minority interests in several producing properties in Western Canada. In November 2000, a new management team was assembled and Questerre changed its focus to pursuing what management believes will be scalable high-impact projects in Canada. The management team intends to leverage their specialized knowledge of naturally fractured and hydrothermal dolomitized reservoirs to develop these projects.

The Corporation acquired an interest in two projects in 2001 – the Beaver River Field (the "Field") located in northeast British Columbia and the St. Lawrence Lowlands (the "Lowlands") situated in Québec.

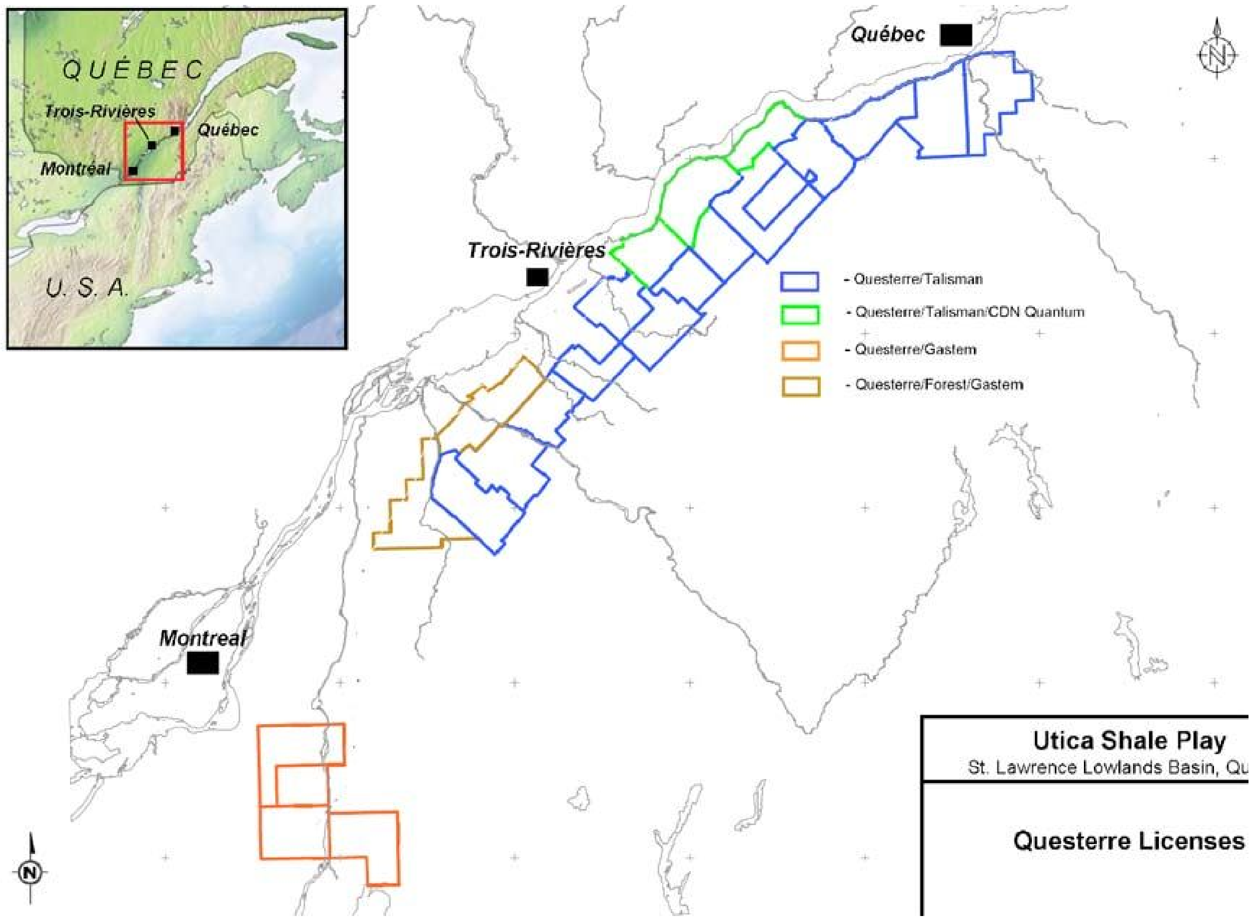
Frac operations on St. David #1 well with Talisman

In May 2004, the Corporation reached an agreement with Gastem Inc., a Montreal-based junior exploration company and Hydro-Quebec ("Hydro") regarding Questerre's exploration licenses in the Lowlands. Questerre held exploration licenses covering 719,000 acres of land in the Lowlands. Questerre held an 85% working interest in 13 of these licenses and a 70% working interest in 3 of these licenses. Terrenex Acquisition Corporation ("TAC"), a corporation with common directors and officers held a 15% working interest in all the licenses.

Pursuant to the terms of the agreement, Hydro and Gastem would fund 75% of the drilling costs of a single well to earn a 50% interest in the well and 2,000 surrounding hectares. Both Gastem and Hydro would have a rolling option under this agreement to drill additional wells on the same terms within six months of completion of the initial well. During the same month, the Corporation concluded a participation agreement with a former director of the Corporation to participate in this well on the same terms and conditions to earn a 10% working interest.

In July 2005, the Corporation terminated the Gastem Farmout Agreement with Gastem and Hydro as these parties were unable to spud the test well by July 15, 2005.

In October 2005, Questerre executed a definitive agreement with Talisman Energy Inc. ("**Talisman**") for its existing 719,000 acres in the St. Lawrence Lowlands (the "**Talisman Farmout**"). At its sole cost, Talisman commenced a 2-D seismic program over two Questerre prospects in early 2006. Based on the results of the program Talisman had the

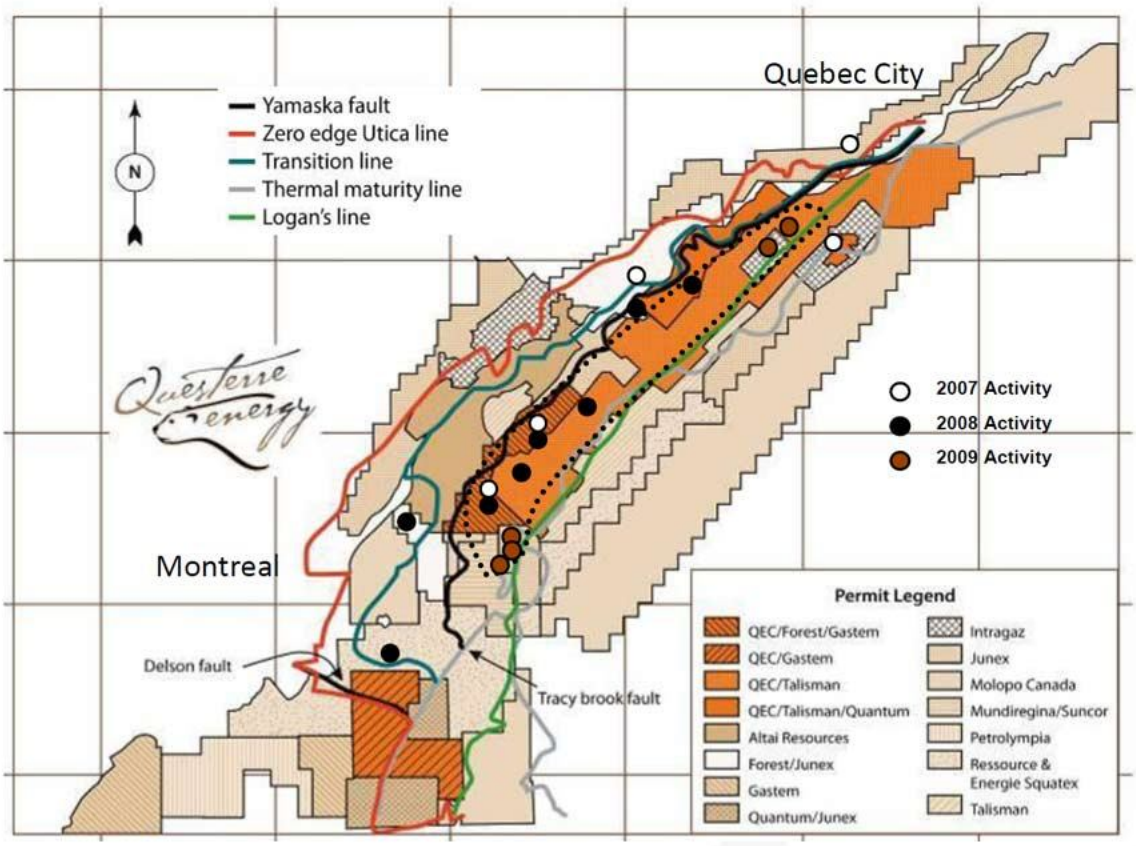


Map and data from Questerre's November 1, 2009, *Assessment of Unrisked Prospective Gas Resources to the Questerre Energy Corporation Interest in the Utica Shale for Certain Acreage Located in St. Lawrence Lowlands of Quebec, Canada.* Note the main partners: Talisman Energy Inc., Gastem, Canadian Forest Oil, and Canadian Quantum Energy Corporation.

QUESTERRE UTICA SHALE OWNERSHIP AND ACREAGE
ST. LAWRENCE LOWLANDS, QUEBEC, CANADA
AS OF NOVEMBER 1, 2009

License	Interest Owners	Working Interest (percent)	Gross Area (MMm^2)	Gross Area (acres)	Evaluated Area (acres)
2003RS070	QEC/Talisman	25.00	114.44	29,447	28,278
2005PG773	QEC/Gastem	80.00	175.20	53,953	0
2006PG907	QEC/Talisman/CDN Quantum	21.75	132.12	35,015	32,647
2006RS138	QEC/Gastem	50.00	35.28	27,011	0
2006RS140	QEC/Gastem	25.00	41.34	43,572	10,215
2006RS142	QEC/Gastem	25.00	200.46	43,572	49,534
2006RS150	QEC/Forest/Gastem	20.00	213.16	54,015	52,672
2006RS151	QEC/Forest/Gastem	20.00	226.12	58,124	55,874
2008PG959	QEC/Talisman	25.00	98.66	43,572	24,379
2008PG960	QEC/Talisman	25.00	210.34	43,572	51,975
2008PG961	QEC/Talisman	25.00	171.10	43,572	42,279
2008PG962	QEC/Talisman	25.00	148.66	43,762	36,734
2008PG963	QEC/Talisman/CDN Quantum	21.75	108.48	29,158	0
2008PG964	QEC/Talisman	25.00	227.34	61,502	56,176
2008PG965	QEC/Talisman/CDN Quantum	21.75	68.14	50,513	16,837
2008PG966	QEC/Talisman	25.00	130.34	33,651	32,207
2008PG968	QEC/Talisman	25.00	156.20	40,090	38,597
2008PG969	QEC/Talisman	25.00	152.18	42,386	37,604
2008PG970	QEC/Talisman	25.00	122.16	31,172	30,186
2008PG971	QEC/Talisman	25.00	148.90	38,417	36,793
2008PG972	QEC/Talisman	25.00	210.40	57,363	51,990
2008PG973	QEC/Talisman	25.00	201.48	58,008	49,786
Total			3,292.50	961,446	734,762

right to drill up to four wells to earn on all the acreage. Questerre and its partners may retain a 25% working interest in the acreage and receive a 5% gross overriding royalty from Talisman. The Corporation and its partners were responsible for 15% of the drilling costs with Talisman funding the remainder of the drilling and other land, geological and geophysical costs.



