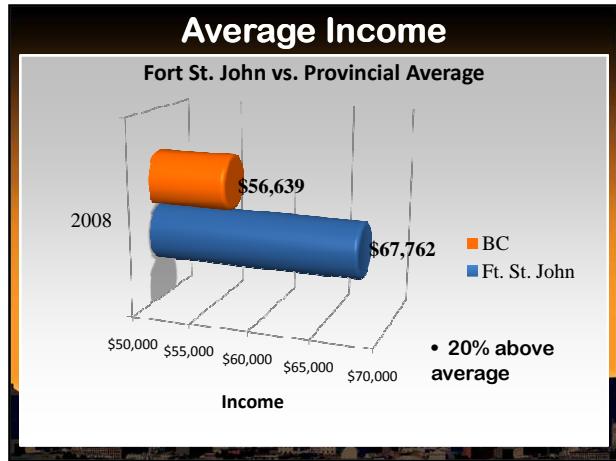
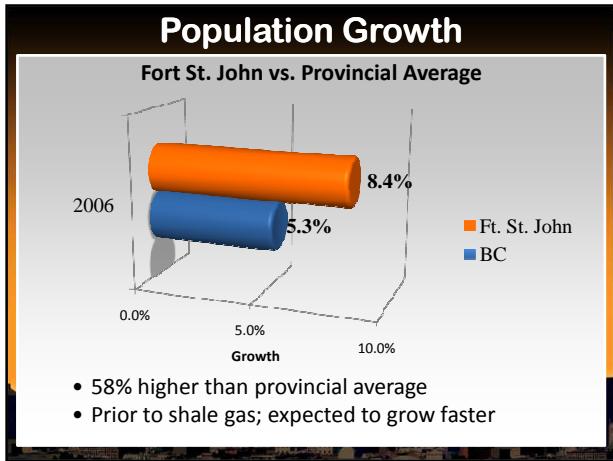
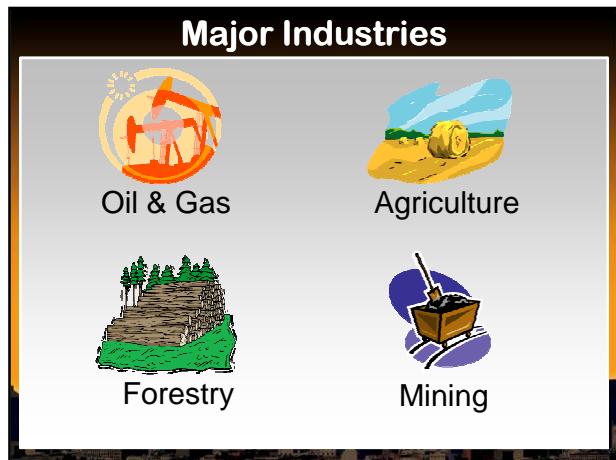
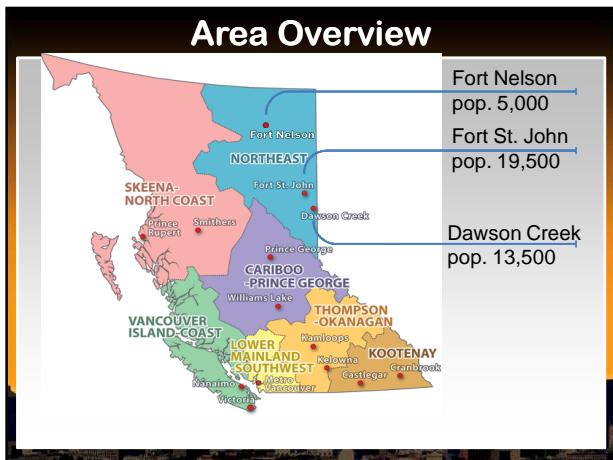
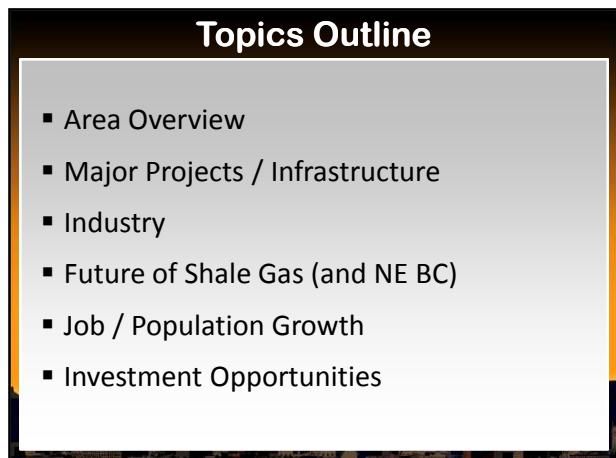


