COURT FILE NUMBER	1201 06039	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	CANADIAN WESTERN BANK	
DEFENDANTS	COUGAR OIL AND GAS CANADA INC.	

DOCUMENT

FIRST REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF COUGAR OIL AND GAS CANDA INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On February 3, 2012 (the "Initial Filing Date"), Cougar Oil and Gas Canada Inc. ("Cougar Oil and Gas" or the "Company") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Cougar Oil and Gas (the "Monitor").

3. Subsequent to the Initial Filing Date, Cougar Oil and Gas encountered multiple setbacks which prevented Cougar from being able to continue operating under the CCAA. These setbacks are described in two material adverse change reports prepared by the Monitor, the second report of the Monitor dated April 12, 2012 and the fifth report of the Monitor dated May 10, 2012.

4. On May 11, 2012, this Honourable Court granted an order ceasing Cougar Oil and Gas's proceedings under the CCAA and an order (the "Appointment Order") appointing Ernst & Young Inc. as receiver and manager (the "Receiver") of the property, assets and undertakings (the "Property") of Cougar Oil and Gas.

5. The purpose of this first report (the "First Report") of the Receiver is to advise this Honourable Court with respect to:

    a) the activities of the Receiver for the period of May 11, 2012 to May 22, 2012 (the "Receivership Period");

    b) the sales process (the "Sales Process") being undertaken by the Receiver pursuant to the Receivership Order; and

    c) the Receiver's recommendation.

6. Capitalized terms not defined in this First Report are as defined in the Appointment Order.

BACKGROUND

7. Cougar Oil and Gas is a publicly traded oil and gas exploration and production company focussing on the exploration and development of Canadian based onshore oil and gas properties.

8. Cougar Oil and Gas's assets primarily consists of oil and gas properties including majority interests in what is known as the "Trout Property" located in north central Alberta, which Cougar operates, and interests in the Lucy Horn River Basin Mukwa shale gas project in northeast British Columbia. The head office of Cougar Oil and Gas is located in Calgary, Alberta.

9. For further background on Cougar Oil and Gas and the receivership please refer to the Receiver's website:

http://www.ey.com/ca/cougaroilandgas

ACTIVITES OF THE RECEIVER SINCE MAY 11, 2012

Custody & Control

10. On May 11, 2012, the Receiver attended the Cougar Oil and Gas's head office located at Suite 1120 833 – 4th Ave SW, Calgary, Alberta to meet with the President and employees of Cougar Oil and Gas and held calls with Cougar Oil and Gas's contractors responsible for overseeing the operations of the Cougar Oil and Gas's wells in order to discuss the transition of operations from management to the Receiver.

11. Cougar Oil and Gas's insurance provider has been notified of the Receiver's appointment. Cougar Oil and Gas had recently extended its insurance coverage to June 30, 2012. The Receiver has requested to be added as the loss payee to Cougar Oil and Gas's existing insurance policies and the Receiver is in the process of reviewing the insurance policies to determine whether the coverage provided under the existing policies is adequate.

12. The Receiver has directed the Canadian Western Bank to freeze the bank account of Cougar Oil and Gas and to only allow deposits into the account.

Employees and Contract Employees

13. As at May 11, 2012, Cougar Oil and Gas had two employees in their head office and two contract field operators. Senior management of Cougar Oil and Gas had resigned prior to the issuance of the Appointment Order.

14. The Receiver has made short-term arrangements with the remaining two employees to assist the Receiver in maintaining well production, updating the accounting records, supporting the Receiver in its efforts to complete the Sales Process and performing various other tasks as required.

15. At the time of the Receiver's appointment, Cougar Oil and Gas employed two contract operators. The Receiver has contacted each contract operator and is in the process of formalizing arrangements with respect to retaining these contract operators in order to maintain operations of the Company. The arrangements between the Receiver and the

contractors are on similar terms as Cougar Oil and Gas had with the contract operators prior to the Receivership.