Acreage	Gross	Net
Questerre - TLM (~25% + 4.25% GORR)	719,788	206,746
Yamaska – FST/GMR (20% working interest)	113,453	22,691
St. Jean – GMR (56% working interest)	181,255	107,003
Total	1,014,496	336,440

In November 2005, the Corporation entered into a farm-in agreement with Gastem for its exploration acreage in Quebec. Pursuant to this agreement, Questerre will earn a 50% interest in seven exploration licenses covering 311,872 acres held by Gastem by funding a prescribed work program. In January 2006, Questerre acquired an interest in Gastem by subscribing, on a private placement basis, for 1.46 million units of Gastem. Each unit consisted of 1 common share of Gastem and one warrant. Each warrant entitles the holder to acquire one additional common share of Gastem at $0.10 per share for two years.

In February 2007, Questerre and Gastem entered into a letter of intent for 113,000 acres of Gastem's acreage (the "Yamaska permits"). Pursuant to the letter of intent, Gastem will commit to spend a minimum of $3 million and a maximum of $13 million on the Yamaska

> permits. Gastem will earn the 50% working interest currently held by Questerre in these permits subject to a 7.5% convertible gross overriding royalty ("GORR") payable to Questerre. The GORR is convertible into a 20% working interest. Gastem may work with additional partners to fulfill its spending commitments under the letter of intent. Questerre also secured an 80% interest in an exploration license covering approximately 53,000 acres adjacent to the St. Jean block.
>
> During the summer of 2007, Gastem spud two wells, St. Francois du Lac #1 and St. Louis de Richelieu #1 on the Yamaska acreage. Gastem's farm-in partner, Forest Oil Corporation ("**Forest**") subsequently elected to stimulate and test these two wells. In June 2007, Talisman elected to acquire a 2-D seismic survey over a portion of Questerre's acreage to follow-up the results from the Gentilly #1 well. The acquisition program was completed in early 2008.
>
> A significant shale gas discovery reported by Forest on the Yamaska permits in April 2008 subsequently led to multi-well appraisal programs by Talisman and Forest. Forest drilled and stimulated three horizontal wells, with the majority on the Yamaska permits. Upon the completion of this initial program in the fourth quarter, Questerre converted its 7.5% GORR into a 20% working interest.
>
> Effective April 30, 2008, Questerre acquired all the outstanding common shares and preferred shares of Terrenex, a public investment company. Terrenex was a corporation with common directors and officers. Terrenex's principal assets were a working interest in sixteen exploration licenses and a seismic database in the Québec St. Lawrence Lowlands and 10,698,785 Common Shares. On February 22, 2008, the Corporation entered into an agreement to acquire Terrenex for consideration of 15,892,785 Common Shares and $0.50 million in cash. On April 27, 2008, the agreement was amended and the share consideration increased to 18,910,403 Common Shares. On April 28, 2008, the transaction received the requisite Terrenex shareholder and Court approval. Net of the 10,698,785 Common Shares held by Terrenex at the time of acquisition, a total of 8,211,618 Common Shares were issued for the acquisition.
>
> In December 2007, Questerre entered into a farm-in agreement with a major Canadian exploration and production company covering 54 square miles in the Greater Sierra region of British Columbia. Questerre's commitments under this agreement were to fund the drilling and completion of two wells and a 46-square mile 3-D seismic survey to earn a 50% interest in this acreage. Questerre fulfilled these obligations prior to the end of the first quarter of 2008 and earned its interest in this acreage.

In the BC Tap Water Alliance's February 2011 report, *Ants to the Picnic*, it failed to identify **Questerre's** interest in Gastem and Canadian Forest Oil's development (the "Yamaska Permits") of the controversial St. Louis fracking incident.

From Wikimarcellus :

> Questerre Energy Corporation (TSX:QEC) (OSLO:QEC) is a Calgary, Alberta-based junior exploration company which holds the largest acrage position in the Utica shale in the Saint Lawrence Lowlands, Quebec, Canada.

In September, 2008 Questerre was participating in a farm-in agreement with Talisman Energy Inc., the well operator, to drill three wells in the St. Lawrence lowlands.

According to a November, 2008 report, Questerre was also participating in a joint-venture Utica shale drilling program on its *Yamaska property* which consisted of 112,000 acres in the Province of Quebec. The report stated that at the time two horizontal wells had been drilled, and a pilot program of horizontal drilling was planned for 2009. Candian Forest Oil and Gastem were listed as joint-venture partners. Questerre owns a 20% working interest as does Gastem, and Canadian Forest Oil is the development operator and owns the balance of 60%. It is a completely different property than the aforementioned farmed-in one with Talisman and the well operators are different.

A report surfaced in February, 2010 that Questerre and Canadian Quantum had jointly announced that they had finished drilling the Gentilly #2 and testing was to begin later in the year. It was the second horizontal well drilled in the Lowlands Utica play. Talisman had been well operator.

In early April, 2008, Questerre's low-valued penny stock (40 cents) tripled overnight, after Denver-based Forest Oil Corporation, through its partners Questerre and Gastem, landed a natural gas discovery. Business and energy marketing outlets advertised the discovery globally, and significant attention was cast in the direction of Quebec's Utica shales in the St. Lawrence Lowlands:

Gas found in Quebec shale - A small Calgary explorer is flying high after a big natural gas discovery in Quebec.

The Calgary Herald, April 3, 2008

A small Calgary explorer is flying high after a big natural gas discovery in Quebec.
Tiny Questerre Energy Corp. saw its shares triple in two days after Denver-based Forest Oil Corp. said shale rocks in the St. Lawrence lowlands could yield 4.1 trillion cubic feet of unconventional gas reserves.

A week ago, Questerre was a penny stock, floating around 40 cents. Wednesday, it rose 40 per cent to close at $1.13, up 31 cents on the day. Questerre shares were the most actively traded on the Toronto Stock Exchange on Wednesday, with 12.3 million units moving.

For CEO Michael Binnion, it's an overnight success a decade in the making. "To have some recognition in the market for the first time in a long time, that's really nice," he told the Herald.

Binnion said he was "feeling some pressure" for the company's sagging share price. "I think they're still substantially too low," he added. "When I first started talking about this in Calgary, I had a number people tell me there's absolutely no potential in Quebec. The real trick for us has been to stay alive for the past eight to 10 years."

Forest said it made the large reserve estimate based on a pair of experimental test wells drilled over the winter near Trois Rivieres, which it said could prove to be larger than the Barnett shales in Texas.

“I think you’re going to see some extreme upside out of this play,” John Ridens, Forest’s chief operating officer, told an investors conference in New York.

The news sent shares in other companies in the area significantly higher. Talisman Energy Inc., which has half a million hectares in the region, jumped 76 cents to $19.36, while Montreal-based Gastem Inc. gained $1.38, or 123 per cent, to close at $2.50.

Junex Inc., a Quebec City-based explorer that partnered with Forest on the discovery well, gained 50 cents, or nearly 60 per cent, to close at $1.36.

“This is a very important milestone for Junex and for Quebec in general, it’s very big,” said company CEO Jean-Yves Lavoie.

“In Quebec we are always looking for energy but we don’t have a culture of oil and gas in Quebec,” said Lavoie.

Forest’s shares rose $2.08 in New York on Wednesday to close at $54.57 US.

Questerre’s board of directors (from its 2009 *Annual Information Form*):

- Leslie R. Beddoes, Jr., director (Independent exploration consultant since 1997)
- Michael R. Binnion, director, CEO (President and director of TAC and its successor Terrenex from October 1995 to August 2009)
- Pierre Boivin, director (President and Chief Executive Officer of the **Montreal Canadiens**, the **Gillett Entertainment Group** and the **Bell Centre** since 1999)
- Russ Hammond, director (Independent businessman since 1986. Director of **ECO Recycling Systems Ltd.**, an environmental services company, since 2000)
- Peder N. Paus, director (Independent businessman since 1995. Chairman and Director of **Dora AS**, a private Norwegian real estate development company. Director and president of **Flowing Energy Corporation**.)
- Patrick Quinlan, director (Vice president of **Capgemini** since May 2000)
- Bjorn Inge Tonnessen, director (Managing Director in Norway and Executive VP Business Development for the **Svenska Group**, a private Swedish exploration and production company since September 2007. Formerly senior energy analyst with **DnB NOR Markets ASA** from January 2003 to July 2007)
- Maria Rees, corporate secretary (Corporate Secretary of Questerre and Controller from November 2000 to August 2006. Controller and Corporate Secretary of **TAC** and its successor **Terrenex** from 1995 and a director from November 2000 to August 2009)
- John Brodylo, vice president of exploration
- Rick Tityk, vice president of Land (Lead Land Negotiator with **Hunt Oil Company** of Canada, Inc. from July 2003 to October 2005)
- Peter Coldham, vice president of engineering and operations (VP Business Development for **Fortune Energy, Inc.**, a private exploration and production company from April 2002 to November 2005)
- Jason D’Silva, CFO
- Paul Harrington, vice president of Finance (Director, Financial Reporting at **Zargon Energy Trust** from October 2005 to October 2008. From September 2001 to October 2005 employed in the audit group at **PricewaterhouseCoopers LLP**)

Questerre puts pipeline for St. Lawrence Lowlands gas on hold; awaits clarity

The Canadian Press
January 17, 2011

CALGARY - Questerre Energy Corp. (TSX:QEC) says it is deferring building a natural gas pipeline near St-Edouard, Que., and seismic data collection until a provincial agency issues its report on public hearings and Quebec introduces legislation.

The pipeline is part of plans to tap gas contained in the Utica shale gas formation that stretches from Quebec's St. Lawrence Lowlands area into the northern United States.

The Calgary-based company said it's waiting for a report from Quebec's Bureau des audiences publiques sur l'environnement — which held public hearings last fall and consulted industry and government officials.

Residents have expressed concern about potential water contamination, excessive water use and a potential threat to the local agricultural economy and its picturesque vistas.

The report's release has been delayed about three weeks to Feb. 28. It was originally been scheduled for release on Feb. 4.

The decision also comes amid low prices for natural gas and the relatively high cost of bringing drilling equipment to Quebec. There's also concern about the potential environmental impact of extracting gas from the shale formations.

Questerre shares closed Monday at $1.61, down six cents or about four per cent on the Toronto Stock Exchange.

RESSOURCE & ENERGIE SQUATEX INC.

Bloomberg describes that Squatex "engages in hydrocarbons exploration. The company is based in Kuujjuarapik, Canada", and has no information on Squatex's executives.

Petrolympic Ltd. summarized in a July 2010 news bulletin:

> Squatex is a private oil and gas exploration company active since 2001 and based in Brossard, Quebec. It holds 70% of 431,339 hectares (1,065,839 acres) of exploration permits in the Lower St. Lawrence and the Gaspe Peninsula areas, 70% of 217,370 hectares (536,941 acres) and 28% of 8,000 hectares (19,768 acres) in the St. Lawrence Lowlands.

According to Wikimarcellus:

> Brossard, Quebec, Canada-based Ressources et Énergie Squatex Inc is a privately-held oil and gas exploration company. It holds 988,609 acres of permits in the lower St. Lawrence Lowlands and Gaspe Peninsula. It 2006 it took on another 673,021 acres as part of an acquisition of twelve new permits located between Montreal and Quebec City in the St. Lawrence lowlands. As of June 2008, Squatex owned 70% of its land holdings, the remaining 30% was owned by Petrolympic. It is joint venture partners with Petrolympic.