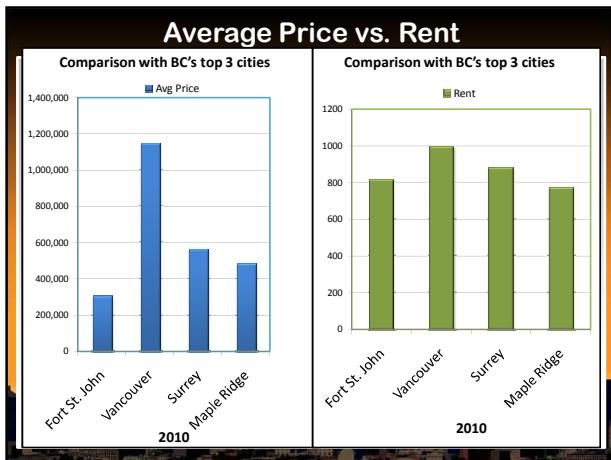
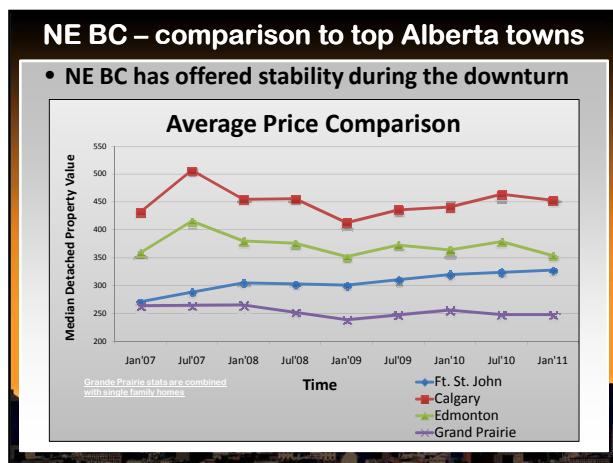
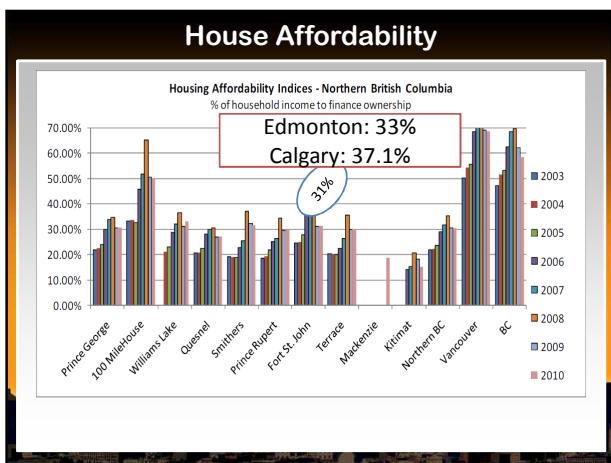
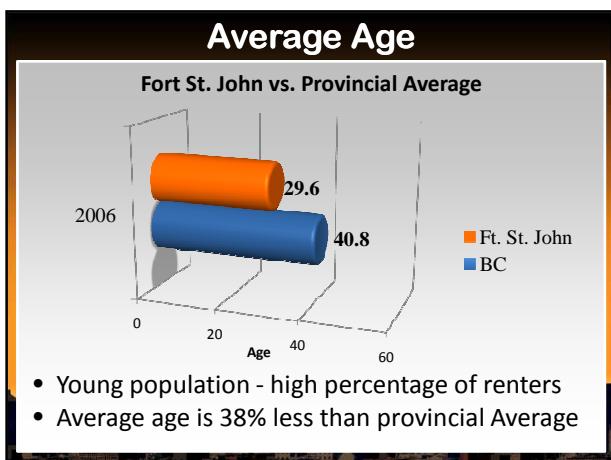
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Transportation Changes