Statutory Mailing by Receiver

16. The Receiver mailed the notices required by Sections 245 and 246 of the Bankruptcy and Insolvency Act to Cougar Oil and Gas's creditors and the Office of the Superintendent of Bankruptcy on May 18, 2012.

SALES PROCESS

17. Pursuant to the Appointment Order, the Receiver was directed to explore the possibility of a sales process with a view to completing a sale of the Property within 45 days from May 11, 2012. A copy of the proposed Sales Process is attached hereto as Appendix "A".

18. Since May 11, 2012, the Receiver has undertaken the following with respect to the Sales Process:

    a) placed an advertisement in the Daily Oil Bulletin on May 17, 2012. The Advertisement described the Property and solicited interested parties to contact the Receiver for further information with respect to the Sales Process. The Receiver is running additional advertisements in the Daily Oil Bulletin on May 23, 2012 and May 24, 2012; and

    b) the Receiver prepared a marketing teaser describing the Property and the Sales Process, a copy of the Marketing Teaser is attached hereto as Appendix "B". On May 18, 2012 the Receiver mailed the Marketing Teaser to over 80 parties which it had determined to be potentially interested in the Property.

19. As at May 22, 2012, the Receiver had been contacted by four parties requesting that the Receiver provide a confidentiality agreement ("CA") for their execution so that the parties could gain access to due diligence information.

Estimated Value of the Property

20. The Property of Cougar Oil and Gas primarily consists of working interests in oil wells and undeveloped land. As at May 11, 2012, the Property included the following:

   a) operating working interests in 42 wells (37 in the Trout Property, 3 in Peerless, Alberta, 1 in Long Coulee, Alberta and 1 in the Alexander Area, Alberta.), Cougar's average working interest in these wells is 79.55%;

   b) non-operating working interests in 9 wells (4 in Buffalo Lake, Alberta, 2 in Peerless Area, Alberta, 1 in Westlock, Alberta, 1 in Lucy, British Columbia and1 in Genesee, Alberta), Cougar's average working interest in these wells is 38.19%;

   c) working interests in 3 batteries (2 in the Trout Property and 1 in the Alexander Area, Alberta) and 3 water disposal wells in the Trout Property and 50% interest in a battery in Buffalo Lake, Alberta; and

   d) 17,357.5 total gross acres (15,212.71 net acres) including approximately 15,500 gross acres in the Trout Property, 1,920 gross acres in Lucy, British Columbia and 146 gross acres in the Alexander Area, Alberta.

21. Due to the financial difficulties encountered by Cougar Oil and Gas, the most recent reserve report on its developed lands is as at December 31, 2010. An independent reserve report (the "Developed Land Reserve Report") completed by GLJ Petroleum Consultants as at December 31, 2010 valued Cougar Oil and Gas's proved plus probable reserve based upon a 10% discount rate at approximately $13.8 million.

22. Cougar Oil and Gas had a further independent reserve report (the "Undeveloped Land Reserve Report") completed by another independent reserve engineer which allocated significant value to Cougar Oil and Gas's proved plus probable plus possible reserves on its undeveloped land as at June 1, 2011.

23. The Receiver understands that the reserve value per the Developed Land Reserve Report would have declined since December 31, 2010 as a result of: depletion from Cougar Oil and Gas's oil wells as they continued produce from the date of that report, one well that had been given value as at December 31, 2010 was not able to be brought on production and that the significant value associated with the Undeveloped Land Reserve Report is highly speculative.