A May 15, 2008 Marketwire bulletin reported:

> Petrolympic Ltd. is pleased to announce that it has entered into a binding letter of agreement (the "Agreement") with Ressource & Energie Squatex inc. ("Squatex") pursuant to which Petrolympic will acquire a 30% legal and beneficial interest in 36 exploration permits totaling 672,438 hectares in the St. Lawrence Lowlands, Bas St-Laurent and Gaspe Peninsula in Quebec (the "Transaction").
>
> Upon signing of the Agreement, Petrolympic made an initial payment of $500,000 to Squatex in order to cover certain outstanding payments on the permits.
>
> Prior to completion of the Transaction, Petrolympic holds more than 113,906 hectares (281,468 acres) of oil and gas exploration permits in the Appalachian Basin of Quebec that include holdings in the Gaspe Peninsula and in the southern part of the St. Lawrence Lowlands. The Gaspe block of exploration permits totals 40,885 hectares located between Rimouski and Matane in the Province of Quebec immediately southwest of Lake Matapedia. The St. Lawrence Lowlands Block of exploration permits is located on the south shore of the St. Lawrence directly south of Valleyfield less than 30 kilometers southwest of Montreal in the Province of Quebec

Bloomberg reported on June 15, 2009, *Petrolympic Ltd. and Ressource & Energie Squatex Inc. Announces Joint Operating Partner Canbriam Elects to Accelerate its Option and to Drill 2 Wells on Lowland Properties This Summer*:

> Petrolympic Ltd. provided an update on its joint venture with Ressource & Energie Squatex Inc. and the corresponding farmout and joint operating agreement which Petrolympic and Squatex previously entered into with Calgary-based Canbriam Energy Inc. in respect of its

> St. Lawrence Lowland properties, as described by Petrolympic in its press release of November 25, 2008. By request of the operator Canbriam, Squatex and Petrolympic have entered into an amendment to the Joint Operating Agreement pursuant to which Canbriam has agreed to accelerate its exercise of the first option under the Joint Operating Agreement, and to advance the drilling program to drill 2 wells this summer in the JV lands. Under the Joint Operating Agreement, Canbriam had to drill this summer 1 well, and had until March 31, 2010 to make a determination as to whether to proceed with the first option. As a result of exercising this first option, Canbriam shall: (i) drill and case or abandon two (2) vertical wells down to the base of the Utica Formation and/or 30 meters into the top of the Trenton Formation (these two wells being in addition to the 1 vertical well Canbriam is required to drill to the base of the Utica Formation and/or 30 meters into the top of the Trenton Formation prior to October 31, 2009); and (ii) make payments of $1.05 million to Petrolympic and $2.45 million to Squatex by November 30, 2009. As consideration for Canbriam exercising the first option early, Petrolympic and Squatex have agreed to provide Canbriam with an exclusive option to negotiate on addition Land until December 31, 2009.

A July 26, 2010 Marketwire bulleting, *Petrolympic Announces its Current Exploration Program and Permit Renewals up to 2019*:

> Petrolympic Ltd. is pleased to announce its exploration plan for 2010-2011, and confirms that the Company, as well as its joint partner Ressources & Energie Squatex, are allowed to extend their exploration permits up to 2019.
>
> Under ongoing exploration plans for the Lowlands, Petrolympic and Squatex will be executing a seismic program this summer to further refine target areas and locate the best sites that are planned to be drilled.
>
> Two wells will be drilled to test the Utica play outside the Canbriam joint land and within a zone of favorable total organic content (TOC) and maturity of the rock sequences.
>
> A third location is planned to be drilled to test the conventional shallow gas play in the autochthonous carbonates platform south of Montreal. Petrolympic is also in discussions to increase its ownership of some of the jointly owned permits in the Lowlands.
>
> Petrolympic is seeking a partner to drill a 1500m well in the Lower St. Lawrence-Gaspe region, particularly in the Ste-Irene area. This location has been selected to test the presence of light oil in a complex fractured zone near a major fault within the Forillon Formation. Petrolympic, as well as its joint partner Ressources & Energie Squatex ("Squatex") have renewed all their exploration permits in the St. Lawrence Lowlands and the Lower St. Lawrence-Gaspe areas as of September 1, 2009. The Ministere des Ressources naturelles et de la Faune granted the new permits under the previous regulations of the Law of Mines giving extended ownership that allows carrying further exploration work for ten years until September 2019.
>
> "Our exploration efforts are confirming our understanding of the geology of our properties, and demonstrating that the Petrolympic lands - with over 500,000 acres along the Utica play - have great potential," said Petrolympic CEO Mendel Ekstein. "Each new well drilled in the Lowlands is improving our knowledge of the region and bring us all closer to unlocking the

great potential of the Utica Shale Gas Basin as a whole, and Petrolympic's lands in particular.

> "Petrolympic intends to further increase its sizeable property position throughout this area by developing other earn-in opportunities, as well as continuing to benefit from the friendly regulatory environment in Quebec".

In a December 2005 issue of InvestQuebec, an international Investment Newsletter, a small advertisement on the last page had the title, *Chinese companies looking for oil in Quebec*.

> Chinese oil companies are investing $10 million in the exploration of hydrocarbon reserves in Québec's Gaspé and Lower St. Lawrence regions. Chinese private-sector oil companies and the Chinese chamber of commerce for the oil industry have signed an agreement with the **World Business Development Bureau** (WBDB) in Montréal to invest in research, exploration and drilling equipment. The Québec partner working with the WBDB, Nunavik-based **Squatex Energy and Resources**, will be verifying the existence of the promising resources in the hydrocarbon field. Squatex holds the licensing rights to more than 400,000 hectares of territory in the Gaspé region.

On September 21, 2005, a few news agencies reported on the following joint news release by the World Business Development Bureau and Squatex:

> Montreal, Kuujjuarapik-- The World Business Development Bureau and Ressources et Énergie Squatex have just concluded a three-year agreement, worth $10 million, that is made up of two components. The objective of the first component is to confirm a hypothesis suggesting the existence of HC reserves in Squatex land in the Lower St. Lawrence-Gaspé region. The second portion of the agreement will see distinct partnership agreements being signed with holders of exploration licenses in Quebec and elsewhere in Canada.
>
> "Our organization was the first to believe in the potential of the territories operated by Squatex. We are fully aware that within today's market globalization context, Quebec is a trading hub that can offer HC raw materials of uncontested quality, particularly in the Témiscouata-Matapédia region," explained **Horace Sirois, president and chief executive officer of the World Business Development Bureau** (WBDB), a private political border-free organization that helps business people to expand their operations – a free zone in the Asian market facilitating access to trade opportunities between Quebec, Canada and the global markets.
>
> The company holds licensing rights to over 400,000 hectares of territory in the Gaspé region.
>
> "After four years of intensive exploration, working with some of Quebec's most renowned professionals and despite a very tight budget, Squatex needed an association with a strong partner that could help us achieve our objectives. For us, this agreement with the World Business Development Bureau is the light at the end of the tunnel," said **Jean-Claude Caron, president of Ressources et Énergie Squatex**. "Many specialists expect that we should be able to announce a significant hydrocarbon discovery, in the very near future, in the Lower St. Lawrence-Gaspé region."

> The WBDB-Squatex agreement stipulates a $10-million investment over a mutually-defined timeline, which will be spread over a three-year period. Drilling of the first well – which will serve to confirm the still-hypothetical existence of an oil deposit – is expected to be completed by the end of 2005 or no later than the spring of 2006, subject to various conditions, including climate. Seismic surveying on a minimum of 200 kilometers is also expected, in addition to drilling on other identified target zones.

In 2007, a few investigators were hot on the story about Horace Sirois, CEO of the World Business Development Bureau (WBDB), not about issues related to Squatex, but about controversies related to the business of selling bottled water to China. Stories about "The Water Boys" (Horace A. Sirios and Allain Barriere) traced the origins of the WBDB to its Federal Charter incorporation on February 16, 2004. According to an April 2007 news release by company Coastal Holdings, Sirois was:

> an active member of the Canada China Network Council (CCNC), and has successfully executed several trading contracts and land development projects in China. In particular the honourable Prime Minister of Quebec Jean Charest, during his economic mission in China, was proud to announce the largest contract in bottled water industry ever made between Canada and China; which was executed by WBDB. Mr Sirois is a highly experienced public servant who has held various senior executive positions in both the public and private sectors.

What follows was a complicated set of circumstances, change of company names and legal actions, information that interested readers can themselves discover by simple internet word searches.

RICHARD MARC LACASSE

The government of Quebec reports that the company, Richard Marc Lacasse, obtained three petroleum permits in September, 2010, over 42,377 hectares.

Bloomberg reports on Lacasse's background:

> Dr. Richard-Marc Lacasse, PhD has been Chief Executive Officer at **Graniz Mondal Inc.** since July 2001 and serves as its President. Dr. Lacasse serves as Chief Financial Officer and Vice President of Finance at **Ditem Explorations Inc.** and previously served as its Vice President. He is project management consultant for the **Inter-American Development Bank** and the **World Bank**. He served as Chairman and Chief Executive Officer of **Plexmar Resources**. Dr. Lacasse has been Director of **Ditem Explorations Inc.** since February 28, 2001 and **Graniz Mondal Inc.** since July 2001. Dr. Lacasse served as a Director of **Appalaches Resources, Inc.** from August 18, 2006 to December 10, 2010. He served as Executive Director of **Onco Petroleum Inc.** from March 2007 to September 2008. Dr. Lacasse served as a Director of **Plexmar Resources Inc.** since 1999. Dr. Lacasse has been professor of Business Strategy and Project Management at the **Universite de Quebec a Rimouski** since 1975.

Graniz Mondal Inc. was first incorporated as **653609 Alberta Inc.** in 1995. A few months later the name was changed to **Challenger Mining Corp.**, and then to **Inca Mining Corp.** On July 7, 2000 that company became Graniz Mondal. A closer examination of Graniz Mondal's board of directors reveals a company connection with **Gastem Inc.**, a large stakeholder in Quebec's shale gas. Graniz Mondal Inc's board of directors:

- John Okell, chair, CFO
- Claude Britt, director (director with **Dios Exploration Ltd.** and **Hana Mining Ltd.**, with financing affiliations with **Hana Mining Ltd.**, **Kinbauri Gold Corp.**, and **d'Arianne Resources Inc.**)
- Donald Thebarge, director (financing affiliations with **ProVeinor Resources Inc.**)
- Gregory G. Borsk, director (director and CFO of, and financial affiliations with, **NXA Inc.**)
- Joel Scodnick, director, CFO, CEO (director, president and CEO of **MGold Resources Inc.**, with financing affiliations with **Mengold Resources Inc.**)
- Raymond Savoie, director (director, CEO and chair of **Ditem Explorations Inc.**, director, president and CEO of **Gastem Inc.**, director, president and CEO of **Schwabo Capital Corporation**, CEO of **Tawsho Mining Inc.** Financing affiliations with **Ditem Explorations Inc.** and **Gastem Inc.**)
- Richard-Marc Lacasse, director, president (financing affiliations with **Ditem Explorations Inc.** and **Kakanda Resources Corp.**)
- Michel Lusignan, secretary
- Bernard Henault, treasurer (acting CFO, and financing affiliations, with **Gastem Inc.**)

On Ditem Exploration Inc.'s board of directors, director Regent Watier is also a director with Gastem Inc.

Lacasse's directorship with Appalaches Resources Inc. has another connection, with Andre Proulx, the director general and president of Appalaches, who is also the director and president of **Petrolia Inc.**, another stakeholder in shale gas and oil in Quebec.

STELMINE CANADA LTD.

Stelmine obtained two petroleum permits from the Quebec government in October, 2008.

The Canadian newswire reported on June 9, 2008 about Stelmine's Gaspesia "property" on the north-central part of the Gaspe Peninsula, southwest of Sainte-Anne-des-Monts:

> LAVAL, QC - Stelmine Canada Ltd. ("Stelmine") (TSX:STH) announce the conclusion of an agreement in which the company is acquiring 100% interest in mining licence covering 34,000 hectares of land in the Gaspesia hydrocarbons area.
>
> The permit purchased is bordered by Petrolia Resources to the south, Mundiregina Resources to the north near Les Mechins city. The property is in close proximity to Gastem (25 km south) and Junex resources (30 km east) in Gaspesia area.
>
> The province of Quebec represents a vast territory where minerals and hydrocarbons potential are still largely underdeveloped. At this time Stelmine has a diversified portfolio of exciting prospects in Opinaca area and along the Destor Porcupine fault.
>
> The management of the company expects to be able to start up working programs shortly to explore the economic possibilities of the prospects. The Company is earning its interest by paying $125,000.00 and issuing 500,000 shares of its share capital to a prospecting company.
>
> Stelmine Canada Ltd is a junior mining exploration company newly listed on the TSX Venture Exchange under the Symbol STH with 9,210,100 shares issued.