Highway twinning from Edmonton to BC border

- Dual lane highways
- More capacity
- Increased access



Transportation Infrastructure

Paving Sierra Road into Horn River (Fort Nelson)



- BC govt. invested \$178 Million to encourage drilling
- Operational by 2012

BC Government Investment

Fort St. John Hospital

- \$300+ Million Project
- 55 Beds / 123 Bed Residential Care Facility
- Estimated completion: 2013



Public Infrastructure

Enerplex

- \$45+ Million Project
- 2 speed skating ovals, inside walking/running trail.
- Great community gathering venue.



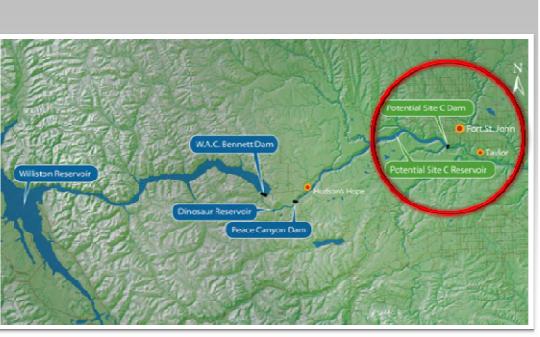
Public Energy Infrastructure

Site "C" Dam Clean Energy Project

- Went to Environmental Review on May 19th



Public Energy Infrastructure



The map shows the W.A.C. Bennett Dam and the Dinosaur Reservoir. A red circle highlights the proposed location for the Site C Dam and Reservoir, which is situated upstream of the existing W.A.C. Bennett Dam.

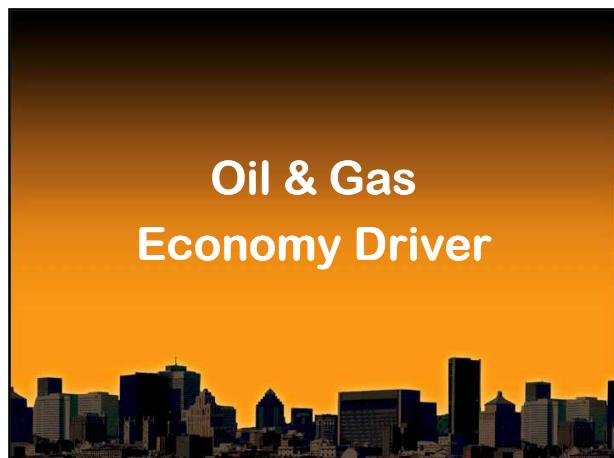
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Public Energy Infrastructure

Site "C" Dam

- \$8 – 10 Billion Project
- 7 – 10 years to construct
- 7,650 direct construction jobs
- 35,000 direct + indirect jobs in all stages
- Construction slated to begin Spring 2013
- Huge addition to a boom town of 19,500

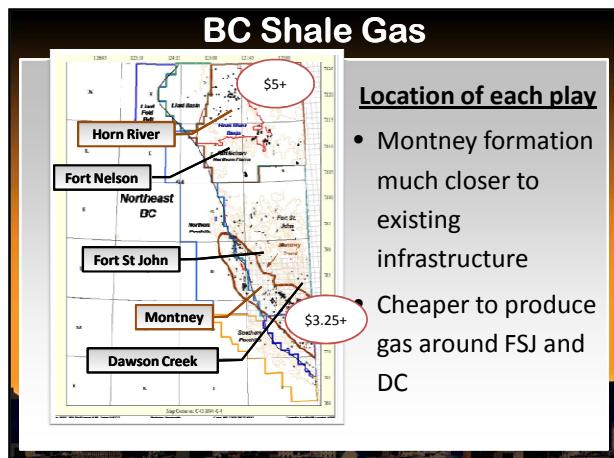
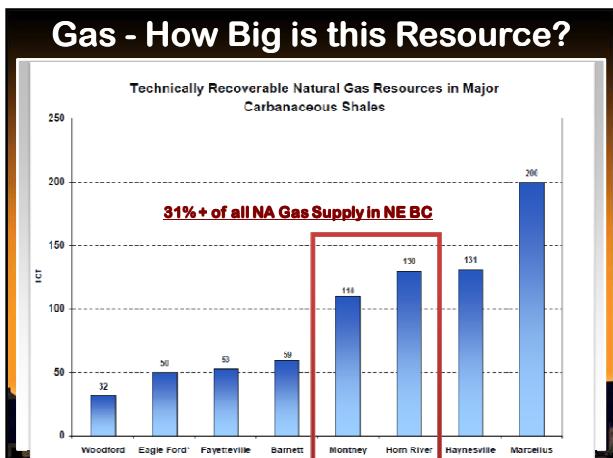


BC Shale Gas

What is Shale Gas?

