Value Creation Inc. ("VCI") and its fully owned subsidiary BA Energy Inc. are part of the Value Creation Group of Companies (VC Group), a Calgary-based private company, which owns significant oil sands leases in the Athabasca region of northern Alberta. VCI also owns proprietary bitumen emulsion processing and upgrading technology and the Heartland Upgrader Project located in Strathcona County northeast of Edmonton, Alberta.

Project Location

The proposed TriStar Pilot Project (the "Pilot Project") represents the first development on VCI’s TriStar Leases, which consist of eleven contiguous oil sands leases plus another lease covering more than 25,788 hectares in Townships 87 to 89, Ranges 8 to 10W4 south of Fort McMurray, Alberta in the Regional Municipality of Wood Buffalo (RMWB). The proposed TriStar Pilot Project is located on oil sands lease No 0747402110001 (OSL # 001), in the north half of Section 29, Township 87, Range 8W4 approximately 14 km south of Fort McMurray and approximately 4 km east of Highway 63. The Pilot Project site was selected with a view to minimizing terrain-related constraints and footprint and to maximizing bitumen recovery and the use of existing or proposed area infrastructure. Figure 1 shows the location of the Pilot Project.

Oil Sands Potential

VCI has determined that its TriStar leases contain some of Alberta’s highest quality oil sand resource amounting to more than 4 billion barrels of recoverable bitumen. The recoverable resource will be dependent on economic conditions, technology and on co-operative optimization between resource development and future urban expansion by the Regional Municipality of Wood Buffalo.

Project Overview

The Pilot Project will quantify the well productivity of the rich TriStar oil sand reservoir and establish reliable operability of the steam assisted gravity drainage ("SAGD")* in situ extraction process. It will also showcase the unique capability and synergistic benefits of directly upgrading bitumen emulsion production from the SAGD wellhead using VCI’s break-through proprietary bitumen emulsion processing and upgrading technology. One of the two SAGD well pairs will be drilled. The integration is specifically designed to lower the operating and capital costs of bitumen production, transportation and upgrading and to achieve higher value-added oil sands production in Alberta. The Pilot Project will operate for up to three years reaching a peak production rate of 159 m3/d (1,000 b/d) in the second year of operation. Cumulative production for the 1 SAGD well pairs is estimated at 63,100 m3 (397,000 bbl) of bitumen at the end of the third year and ultimately 278,000 m3 (1.75 million bbls.) assuming a recovery factor of 55% of the bitumen in place. The Pilot Project will be primarily skid-constructed utilizing wherever feasible modules and temporary facilities to facilitate dismantling when it is concluded after the end of 2017.

*SAGD refers to steam-assisted gravity drainage. This is a method for producing heavy oil involving two horizontal wellbores, 1 above the other. Steam is injected into the upper wellbore and the softened heavy oil is recovered from the lower wellbore.
Proposed Facilities and Operations

The proposed Pilot Project will be constructed and operated as a temporary project, comprising of one SAGD well pair; one well pad; a Central Processing Facility ("CPF"); storm water pond; tank farm; materials storage area; administration and maintenance buildings; and parking area. The CPF will be located adjacent to the well pad to eliminate the need for a standalone service road and utility corridor. The plant access road will make partial use of an existing temporary road, which will be upgraded to an all-weather road that will extend from Highway 63 to the Pilot Project site. Temporary natural gas powered generators will provide electricity. The natural gas required for steam generation will be supplied by pipeline. All products from the Pilot Project will be transported by truck to market or nearby offloading terminal facilities. Water treatment systems will be supplied through third-party rental. Grand Rapids water wells located near the CPF are expected to meet the Pilot Project’s operational water requirements. Potable water requirements will be purchased from commercial suppliers and delivered by truck. VCI is currently assessing options with respect to the asphaltenes produced, including selling it or trucking it to an approved disposal or storage site.

Upgrading

The Pilot Project will also showcase VCI’s two proprietary technologies: the ADC™ bitumen emulsion process which removes asphaltenes and produces decontaminated oil ("DCO"), a lower viscosity oil product that can be transported by pipeline; and the USP™ upgrading process that further upgrades the DCO to Synthetic Crude Oil ("SCO") synthetic diluent. VCI’s novel technology application enables the production of crude oils tailored for far broader refinery segments, at lowest all-in cost, with higher energy efficiency and low emission intensity.

Economic Benefits

The Pilot Project’s economic benefits to the local, regional, provincial and national economies will be fully realized through the successful demonstration of SAGD productivity and reliable operability and the subsequent commercial development of the TriStar Leases. The Pilot Project will use industry best practices for procuring goods and services. When cost, quality and reliability are equal, preference will be given to suppliers, including First Nations and Métis located nearest to the Pilot Project.

Project Schedule

As shown in the following table, the proposed schedule anticipates production start-up in 2014 with decommissioning commencing at the end of 2017. It is anticipated that work on upgrading the current access road to an all-weather road will begin in the fourth quarter of 2013. Stakeholder consultation will be continuous throughout the life of the Pilot Project.

<table>
<thead>
<tr>
<th>Project Schedule - TriStar Pilot</th>
<th>2012</th>
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Social and Environmental Responsibility

VCI is passionate about the future of the oil sands and its support for value added production in Alberta. To date it has invested significantly in the province. In keeping with its long-term vision for the industry and its commitment to Alberta, VCI will:
• Carry out its business and operations with openness, honesty and integrity.
• Meet or exceed regulatory requirements governing the approval and operations of its projects.
• Work with governments, regulatory agencies, other operators, communities and stakeholders in a spirit of cooperation to address issues or concerns when they arise.
• Consult with First Nations, Métis and other Aboriginal peoples affected by its operations in a timely and respectful manner.
• Seek to understand and collaborate on initiatives designed to improve the quality of life in the communities where it operates.
• Seek to understand and to minimize impacts of its operations on the environment through collaboration and commitment to innovation.
• Protect the health and safety of its workers and people living in communities where it operates.

Aboriginal Consultation and Community and Stakeholder Engagement

VCI’s commitment to timely, continuous and open consultation with potentially affected First Nations and other Aboriginal peoples will be achieved through its Aboriginal Consultation Plan. Broader-based consultation will be carried out under a Community and Stakeholder Engagement Program, which will serve as a foundation for building respectful and positive relationships to help shape and guide the longer-term commercial development of VCI’s TriStar Leases. The cornerstone of the Community and Stakeholder Engagement Program (the “Program”) is to always say what we mean and have an open attitude when listening to what communities and stakeholders are saying to us. The Program will be carried out in a manner that reflects VCI’s commitment to social and environmental responsibility and it will occur throughout the life of the Pilot Project. The Program will be implemented in phases with the initial phases designed to inform communities and stakeholders about the Pilot Project and to enhance VCI’s understanding of potential impacts. Subsequent phases will focus on identifying and addressing specific issues or concerns in a manner that can be mutually beneficial.

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