According to Stelmine's July 31, 2010 *Financial Statements*, the company "has a deficit of $2,566,325. These conditions raise significant doubt regarding the Company's ability to continue as a going concern."

Stelmine's board of directors:

- Raymond Cloutier, secretary, director (financing affiliations with **Stellar Pacific Ventures Inc.**)
- Jacques Trottier, director (director and president of **Amex Exploration Inc.**, director of **Majescor Resources Inc.**, **Robex Resources Inc.**, and **Stellar Pacific Ventures Inc.** Financing affiliations with **Amex Exploration Inc.**, **Robex Resources Inc.**, and **Stellar Pacific Ventures Inc.**
- Michel Lemay, director, president, CEO (director and CEO of **Amex Exploration Inc.**, director, president and CEO of **Stellar Pacific Ventures Inc.**, with financing affiliations with **Amex Exploration Inc.**, **Nstein Technologies Inc.**, and **Stellar Pacific Ventures Inc.**)
- Pierre Carrier, director (director of **Amex Exploration Inc.**, president of **OPSENS Inc.**, and financing affiliations with **Amex Exploration Inc.**)
- Martin Nicoletti, CFO (CFO with **Bowmore Exploration Ltd.**, and financial affiliation with **Arctic Star Diamond Corp.**)

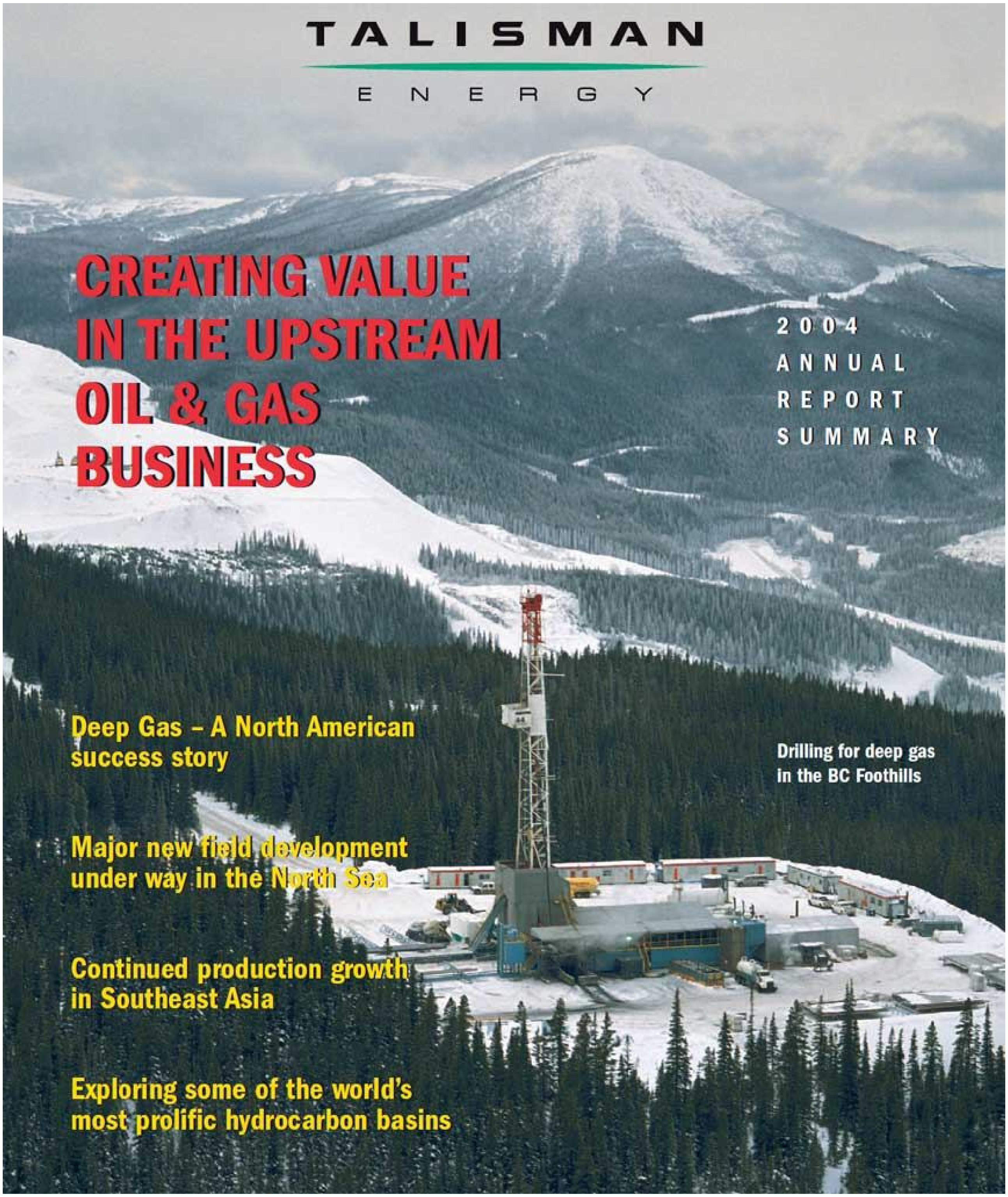
TALISMAN ENERGY INC.

Talisman is a large, integrated international Canadian petroleum energy company, headquartered in Calgary, Alberta, with interests in onshore and offshore oil and gas.

> This document is the Annual Information Form of Talisman Energy Inc. for the year ended December 31, 2010. Talisman is a global, diversified, upstream oil and gas company headquartered in Canada whose main business activities include exploration, development, production, transportation and marketing of crude oil, natural gas and natural gas liquids. Talisman's three main operating areas are North America, the North Sea and Southeast Asia. Talisman also has a portfolio of international exploration opportunities. Talisman is listed on both the Toronto and New York stock exchanges under the symbol ''TLM''.
>
> Also in November 2009, Talisman announced its decision to reorganize its North America business into two main businesses: Shale and Conventional. **As a result of this decision, certain lands prospective for shale in British Columbia, Alberta and Quebec were transferred from Talisman Energy Canada to Talisman Energy Inc.**
>
> Also in December 2010, Talisman reached an agreement to sell 50% of its working interest in its Farrell Creek assets in the Montney shale play in British Columbia to a subsidiary of Sasol Limited (''Sasol''). Talisman and Sasol further agreed to establish a partnership to develop the Farrell Creek assets, with Talisman acting as managing partner and operator. Pursuant to the agreement, Sasol has agreed to pay Talisman $262.5 million at closing with the remaining $787.5 million as a funding commitment for Talisman's share of future capital spending in the Farrell Creek area for a total consideration of $1.05 billion. **In addition, Talisman and Sasol have agreed to conduct a feasibility study around the economic viability of a facility in Western Canada to convert natural gas to liquid fuels using Sasol's commercial gas to liquids technology.** Talisman and Sasol have also agreed to collaborate on certain other western Canadian natural gas opportunities.

Name of Subsidiary	Jurisdiction of Incorporation/Formation	Percentage of Voting Securities Owned [1]
Talisman Energy Canada [2]	Alberta	100%
Talisman Energy USA Inc.	Delaware	100%
Talisman Energy Norge AS	Norway	100%
Talisman Energy (UK) Limited	England and Wales	100%
Talisman North Sea Limited	England and Wales	100%
Talisman (Corridor) Ltd.	Barbados	100%
Transworld Petroleum (UK) Limited	England and Wales	100%
Talisman Malaysia Limited	Barbados	100%
Talisman Wiriagar Overseas Limited	British Virgin Islands	100%
Talisman Energy Alpha Limited	England and Wales	100%

According to Talisman's 2010 annual information form, there are more "unnamed operating subsidiaries" under its domain than those in the list above.



In its last annual report, for 2009, the company's general revenues totalled about $7.5 billion. Wikipedia reports Talisman netted just over $1 billion in the 2010 operating year. Though high, the *Money Energy* website does not include Talisman in its top "60 Largest, Most-Traded Canadian Companies". Under the category of Canadian Petroleum Companies, Wikipedia ranks Talisman as sixth out of nine, and is in the top 60 ranked "largest companies" general category on the Toronto Stock Exchange. In Forbes top ranking of global companies, Talisman is numbered 557, and number 48 out of 115 oil and gas companies. PetroStrategies Inc.'s website ranks Talisman as number 42 out of 50 under the category of "world's largest oil and gas companies".

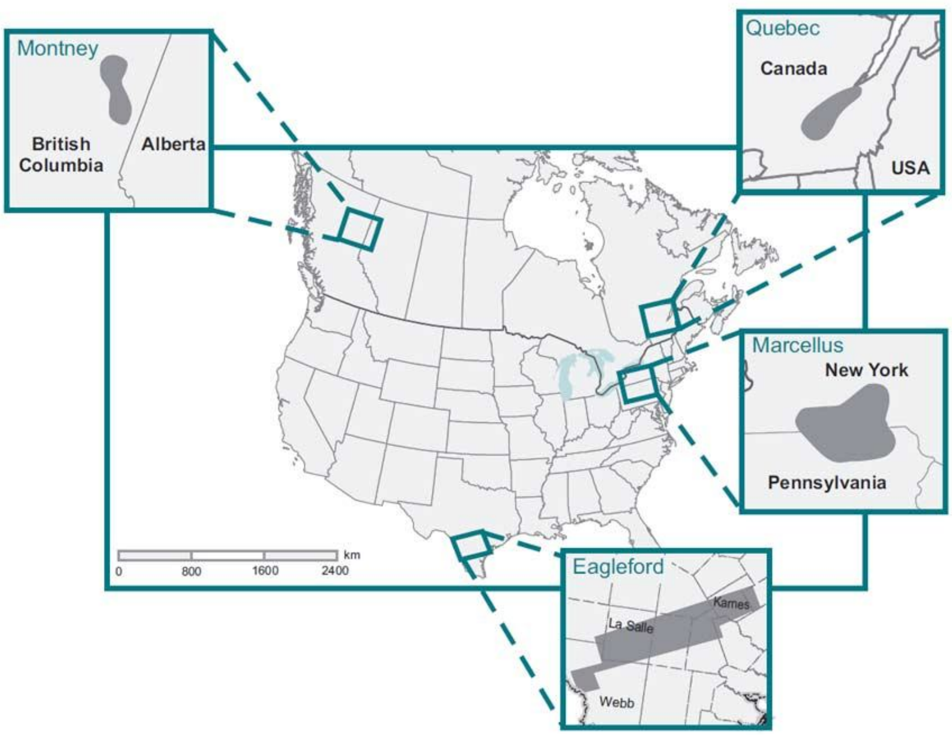
> Talisman is one of the largest Canadian-based independent oil and gas producers. Talisman's main business activities include exploration, development, production, transportation and marketing of crude oil, natural gas and natural gas liquids.
>
> In 2010, the Company's activities were conducted in North America, UK, Scandinavia and Southeast Asia. The North America segment includes operations in Canada and the United States. The Southeast Asia segment includes exploration and operations in Indonesia, Malaysia, Vietnam and Australia and exploration activities in Papua New Guinea. The Company also conducted operations in Algeria and Colombia and exploration activities in Peru, Colombia and the Kurdistan region of northern Iraq. For ease of reference, the activities in Algeria, Colombia, Peru and the Kurdistan region of northern Iraq are referred to collectively as the ''Other'' geographic segment.
>
> **North America**
> Talisman's objective in North America is to become a leading, returns-focused shale producer. Talisman uses the term ''shale'' to refer to projects, plays or activities to extract natural gas and natural gas liquids from shale formations, which generally require stimulation techniques which are different than those associated with historically typical, or ''conventional'', oil and gas activities. The geographic areas in which Talisman's shale plays are located may also contain geological formations that are consistent with more conventional oil and gas extraction techniques or activities. Consistent with the strategic objectives noted in ''General Development of the Business – Strategy'', management believes that these shale plays provide new and longer term growth opportunities for Talisman due to their material size and relatively low risk investment.
>
> In 2010, the Company's North America operations concentrated on developing and piloting projects for its shale plays. In addition, Talisman continued to build its position in shale plays through land acquisitions and strategic partnerships. These partnerships include a joint venture with Statoil in the Eagle Ford shale play in Texas and a joint venture with Sasol Limited to develop the Farrell Creek assets in the Montney shale play in British Columbia. (*Annual Information Form*, 2010)

From 2002 to 2010, Talisman Energy Inc. obtained a total 20 petroleum permits from the Quebec government, and has (or had) a number of agreements, partnerships with Altai Resources, Canadian Quantum, Canadian Forest Oil, Intragaz Exploration, Junex and Questerre:

- 1 permit in 2002
- 3 permits in 2005
- 1 permit in 2006
- 15 permits in 2008.