BC Shale Gas

- Much cheaper to produce than conventional sources – profitable in today's cost structure
- NG prices expected to rise
- All noteworthy Shale Gas in Canada is located in NE BC

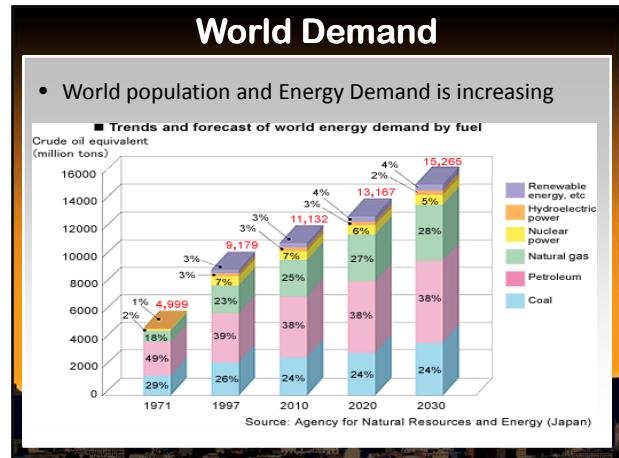


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World Demand for Natural Gas

We have the commodity – what is the impact?

Exportation of LNG

- Over 25 LNG import terminals being built in Asia today
- Only LNG export terminals planned in NA are in North BC
- NE BC is strategically located to provide gas to Asia
- Foreign countries investing in NE BC Shale Gas for export



Exportation of LNG

- Producers receive nearly 3x more North American price when sold overseas
- When exports begin, Horn River will become economical and expand quickly

High LNG prices in the Far East markets

World LNG Estimated May 2011 Landed Price



Market	Estimated May 2011 Landed Price (USD/MMBtu)
Lake Charles	\$4.80
Albatross	\$4.85
Cove Point	\$4.80
UK	\$9.50
Japan	\$9.40
Korea	\$11.80
India	\$11.10
Japan	\$11.80

Foreign Investment in NE BC

FINANCIAL TIMES

PetroChina builds LNG import terminals without the gas

March 17, 2010 3:00 pm by Carola Hoyos

Encana in \$5.4B deal with PetroChina

Last Updated: Wednesday, February 9, 2011 | 5:53 PM ET CBC News

South Korea's KOGAS to invest \$1.1 billion in Canada gas fields

Sun Feb 28, 2010 1:33am EST

Sasol to Pay \$1.03 Billion for Talisman Shale Stake

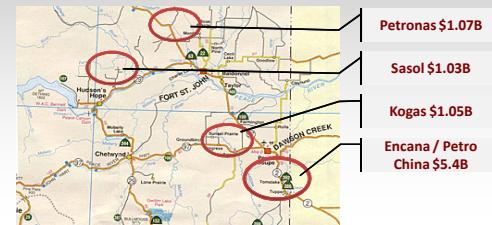
December 22, 2010, 1:47 AM EST

Progress Energy inks \$1.07-billion deal with Petronas Malaysian energy giant targeting Montney for liquefied natural gas

BY DINA O'MEARA, CALGARY HERALD JUNE 3, 2011 COMMENTS (1)

Foreign investment into NE BC Shale Gas

- Total of \$8.6 Billion invested in past 12 months
- Sasol + Talisman teamed up to create plant that will turn "rich gas" into liquid fuel to be sold at a much higher price
- Foreign nations have begun investing in our region because we are:
 - Politically stable
 - Have a huge resource
 - Advantageous physical proximity – cheaper to ship fuel