The following quotes about shale gas and interests in Quebec, are from Talisman's *Annual Information Forms*, 2005-2009:

> In Quebec, Talisman entered into two farm-in agreements and an option to purchase agreement in 2005 to gain access to approximately 900,000 gross acres. In the first farm-in agreement, Talisman has committed to drill a well in the first half of 2006 to earn an exploration permit of approximately 33,000 gross acres and the option to earn an interest in the remaining 153,000 gross acres. The second farm-in agreement requires Talisman to commence a 2D seismic program in the first quarter of 2006 for an opportunity to earn an interest in approximately 712,000 gross acres. The option to purchase agreement provides the opportunity to acquire a further interest in approximately 17,300 gross acres (a portion of the acreage included in the second farm-in agreement). The Company expects that capital spending in 2006 in Quebec will be approximately $6 million. (*Annual Information Form*, 2005)
>
> Talisman anticipates that it will spend approximately $2.3 billion on exploration and development in Canada and the US in 2007. Of this, more than 93% is expected to be directed toward development of natural gas opportunities. Talisman plans to participate in drilling 448 gross wells in 2007.
>
> In Quebec, Talisman drilled the first earning well under each of two farmout agreements negotiated in 2005. One well is being completed and the other is currently suspended and waiting further evaluation. Talisman will earn 33,225 gross acres with one well and 151,007 gross acres with the other. Talisman may elect to commit to drill one additional earning well under each farmout agreement later in 2007. Talisman also entered into a farm-in agreement to gain access to approximately 25,202 gross acres and conducted a 2-D seismic program in 2006 under the agreement. A commitment to drill an earning well under the agreement is required by the second quarter in 2008. (*Annual Information Form*, 2006)



Talisman’s Lorraine/Utica lands are located in the Quebec lowlands along the St. Lawrence River, where the Company now holds a total of 756,000 net acres. In 2009, vertical wells which were drilled to complete the land earning requirements were tested with encouraging results. The Company drilled two horizontal wells in Quebec during 2009 and is currently drilling a third horizontal well. Talisman plans to drill a fourth horizontal well this year and intends to test all four wells in 2010. (*Annual Information Form*, 2008)

As part of the new strategy, Talisman is evaluating the natural gas potential within the Company’s unconventional landholdings. Talisman uses the term ‘‘unconventional’’ to refer to projects, plays or activities which are focused on the extraction of oil and natural gas using extraction techniques (including advanced stimulation methods) which are different than those associated with historically typical, or conventional, oil and gas activities. Talisman’s current focus is on unconventional shale gas opportunities. Consistent with the strategic objectives noted in ‘‘General Development of the Business – Strategy’’, management believes that these unconventional plays provide new and longer term growth opportunities for Talisman due to their material size and relatively low-risk investment. For most of 2008, the Company’s North American Operations concentrated on strategy implementation and, specifically, on developing and piloting projects for its unconventional plays.

Following the announcement of its new strategy, Talisman reorganized its North American Operations into East and West Divisions and formalized the Technology & Business Development group. Geographically, East and West are divided by the 5th meridian. The Business Development group spans North America. The new organizational structure has been designed to allow Talisman to effectively operate its new unconventional business model. Separate groups are responsible for identifying new plays and piloting, and development and operations.

The new business model described above and the piloting and development activities conducted in 2008, are intended to support Talisman’s goal to become a top-tier unconventional natural gas producer in North America. Talisman believes that unconventional plays have large potential resources, high deliverability, low decline rates and can provide attractive returns on investment.

The Company spent approximately $1.8 billion on unconventional natural gas activities in 2008, of which 37% was for land. In May 2008, Talisman announced that its unconventional areas of focus were the Marcellus Shale, the Montney region, Quebec, Bakken and Outer Foothills plays. Annualized sales production from these unconventional properties totaled 60 mmcfe/d (10 mboe/d) in 2008. As at December 31, 2008, Talisman held interests in approximately three million net acres of land which it considers to be unconventional, including one-half million net acres to be earned by the Company pursuant to various farm-in agreements.

Talisman’s Quebec acreage is along the St. Lawrence River where the Company has currently earned or acquired a total of 310,000 net acres. The Company also has rights to earn up to an additional 460,000 net acres. In 2008, one well was drilled and another was drilling over year-end. Initial tests from the Gentilly recompletion were also conducted. Talisman expects to complete the drilling component of its earning phase (two additional wells) by the end of the first quarter of 2009. The Company anticipates that testing will

> continue into the second and third quarters of 2009 depending on equipment availability. Talisman will continue evaluating the potential for commercial gas in Quebec throughout 2009. (*Annual Information Form*, 2009)

In its 2010 *Annual Information Form,* Talisman provides very little information about its operations and asset holdings in Quebec. Talisman states, however, that "it **led** the Quebec Oil and Gas Associations' participation" in the Quebec government's public hearings on the controversy over shale gas drilling, the final report of which was released on March 8, 2011.

> **Lorraine/Utica**
> Talisman's Lorraine/Utica lands are located in the Quebec lowlands along the St. Lawrence River, where the Company now holds a total of 756,000 net acres. In 2010, Talisman drilled four horizontal wells and completed three wells. Talisman plans to complete two horizontal wells during 2011. In 2010, Talisman led the Quebec Oil and Gas Association's participation in public hearings requested by the Quebec government and conducted by Quebec's Bureau D'Audiences Publiques sur L'Environment (''BAPE''). The mandate of the BAPE is to make recommendations for a legislative framework that would allow for sustainable shale gas development in Quebec. The BAPE report is expected to be released in the first quarter of 2011.
>
> **Environmental Trends and Uncertainties**
> Talisman's business is subject to the trend toward increased rigor of regulatory compliance and civil liability for environmental matters in certain regions (e.g. Quebec, US, EU). Although Talisman currently believes that the costs of complying with environmental legislation and dealing with environmental civil liabilities will not have a material adverse effect on the Company's financial condition or results of operations, there can be no assurance that such costs in the future will not have such an effect. See also ''Risk Factors – Greenhouse Gas Emissions'' and ''Risk Factors – Hydraulic Fracturing''.

The admission about Talisman "leading" the Quebec Oil and Gas Association reveals its ambition to steer the development of Quebec's shale gas resources. In late January 2011, news bulletins announced that former Quebec Premier Lucien Bouchard would head the Quebec Oil and Gas Association (QOGA, Association petroliere et gaziere du Quebec). Some Quebec news sites and blogs reported on extremely high hourly rates Bouchard is apparently charging the oil and gas industry, some $700 to $800. On February 18, 2011, the Montreal Gazette reported, *Resources: the next battle*:, that Talisman was behind appointing and financing Bouchard, and that one of Quebec Premier Jean Charest's former chiefs of staff was also in the pay of Talisman:

> The hot-button issue of natural-resource development is fast becoming another political liability for the Charest government.
>
> For months now, the controversial and environmentally risky exploration of shale gas in some populated regions by well-connected Liberal-friendly companies has angered and worried a growing proportion of Quebecers.
>
> On Tuesday, a Senergis poll for Le Devoir showed that 55 per cent of Quebecers oppose even the first phase of exploration of shale gas. Last September, opponents were 35 per cent.

> Then on Wednesday there were reports of another Senergis poll, this one for the Reseau des ingenieurs du Quebec, finding that 59 per cent of engineers are dead set against the exploitation of shale gas and 75 per cent approve of a moratorium on the industry long enough to do environmental studies.
>
> Even more devastating for Charest is that 76 per cent of these engineers are convinced that the government "acts mainly in the interest of the industry." Now that hurts. But it also shows how widespread that perception of the Liberal government has become in Quebec.
>
> Yesterday, a study by the Institut de recherche et d'informations socioeconomiques concluded, contrary to the industry's claims, that shale gas isn't "clean energy" and that its exploitation could actually cost taxpayers billions to service the industry's public infrastructure needs across the territory.
>
> Next week, Charest will try to convince Quebecers otherwise as he delivers a speech that is sure to address this thorny issue.
>
> He'll also turn to former PQ premier Lucien Bouchard, a fellow former federal Conservative minister, in the hope that he can assuage the growing anger out there.
>
> On Monday, Bouchard will officially start his new job as president of the shale gas industry's main lobby group, the Association petroliere et gaziere du Quebec.
>
> But Charest's problem is that **people know Bouchard was recruited by the Alberta-based company Talisman Energy Inc., where one of Charest's former chiefs of staff also happens to work.**
>
> Moreover - as I first reported three weeks ago on my blog at voir.ca - **Talisman Energy will also be paying for Bouchard**. That's no small detail for a former premier who proposes to create a "consensus" between the industry and the population.
>
> Chances are that as charismatic as Bouchard might be, most Quebecers won't find much credibility in someone whose services are being paid by an industry that they clearly do not trust.

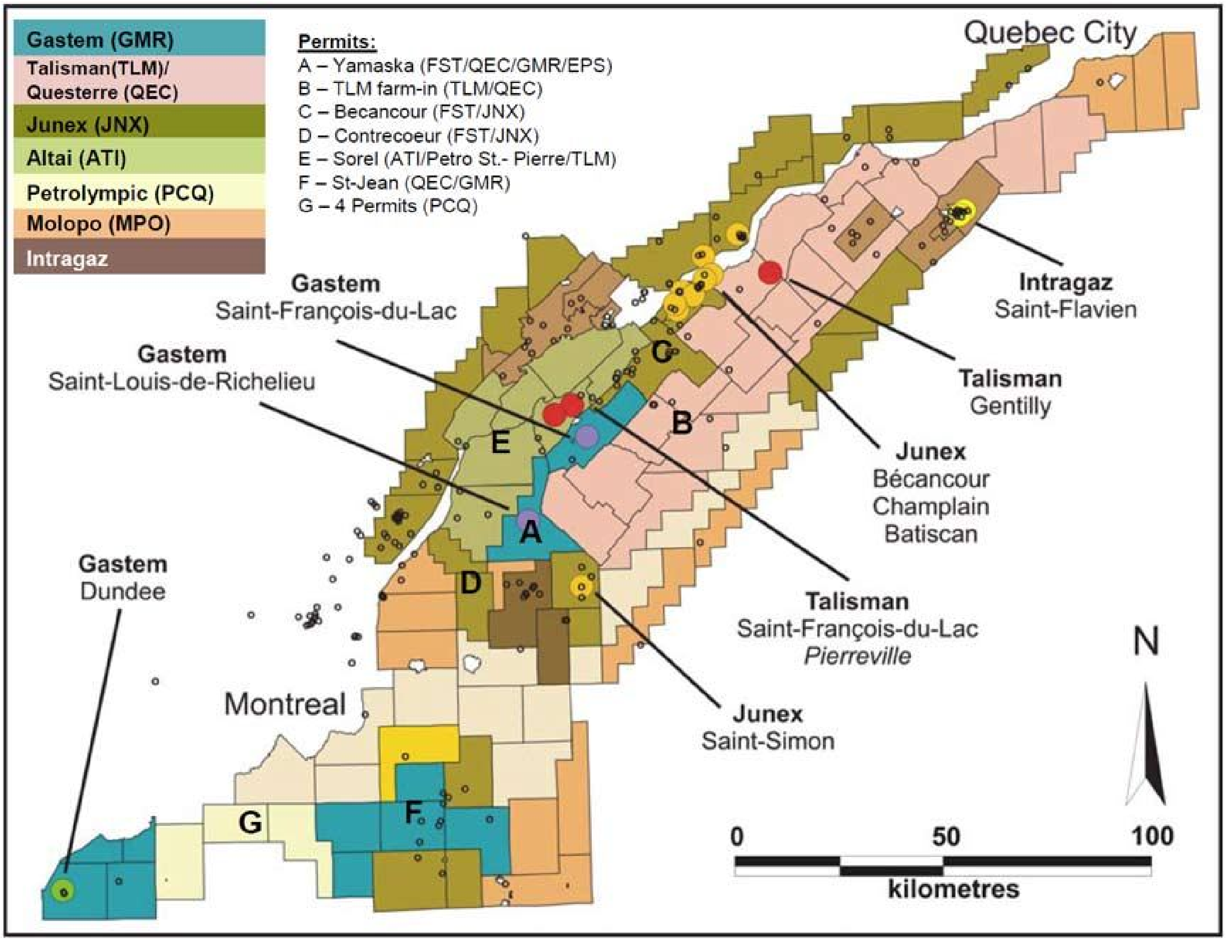
In early September, 2010, the Parti Quebecois' Economic Development Minister, Clement Gignac's chief of staff, **Stephane Gosselin** (not provided on the QOGA's website director list below), left his prestigious position to become a director of the QOGA. Stephane Bertrand, Charest's chief of staff from 2003 - 2007, and Charest's counsel, also served with the QOGA (CBC News, November 15, 2010).

The Quebec Oil and Gas Association (QOGA) was only recently formed in April, 2009, and has held two annual meetings. According to the QOGA's website, its executive board members are:

- Andre Caille, chair, representing **Junex**;
- Pierre Boivin, vice-president, representing **Questerre**;
- Mel Stahl, director, representing **Forest Oil Corporation**;
- Scott Sobie, director, representing **Talisman Energy Inc.**,

- Paul Myers, director, representing **Canbriam**;
- Raymond Savoi, director, representing **Gastem**.

On the QOGA membership, are the following companies: **Altai Resources Inc**.; **Canadian Forest Oil**; **Canbriam**; **Corridor Resources Inc.**; **Gastem**; **Intragaz**; **Junex**; **Molopo**; **Petrolympic**; **Questerre**; **Talisman Energy Inc.**; and associate members **Dessau**, **Roche**, and **SNC-Lavalin**.



This map of shale gas energy company holdings in the St. Lawrence Lowlands is from a May 2, 2008 Equity Research document by Fraser Mackenzie Ltd., *Investing in the Utica Shale Gas Play in Quebec*. The 38-page document was produced a month after Canadian Forest Oil's announced discovery in early April, 2008, with Fraser Mackenzie calling the Utica shales "a sleeping giant." Aside from the promotional rhetoric in the document, with the cover page asking readers to "buy" Gastem and Questerre stocks, what is of interest here is the map identifies all of the companies which comprise the core membership (who also share operational inter-agreements) of the Quebec Oil and Gas Association.

The appointment of Andre Caille as chair of the newly formed QOGA is also quite telling. The following biography from the **National Bank Financial Group**, of which Caille is a director:

> Mr. Caillé is a director of several corporations, including **Junex Inc.**, an oil and gas exploration corporation, for which he is a Strategic Advisor. Mr. Caillé has also been a member of the board of directors and of the executive committee of the Quebec Oil and Gas Association since 2009. From 2004 to 2007, he served as Chairman of the **World Energy Council**. From 1978 to 2005, he held many positions, including **Deputy Minister of the Environment of Quebec**, President and Chief Executive Officer and Chairman of the Board

of **Hydro-Québec**, and President and Chief Executive Officer of **Gaz Métro Inc.**, formerly known as Gaz Métropolitain Inc. Mr. Caillé is involved with a number of charitable organizations, and is notably Co-Chairman of the Board of the **Fondation Père Sablon**. He has a Bachelor's in specialized chemistry as well as a Master's and Doctorate in physical chemistry from Université de Montréal. He has been the recipient of many prestigious awards, including the **Pierre De Celles Award**, and was also made a **Knight of the Legion of Honour of the French Republic**. He has also received the Order of Canada and is an Officer of the Ordre national du Québec. Université de Montréal, the Institut national de la recherche scientifique and Royal Military College of Canada have all awarded him honorary doctorates.

Not identified by name in the February 18, 2011 Montreal Gazette article, it was Daniel Gagnier, former chief of staff with Quebec Premier Jean Charest, that joined Talisman's new "**Advisory Board in Quebec**". Talisman's Advisory Board also includes:

- (chair) James C. Cherry, president and CEO of **Aeroports de Montreal** (Montreal airport);
- Jean Pierre Ouellet, venture partner at **Capital St. Lawrence**;
- and Michel Patry, director and professor at the **Institute of Applied Economics**, HEC Montreal.

Gagnier, apparently still chairs the International Institute for Sustainable Development (IISD), with its theme about ethical sustainability. In the May 2008 issue of IISD's monthly publication, Innovator, "Business as a Force for Good: Profits Essential but Not Everything", was the title of the monthly edition and a quote from Moody-Stuart, chairman of **Anglo American**, who was "a member of the inquiry team that produced the group's latest report, *Tomorrow's Global Company: Challenges and Choices*. "Sir Mark" presented a keynote address to the IISD board in early 2008, concerned about unsustainable global companies needing to make a new shift, and that "the daunting challenge of climate change is still not being addressed in the global business framework." The advertisement of the organization, **Tomorrow's Company**, which wrote the report, included summary quotes from Talisman Energy Inc.'s new CEO, John Manzoni, who co-chaired the report:

> **First:** redefine business success. Success, he said, is not just about a company's finances. It is also about its social, environmental and human interactions.
>
> **Second:** define your values, tell the public about them, live by them and embed them in your decisions.
>
> **Third:** work with government and civil society to create a sustainable framework for business. In other words, actively press for changes that will make business's activities, including its profits and its interactions with people and the natural world, sustainable over time.

The IISD has produced a number of reports under the directors and chairmanship of Daniel Gagnier, including the August 2009 report, *The Role of Sustainable Development Indicators in Corporate Decision-making*. He authored the March, 2011 4-page report for the IISD, *Innovating* *for clean energy technology and winning the future*, and the April 2010 report, *Climategate: Bad Science, Red Herring or Political and Media Football*?

Gagnier was also a former executive board member (through his role as vice-president, General and Environmental Affairs, of Alcan Inc.) on the Canadian Industry Program for Energy Conservation (CIPEC), and former director and Quebec Council member with the World Wildlife Fund-Canada.

On December 7, 2009, about a year before his appointment to Talisman's Advisory Committee, the public relations company HKDP, a subsidiary of Hill & Knowlton Canada, with some 30 professionals in its Quebec City and Montreal offices, announced that Daniel Gagnier was joining the company starting on January 11, 2010.

> "We are delighted that Daniel Gagnier has accepted our offer to join forces with our team of strategic consultants," said François Ducharme and Daniel Matte, who serve HKDP's Quebec City and Montreal offices, respectively, in the capacity of Vice President and General Manager. "His arrival will strengthen our position as Quebec's leading public affairs agency."
>
> Mr. Gagnier's recognized experience and expertise, his grasp of the issues affecting key sectors of Quebec's economy, and keen knowledge of the Quebec and Canadian governments will provide the firm's current and future clients with tremendous value. An early advocate for sustainable development in Quebec, he will be a valuable resource for HKDP, which is known for its extensive involvement in energy and environmental projects.
>
> **An impressive resume**
>
> Before accepting the role of **Chief of Staff for Quebec Premier Jean Charest** in 2007, a position he held until recently, Daniel Gagnier spent 13 years with **Alcan** as Senior Vice President, Corporate and External Affairs. Prior to joining Alcan, he served in a number of government positions, including with the **Canadian Department of External Affairs**; in Saskatchewan, as **Deputy Minister for Economic Development and Trade**; and in Ontario as **Deputy Minister of Energy**, **Deputy Minister of Intergovernmental Affairs**, **special advisor to the cabinet**, **Chief of Staff of the Premier's Office**, and **advisor at the Privy Council Office**.
>
> During his illustrious career Mr. Gagnier has also served the **Brewers Association of Canada**, as its president; the **International Organization for Standardization** (ISO), as a member of the technical committee responsible for environmental management standards and the strategic advisory group on social responsibility; and the **Canadian Manufacturers and Exporters Association**, as a member of the board of directors.

The Hill Times in Ottawa reported on February 15, 2010, *The Hill Times' Top 100 Lobbyists 2010*, that **Don Boudria**, "a former Liberal MP and Cabinet minister for almost 20 years" and a "well-connected expert on government machinery", is a senior counsellor at **Hill & Knowlton**, a long and well-established public relations company. One of Boudria's registered clients is Talisman **Energy Inc.** In addition, Goldy Hyder, "former staffer to Prime Minister Joe Clark", is the general manager and senior vice-president at **Hill & Knowlton Canada**, and also has **Talisman Energy Inc.** registered in lobbying the federal government. The relationship between Talisman and Hill & Knowlton began sometime after 1999, during Talisman's human rights controversies and court action from its Sudan, Africa operations.

Two years prior, on January 22, 2008, the Montreal Gazette reported the same, *Meet the Heavy Hitters in Ottawa - Goldy Hyder -- Firm: Hill and Knowlton Canada*, that Talisman Energy Inc. was Hyder's client.

Wikipedia reports that the WPP Group (WPP plc), headquarted in the United Kingdom, the "world's largest advertising company", owns Hill & Knowlton, as well as the PR firm Burson-Marstellar.

It appears as though Hill & Knowlton are now in the shale gas promotion business. More recently, through a February 11, 2011 company news bulletin, *Hill & Knowlton Strengthens Energy Practice With Senior Hire*, that it hired an energy journalist from Bloomberg News:

> Hill & Knowlton announced that Kimberly Jordan, a veteran energy journalist and former bureau chief for one of the world's largest and most influential news services, Bloomberg News, has been named vice president of the company's energy practice.
>
> Jordan is based in H&K Houston where she provides strategic counsel and direction. She reports to Elizabeth Northrup, senior vice president of public affairs in the Washington, DC office.
>
> Hill & Knowlton's energy practice helps organizations navigate through the many challenges of the energy sector, whether they are environmental, financial, economic or political.

The Toronto Stock Exchange has to yet to update its director information about Talisman Energy Inc.'s new CEO, John Manzoni, who became the president and CEO effective September 1, 2007. Previously, Manzoni was a top executive with British Petroleum, the company recently mired in global controversy and the object of public scrutiny regarding the oil spill in the Gulf of Mexico.