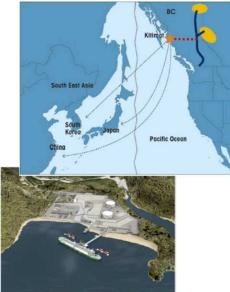
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Exportation of LNG

Kitimat Project

- Kitimat LNG is a liquefaction project, owned by Apache Canada (40%), EOG (30%), and Encana (30%) located in British Columbia.
- Natural gas will be delivered from Pacific Trail Pipelines, which will connect to the Spectra Energy Westcoast Pipeline system
- The project will have an export capacity at 5 MTPA and is expected to be in-service in 2015
- The LNG terminal will be supplied by gas from WCSB, namely Horn River and Montney, and will export to LNG markets in Asia-Pacific i.e. South Korea, China and Japan



Source: Kitimat LNG

Exportation of LNG

Douglas Channel LNG Project

- Douglas Channel Energy Partnership (DCEP) is indirectly owned by LNG Partners LLC and HN DC LNG LP of Haisla First Nation.
- Plans are to utilize existing natural gas pipeline capacity from Pacific Northern Gas (PNG)
- DCEP plans to install a barge-based Liquefied Natural Gas (LNG) plant, along with a tanker berth and onshore storage and support facilities near Port of Kitimat.
- Initial Capacity at .9 MTPA; anticipated to come online 2013



Source: Douglas Channel Energy Partnership

Impact of Oil Sands Development

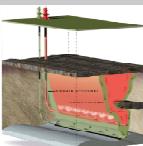


How Oil Sands Use Natural Gas

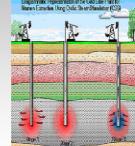
- Low gas prices = higher profits for oil sands
- Nearly 80% of all planned future development will require additional Natural Gas

In-Situ Methods

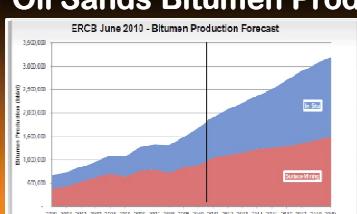
SAGD Steam Assisted Gravity Drainage



CSS Cyclic Steam Stimulation

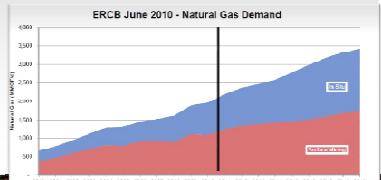


Oil Sands Bitumen Production Forecast



ERCB June 2010 - Bitumen Production Forecast

- By 2019 Oil Sands will consume 25%+ of Canadian supply at 2009 level.

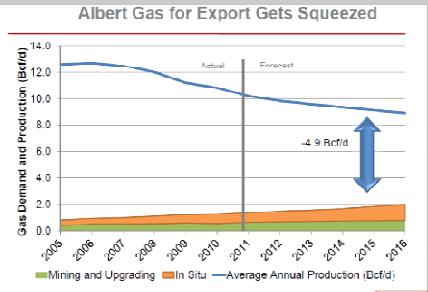


ERCB June 2010 - Natural Gas Demand

Alberta Gas Gets Squeezed

- Canadian gas production declining sharply as conventional gas remains uneconomical

Albert Gas for Export Gets Squeezed



Alberta Gas for Export Gets Squeezed

Actual Forecast

-4.9 Bcf/d

Gas Demand and Production (Bcf/d)

Mining and Upgrading In-Situ Average Annual Production (Bcf/d)

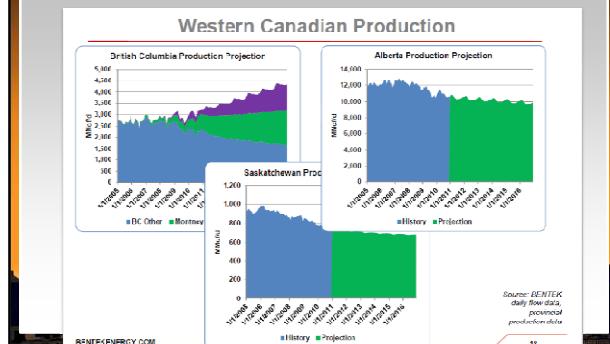
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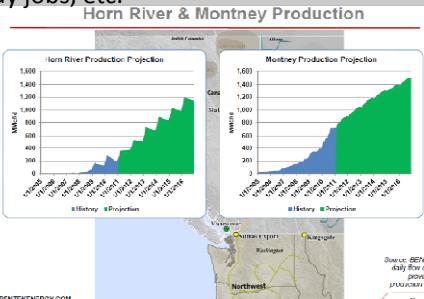
Western Canadian Production by Province