Bloomberg has the following descriptive of Manzoni:

John A. Manzoni, President and Chief Executive Officer

> Mr. John A. Manzoni, BEng, MEng, MBA, has been Chief Executive Officer and President of Talisman Energy Inc. since September 1, 2007. During the past 24 years, Mr. Manzoni has held several senior strategic and operational leadership positions with BP plc and its global group of companies. He served in various roles at **BP Plc** including Chief Executive, Refining & Marketing at **BP Group** from 2002 to May 2007; Group Managing Director at BP plc until August 31, 2007; Chief Executive & Executive Vice President of Gas & Power at **BP Gas & Power** from 2001 to 2002; Regional President of Eastern United States at BP

Group from 2000 to 2001; Group Vice President of Downstream European Markets at **BP Amoco Downstream** from 1999 to 2000; Development Director of **BP Oil Refining and Marketing** from 1997 to 1999; Manager of Group Planning at **BP Group** from 1996 to 1997; Vice President of Prudhoe Bay at **BP Exploration Alaska** from 1994 to 1996; Manager of Investor Relations at **BP Group** from 1991 to 1993; Executive Assistant to the Chief Executive Officer at **BP Exploration** from 1989 to 1991 and Offshore Production Engineer at **BP Exploration Norway** since 1989. Mr. Manzoni also served as Petroleum Engineer at **BP Exploration** from 1985 to 1988 and 1983 to 1984 and its Reservoir Engineer from 1984 to 1985. He served as an Executive from BP responsible for the merger integration process between BP and Amoco, and then became Group Vice President in charge of downstream European marketing, in addition to downstream planning and performance globally. Mr. Manzoni also served as Chief Executive of Refining and Marketing of **BP Solar International Inc.** (formerly known as **Solarex Corporation**). He has been an Executive Director of **BP Solar International Inc.** since 2002. He serves as an Executive Director of **BP Trinidad & Tobago LLC**. He has been an Independent Non-Executive Director of **SABMiller plc.** since August 1, 2004 and has been Non Independent Director of Talisman Energy Inc. since 2007. He serves as a Member of the **Accenture Energy Advisory Board**. He served as an Executive Director of **BP PLC** from February 2003 to August 31, 2007. Mr. Manzoni serves as Vice Chairman of the Advisory Board of **Stanford Graduate School of Business**. In 1994, he was a Sloan Fellow at Stanford Graduate School of Business, where he earned an Master of Science in Business Management. Mr. Manzoni graduated from Imperial College with a Bachelor of Science (BSC) degree in Civil Engineering in 1982 and Master of Science (MSC) degree in Petroleum Engineering in 1983.

Forbes reports that Manzoni's total compensation (salary, restricted stock awards, "other" category, option awards, non-equity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings) for 2009 was $8,677,511.

Talisman Energy Inc.'s board of directors (from Talisman's 2009 Annual Report):

- **Charles Williamson.** Chairman, Talisman Energy Inc. California, United States. Charles Williamson was the Executive Vice-President of **Chevron Corporation** from August to December 2005, Chairman and Chief Executive Officer of **Unocal Corporation** ("Unocal") from 2001 to 2005 and held various executive positions within Unocal, including Executive Vice President, International Energy Operations and Group Vice President, Asia Operations prior to 2001.

- **Christiane Bergevin.** Quebec, Canada. Christiane Bergevin was appointed Executive Vice-President, Strategic Partnerships, Office of the President, of **Desjardins Group** in August 2009. Prior to that, she was Senior Vice-President and General Manager, Corporate Projects, with **SNC-Lavalin Group Inc.** For the 18 years prior to that, Ms. Bergevin held several executive and international finance positions with various **SNC-Lavalin subsidiaries** including President of **SNC-Lavalin Capital Inc.**, its finance advisory arm, between 2001 and 2008.

- **Donald Carty.** Texas, United States. Donald Carty served as Vice Chairman and Chief Financial Officer of **Dell Inc.** from January 2007 until mid 2008. From 1998 to 2003, he was

Chairman and Chief Executive Officer of **AMR Corp.** and **American Airlines**. Prior to that, Mr. Carty served as President of **AMR Airline Group** and **American Airlines**. Mr. Carty was the President and Chief Executive Officer of **Canadian Pacific Airlines** from March 1985 to March 1987.

- **William Dalton.** Arizona, United States. William Dalton was Chief Executive of **HSBC Bank plc** from 1998 to 2004, Executive Director of **HSBC Holdings plc** from 1998 to 2004, Global Head of Personal Financial Services for **HSBC Group** from 2002 to 2004 and held various positions in the Canadian operations of HSBC prior to 1998.

- **Kevin Dunne.** Tortola, British Virgin Islands. Kevin Dunne has held various international senior and executive management positions with **BP pl**c, including General Manager of **Abu Dhabi Company** for Onshore Oil Operations (ADCO), a **BP joint venture**, from 1994 to 2001, Corporate Associate President of **BP Indonesia** from 1991 to 1994 and Corporate Head of Strategy for the **BP Group** based in London from 1990 to 1991.

- **John Manzoni.** Alberta, Canada. John Manzoni was appointed President and Chief Executive Officer of Talisman Energy Inc. on September 1, 2007. During the 24 years prior to that, Mr. Manzoni held several senior strategic and operational leadership positions with **BP plc** and its global group of companies. From 2002 to 2007, he served as Chief Executive, Refining and Marketing (BP Group) and was on the board of directors of **BP plc**.

- **Lisa Stewart.** Texas, United States. Lisa Stewart became the Chief Executive Officer of **Sheridan Production Partners** in September 2006. Prior to that, Ms. Stewart was President of **El Paso Exploration & Production** from February 2004 to August 2006. Prior to her time at El Paso, Ms. Stewart worked for **Apache Corporation** for 20 years beginning in 1984 in a number of capacities. Her last position with Apache was Executive Vice-President of Business Development and E&P Services.

- **Stella Thompson.** Alberta, Canada. Stella Thompson was co-founder and principal of **Governance West Inc.** from 1996 to 2008 and was President of **Stellar Energy Ltd.** from 1991 to 1996. Ms. Thompson was Vice-President, Planning, Business Information & Systems of **Petro-Canada Products** prior to June 1991.

- **Peter Tomsett.** British Columbia, Canada. Peter Tomsett was the President and Chief Executive Officer of **Placer Dome Inc.** from September 2004 to January 2006. Mr. Tomsett was with Placer Dome for 20 years in a number of capacities. Prior to becoming President and CEO, he was Executive Vice-President of **Placer Dome Asia Pacific and Africa**.

- **John Watson.** Alberta, Canada. John Watson was the Executive Vice-President and Chief Financial Officer of **EnCana Corporation** from April 2002 until his retirement in February 2006. He was the Chief Financial Officer of **Alberta Energy Company Ltd.** (predecessor to EnCana Corporation) from June 1987 to March 2002.

- **Robert Welty.** Alberta, Canada. Robert Welty served as the Chairman and a director of **Sterling Resources Ltd.** ("Sterling") from 1997 to 2007 and as Chief Executive Officer of Sterling from 1998 to 2005. Mr. Welty was the President of **Escondido Resources (International) Ltd.** from 1996 to 1997, President and Chief Executive Officer of

Canadian Fracmaster Ltd. from 1994 to 1995, President and Chief Executive Officer of **Bow Valley Energy Inc.** from 1992 to 1994 and President and Chief Executive Officer of **Asamera Inc.** from 1976 to 1988.

- **Charles Wilson.** Colorado, United States. Charles Wilson was the President and Chief Executive Officer of **Shell Canada** from 1993 to 1999, Executive Vice-President US **Downstream Oil and Chemical of Shell Oil Company** ("Shell") from 1988 to 1993, Vice-President **US Refining and Marketing of Shell** and held various positions in the domestic and international natural resource operations of Shell prior to 1988.

- **Charles Winograd.** Ontario, Canada. Charles Winograd is currently the President of **Winograd Capital Inc.** From 2001 to 2008, he was Chief Executive Officer of **RBC Capital Markets**. When RBC Dominion Securities acquired Richardson Greenshields in 1996, Mr. Winograd became Deputy Chairman and a director. He was appointed to the position of President and Chief Operating Officer of **RBC Dominion Securities** in 1998. Mr. Winograd held several executive postings in **Richardson Greenshields** until becoming President and Chief Executive Officer in 1987 and Chairman and Chief Executive Officer in 1991.

WHILE ENCANA LOOKED, TALISMAN GRABBED THE LAND

EnCana Corp. did reconnaissance work on the Utica Shale Play in 2005 and presented the results in a poster session at the 2007 CSPG-CSEC Joint Convention in Calgary. The company collected 300 samples from 28 Utica Shale penetrations, which were organized into 6 transects. Of the 28 wells, 7 had cores, 2 had core and cuttings and 19 wells had only cuttings. The company had estimated that the maximum recoverable resource was 24 Tcf and that the Utica Shale could be a viable resource play. Encana concluded from the study that the Utica Shale gas play meets most shale gas target parameters, but was concerned about the low quartz content and recommended evaluation of the mechanical properties to assess the shale's "fracturability". However, before the study was concluded, ***Talisman*** *entered into an agreement with* ***Questerre*** *targeting the Trenton-Black River Play, taking the last big chunk of contiguous acreage out of circulation.*

(Source: *Utica Shale in Quebec: The New Frontier*, by Canaccord/Adams, July 28, 2008)

TRANSAMERICAN ENERGY INC.

Transamerican, registered in Vancouver, B.C., incorporated on April 16, 1980, states on its website that it is "a Canadian Oil & Gas Company, pursuing assets for acquisition, exploration and development of oil and natural gas resources." FP Infomart states that it "explores for, develops and produces conventional oil and natural gas in the United States and Alberta, and for unconventional oil and gas in Quebec." In 2009, Transamerican obtained 10 petroleum permits from the Quebec government.

Marketwire reported on March 14, 2010:

> TransAmerican Energy Inc. (TSX VENTURE: TAE)(FRANKFURT: YQJ) is pleased to announce that it has entered into a Letter of Intent to acquire (the "Acquisition") a 100% interest in 10 Utica shale oil and gas properties comprising 136,000 acres located in Quebec. In consideration therefor, the Company has agreed to pay the vendor a $25,000 non-refundable deposit, to be held in trust pending TransAmerican's completion of due diligence. Subject to the Company being satisfied with its due diligence investigation, it will acquire a 100% interest in the property (hereinafter called the "Lacasse Property") by paying the vendor $225,000 cash (inclusive of the deposit).
>
> The Company has further agreed to grant the vendor a 2% overriding royalty consistent with those generally applicable in the oil and gas extraction/production industry, payable on commencement of commercial production revenues from the property. The Company will also pay a cash finder's fee of $11,250 in connection with the acquisition on closing of the Acquisition.
>
> The Company has also negotiated, subject to acceptance by the TSX Venture Exchange, a private placement for gross proceeds of up to $500,000. These funds will be raised by the issuance of up to 10,000,000 Units (the "Units") at a price of $0.05 per Unit, each Unit consisting of one common share and one share purchase warrant, each warrant entitling the holder thereof to purchase one additional common share, exercisable for a period of one year from the date of issuance at a price of $0.10 per share.

Marketwire reported on November 22, 2010:

> TransAmerican Energy Inc. (TSX VENTURE:TAE)(FRANKFURT:YQJ) is pleased to announce the appointment of Louis Lapointe as President. Mr. Lapointe, a fully bilingual native of Quebec, has worked with several merchant banks over the past few years and brings a much needed presence in Quebec for TransAmerican. Mr. Lapointe's extensive knowledge of corporate capital structures will prove valuable as the Company moves forward. Ron Hughes, the former President, will stay on as Chief Executive Officer and a director.
>
> The Company and its minority partner Dumasbancorp ULC have entered into an agreement with the Autonomous Innu Government of Pessamit ("Pessamit"), for the purpose of conducting hydrocarbon (oil and gas) exploration in certain identified areas located in the estuary of the St. Lawrence River in the Côte-Nord region, that may contain significant quantities of oil and gas. The Consortium, led by the Company, has taken steps to obtain

Pessamit's exclusive consent to conduct exploration work in Pessamit's territory (the "Pessamit Territory"), and on other lands and territories located in the Nistassinan of the Innus of Pessamit. An initial work program, consisting of geophysics surface work at a cost of approximately $100,000, is anticipated to be conducted during the months of January through March 2011. The initial exploration work will be followed by additional work during the spring of 2011, provided that the initial exploration work is conclusive. Pessamit has agreed that the Company may undertake an oil and gas exploration program in the Pessamit Territory, based on the Company's commitment to offer Pessamit an opportunity to be involved in a possible exploitation of an oil and gas field that may be uncovered in the Pessamit Territory.

The Company anticipates expending up to $1,000,000 to conduct the exploration program in the Pessamit Territory. TransAmerican and Dumasbancorp ULC have agreed that Pessamit will hold a carried interest in any oil and gas field that may be uncovered on their lands, and that if such a field is uncovered, the nature and terms of Pessamit's involvement in a possible exploitation of such oil and gas field shall be defined and agreed by the parties in a formal final agreement to be prepared, which will be subject to receipt by TransAmerican of any required regulatory approval.

TransAmerican's board of directors (combined from its website and TSX director information):

- Ronald E. Hughes, CEO, director of Investor Relations (Mr. Hughes has business development experience in excess of 20 years, after finishing studies of Resource Economics at the University of Alberta in 1987. Residing in Point Roberts, Washington since 1991, wife Linda & he established **North Arm Capital Services**, and have been providing Investor Relations & Business Development services to an international client base for nearly two decades. Introduced to oil & gas investments in 1992 and then equity trading and capital structure between 1997 and 2001, Mr. Hughes was an Investment Advisor with **Global Securities**, and provided oil & gas analysis to corporate finance. He has served nine years President of TransAmerican Energy Inc. since 2001, and currently serves on the boards of three other publicly traded companies, both in Canada & the United States. Director of **Precision Enterprises Inc.**, and director of **VisionQuest Energy Group Inc.**, with financing affiliations with **Boss Gold International Corp.** and **Sniper Enterprises Inc.**)

- Louis Lapointe, president (Mr. Lapointe joins TransAmerican Energy Inc. as its chief architect in building an oil & gas exploration & development focused in Quebec. He holds a Bachelors degree in Business Administration from the University of Quebec in Montreal. He is a corporate finance and business development specialist experienced with both public and private companies in Quebec, Ontario and throughout eastern Canada. Lapointe is a drector of **Orex Exploration Inc.**)

- Richard Barnett, secretary, CFO (Mr. Barnett joined TransAmerican Energy Inc. as its chief financial executive performing a critical role insuring compliance with the companies regulatory requirements. His resume imparts pertinent experience from the public sector, covering a wide ride range of companies producing oil & gas, engineering, mineral resource and explorations.

- Mark Billings, director of corporate finance (Mr. Billings is director, president & CEO of **Orex Exploration Inc.**, he also serves as director and CFO of **Argex Mining**, a junior mining exploration company with mineral assets in Quebec. Between 2004 and 2006, Mr. Billings was Vice-President of Corporate Finance at **Desjardins Securities Inc.**, leading a number of finance offerings on Canadian exchanges. Mr. Billings has a Master of Business Administration, with honors, from Harvard Business School, graduating in 1995. Since 1992, holds a B.A. in Political Science, with honors, from Carleton University Ottawa, and was awarded the Chartered Financial Analyst (CFA) designation from the CFA Institute in Charlottesville, Virginia in 2002. Billings is also a director of **Caldera Resources Inc.**, **Canamex Resources Corp.**, **Goldbard Capital Corporation**, **Iconic Minerals Ltd.**, and **Jiminex Ltd**. Billings has financing affiliations with **Caldera Resources Inc.**, **Canamex Silver Corp.**, **Carpathian Gold Inc.**, **Forest Gate Resources Inc.**, **Metanor Resources Inc.**, and **Orex Exploration Inc.**)

- Tom Needham, director, audit committee member (Mr. Needham has extensive expertise in accounting & finance, having more than 25 years as a respected financial executive working with resource companies, internationally. As a Chartered Accountant from the United Kingdom, he provides TransAmerican Energy Inc. a liaison with financial institutions & regulatory reporting. Mr. Needham serves as CFO for four other Canadian public companies. Needham is the CFO with **Global Hunter Corp.**, **Majestic Gold Corp.**, **Precision Enterprises Inc.**, and **Verona Development Corp.**)

- Jurgen A. Wolf, director, audit committee member (Mr. Wolf has a successful list of business accomplishments over the past 50 years. Most recently, from 1997 until 2005, was his Presidency & Directorship of **US Oil & Gas Resources Inc.** Mr. Wolf is a member of the board for multiple public companies. Wolf is a director, CFO and CEO of **Gold Jubilee Capital Corp.**, and a director with **Altima Resources Inc.**, **Emerick Resources Corp.**, **Gainey Resources Ltd.**, **Iconic Minerals Ltd.**, and **Petrichor Energy Inc.** Wolf has financing affiliations with **Altima Resources Ltd.**, **Emerick Resources Corp.**, **Odyssey Petroleum Corp.**, **Sniper Enterprises Inc.**, and **U.S. Oil and Gas Resources Inc.**)

- Michael Stark, director, audit committee member (Mr. Stark joins TransAmerican Energy Inc. as an independent director. He is currently with the White Rock Fire Department and has served 20 dedicated years in the profession. Stark is a director of **Canamex Resources Corp.**)

- Richard Switzer, technical advisor (Mr. Switzer is a professional geologist whose oil and gas career spans over 35 years. Growing up in the petroleum industry in Pennsylvania, he graduated in Geological Sciences from The Pennsylvania State University in 1969. His formal career began with **Texaco Inc.** in New Orleans, Louisiana, where he worked as an exploration geologist involving structurally complex salt driven structures. In 1972 Mr. Switzer relocated to Calgary, Alberta with **Amoco Canada**, developing drilling prospects in the multiple sub-basins of the Grand Banks offshore Newfoundland. He continued his exploration work spanning the Western Canadian Sedimentary Basin (WCSB) and Beaufort Sea regions for **Skelly Oil Canada** and **Mesa Petroleum**, working for industry icon T. Boone Pickens. Mr. Switzer was a co-founder, senior Vice-President and a director of **Northstar Resources Ltd.**, and Exploration Manager and a director for **MCL Oil and Gas (Mutual Life of Canada)**. He has developed drilling prospects and consulted both in

> Canada and the United States, with emphasis on the Western Canadian and Williston Basins. Mr. Switzer is a member of the American Association of Petroleum Geologists (1972) and is a Professional Geologist with the Association of Professional Geologists Geophysicists and Engineers of Alberta (1975).

X-TERRA RESOURCES CORPORATION

The Vancouver B.C.-based **Canadian Empire Exploration Corp.** changed its name to X-Terra Resources Corporation on February 23, 2007. Stated in its annual report for 2007:

> X-Terra is mineral resource company focussed on acquiring and exploring gold and uranium properties in Canada. X-Terra has active uranium exploration projects and is looking actively for a gold project in province of Quebec, Canada. Priority targets for uranium are high-grade, shallow uranium deposits that are amenable to low-cost open-pit mining techniques. Priority targets for gold are large grass root land project.
>
> Recognizing the global need for clean energy through nuclear power, X-Terra is aggressively expanding and exploring existing properties and will continue to acquire additional prospective projects. At X-Terra we are committed to discovering new sources of uranium - the clean fuel of today and tomorrow.
>
> The Company is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario and is traded on the TSX Venture Exchange ("TSX-V"), under the symbol XT. It also trades on the Frankfort and Berlin Exchanges in Europe under the symbol DFUA.

From September 2008 to September 2010 (just before the BAPE public hearings on shale gas developments in Quebec) X-Terra obtained 16 petroleum permits from the Quebec Ministry of Natural Resources. In its first press release, June 9, 2008, on the first set of three permits, X-Terra reported:

> The staked land is in close proximity to Junex Inc. and Intragaz Exploration near Shawinigan, Québec, and Squatex Resources and Gastem in the Rimouski, Québec area.
>
> **Strategic Partner**
>
> The Company is also pleased to announce that it has entered into a letter of intent with **Brownstone Ventures Inc.** (TSXV: BWN) whereby Brownstone will acquire a 50% interest in the Company's applications (and subsequent permits) covering the 150,000 hectares in the Québec Lowlands. Under the letter of intent, Brownstone will issue 2,000,000 common shares and 2,000,000 common share purchase warrants (exercisable at a price of $2.00 for a period of 24 months) to the Company. Brownstone has also agreed to purchase 850,000 units in the Company's financing referred to below. The transaction also includes an area of mutual-interest agreement covering the Québec Lowlands. In addition, Brownstone will have the right to appoint the operator for the project.

In its 2009 annual report, X-Terra reported:

> An exhaustive compilation is currently in progress and a 50/50 farm out deal has been finalized with well known oil and gas networked partner/operator named Brownstone Ventures Inc ("Brownstone"). On October 28, 2008 X-Terra entered into an agreement with Brownstone to which Brownstone acquired a 50% interest in the exploration licenses in exchange for the issuance to X-Terra of 2,000,000 common shares and 2,000,000 common shares purchase warrants. X-Terra still owns these shares and warrants.
>
> During fall 2009, X-Terra Resources Corp. and its partner Brownstone Ventures Inc. have made a 5,543-kilometre airborne magnetic survey on the Rimouski, Rimouski North and Shawinigan projects in the St. Laurent Lowlands, Quebec.

In a February 24, 2010 news bulletin, X-Terra Resources Corp. and Brownstone Ventures Inc. Completes Acquisition of over 150,000 Hectares of Land in St-Laurent Lowlands-Survey:

> X-Terra Resources Corp. and Brownstone Ventures Inc. announced that they have acquired over 150,000 hectares of additional land in the St-Laurent Lowlands between Rimouski and Riviere-du-Loup. The terms of the transaction were not disclosed.

X-Terra's board of directors:

- Martin Dallaire, director, president, chair and CEO (director, president and CEO with **Fieldex Exploration Inc.**, and director, president and CEO of **Visible Gold Mines Inc.**, with financing affiliations with **Fieldex Exploration Inc.** and **Cadillac Mining Corporation**)
- Richard Patricio, director (director of **Mega Precious Metals Inc.**, **Quetzal Energy Ltd.**, **Terreno Resources Corp.**, **Titan Uranium Inc.**, **U3O8 Corp.**, **United Hunter Oil & Gas Corp.**, with financing affiliations with **Brownstone Ventures Inc.**, **Treat Systems Inc.**, **U3O8 Corp.**)
- Sebastian Plouffe, director, vice president (vice president of Finance and financing affiliations with **Everett Resources Ltd.**, and financing affiliations with **Gee-Ten Ventures Inc.** and **Strikezone Minerals (Canada) Ltd.**)
- Sheldon Inwentwash, director (director, president, chair and CEO of **Brownstone Energy Inc.**, director of **Terreno Resources Corp.** and **U3O8 Corp.**, and director and acting chair of **Titan Uranium Inc.** Financing affiliations with **Cross Lake Minerals Ltd.**, **East West Resource Corporation**, **BacTech Mining Corporation**, **Brownstone Ventures Inc.**, **Kinetic Energy Inc.**, **Landdrill International Inc.**, **Lomiko Metals Inc.**, **Maple Minerals Inc.**, **Mill City Gold Corp.**, **Mooncor Oil & Gas Corp.**, **Nortec Minerals Corp.**, **Octagon Industries Inc.**, **Pele Mountain Resources Inc.**, **Rockgate Capital Corp.**, **Southern Star Resources Inc.**, **Thunderbird Energy Corporation**, **Titan Uranium Inc.**, **Treat Systems Inc.**, **U3O8 Corp.**, **UC Resources Ltd.**, **Unigold Inc.**, **Urbanfund Corp.**, **Vulcan Minerals Inc.)**
- Xin Zhao, director (financing affiliations with **Pemberton Energy Inc.**)
- Sylvain Champagne, secretary, CFO (director, secretary and CFO with **Fieldex Exploration Inc.**, director, secretary and CFO with **Visible Gold Mines Inc.**)