- Only NE BC is increasing NG Production



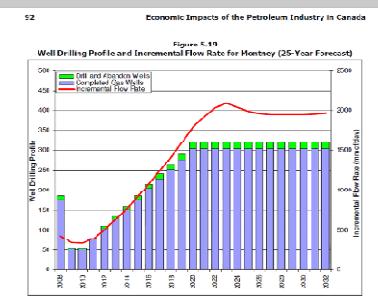
Horn River & Montney Production

- Horn River chaotic production ramp up
- Montney ramp up is much more linear
- Steady jobs, etc.

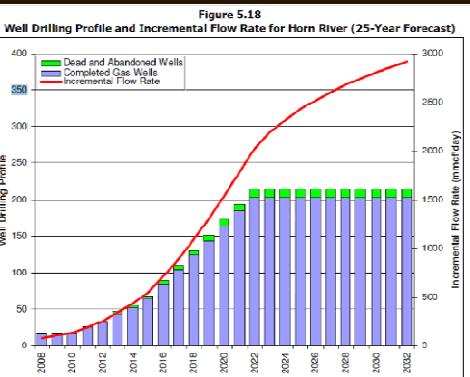


Montney Production Forecast

- Steady ramp up until 2020
- Sustained high levels of drilling around FSJ and DC



Horn River Production Forecast



Job Creation in NE BC

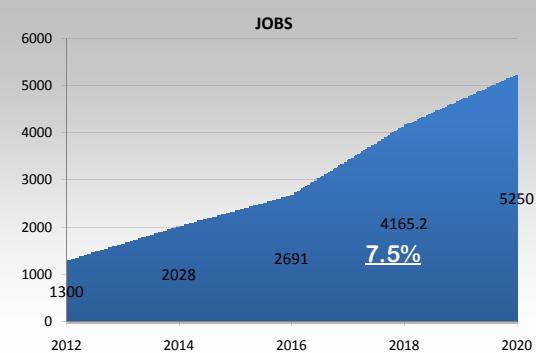
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Job Creation in NE BC

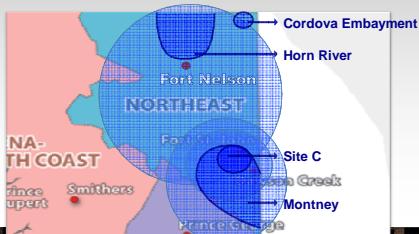
- 67,000 jobs over 25 yrs NOT incl exportation developments
- Fort St John and Dawson Creek to enjoy a long term commodity boom.
- Grande Prairie, Edmonton, Calgary and manufacturing centres will benefit.

Dawson Creek Job Creation



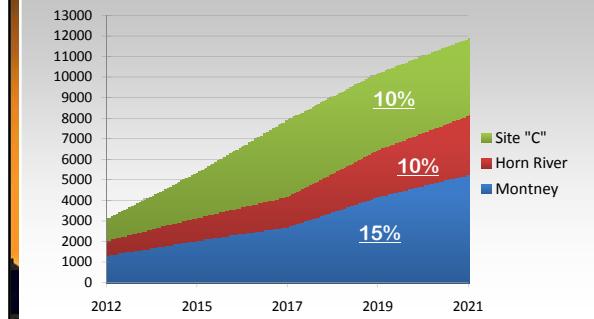
Fort St. John Job Creation

- Fort St. John is well located directly in the middle of the Horn River and Montney plays, and directly affected by the Site 'C' mega project.
- Many very high paying full time jobs being created long term.



Fort St. John Job Creation

- Very conservative outlook on job creation – potential to do much better.



NE BC – What is the impact?

- Low vacancy rates
- Low unemployment
- Increasing rents – strong cash flow
- Strong Market to sell into (Exit Strategy)
- Lots of room for capital appreciation

Opportunities:

- Furnished rentals
- Rent to own deals

Thank you!