Proposed Sales Process

24. A summary of the sales process proposed (the "Proposed Sales Process") by the Receiver is as follows:

a) interested parties are to execute CA's in the form provided by the Receiver and gain access to due diligence information. Electronic due diligence information will be provided on a compact disc and interested parties can schedule an appointment to attend the offices of Cougar Oil and Gas to review the files associated with their oil wells;

b) interested parties must submit non-binding letters of intent ("LOI") to acquire all or part of the Property to the Receiver by 5:00 PM (Mountain Daylight Time) on June 15, 2012;

c) the Receiver will evaluate the LOI's and determine whether the Proposed Sales Process should be continued and whether any interested parties that submitted LOI's should be eliminated from the Sales Process;

d) those interested parties not eliminated from the Sales Process will have until 5:00 PM (Mountain Daylight Time) on June 25, 2012 to submit a binding agreement ("Purchase Agreement") to purchase all or part of the Property;

e) the Receiver will select the most favourable Purchase Agreement and negotiate and enter into a definitive agreement (the "Definitive Agreement") with that party (the "Purchaser") on or before 5:00 pm (Mountain Daylight Time) on July 5, 2012; and

f) the Receiver shall immediately apply to this Honourable Court for an order approving the Definitive Agreement and vesting all or part of the Property with the Purchaser in accordance with the Definitive Agreement.

Cash Flow Forecast during Proposed Sales Process

25. The following is a cash flow forecast (the "Cash Flow Forecast") prepared by the Receiver with receipts and disbursements forecast during the period of May 11, 2012 to July 5, 2012 (the "Forecast Period"):

Receivership of Cougar Oil and Gas Canada Inc.
Cash Flow Forecast for the period of May 11, 2012 to July 5, 2012

Month Ending	May 11, 2012 to May 31, 2012 Forecast	June 1, 2012 to June 30, 2012 Forecast	July 1, 2012 to July 5, 2012 Forecast	Total
Receipts				
Petroleum and natural gas revenue	72,420	72,420	-	**144,840**
Receiver's Borrowings	150,000	50,000	-	**200,000**
Sale of Assets	25,000	-	-	**25,000**
Total Receipts	247,420	122,420	-	**369,840**
Disbursements				
Operating expenses	85,000	85,000	13,710	**183,710**
General & administrative expenses	47,452	32,452	5,234	**85,137**
Maintenance expenditures and taxes	70,000	15,000	-	**85,000**
Mineral and Surface Lease Rentals	8,064	1,044	-	**9,108**
Total Disbursements	210,516	133,496	18,944	**362,955**
Net Cash Flow	36,904	(11,076)	(18,944)	**6,885**
Opening Cash	-	36,904	25,828	**-**
Ending Cash	36,904	25,828	6,885	**6,885**

26. The Receiver forecasts that receipts will total approximately $370,000 and disbursements will total approximately $360,000 during the Forecast Period.

Receipts

27. Receipts are forecast to be received through oil and gas revenue, the Receiver's borrowings in accordance with the Appointment Order and the collection of a receivable associated with a sale of undeveloped land prior to May 11, 2012.

Disbursements

28. Disbursements relate to operating costs to maintain oil production, general and administrative costs associated with the head office and maintenance expenditure to potentially clean up a spill at a oil well located in the Alexander Area, Alberta.

29. The Receiver and its legal counsel's professional fees are covered under the Receiver's charge in the Appointment Order and will be paid out from the proceeds from the sale of the Property and therefore are not included in the forecast above.

30. The Cash Flow Forecast demonstrates that the Receiver will have sufficient funds throughout the Forecast Period to complete the Sales Process.

RECOMMENDATION

31. The Receiver recommends that this Honourable Court approve the Proposed Sales Process.

Dated at Calgary, this 22nd day of May, 2012.

ERNST & YOUNG INC.
in its capacity as the Monitor
of Cougar Oil and Gas

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Peter Chisholm, CA
Manager

ERNST & YOUNG

APPENDIX A

Sales Process

On May 11, 2012, Ernst & Young Inc. was appointed as receiver and manager (the "**Receiver**") of all of the assets, properties and undertakings of Cougar Oil & Gas Canada, Inc. (the "**Debtor**") pursuant to an order (the "**Receivership Order**") issued under the *Bankruptcy and Insolvency Act* (the "**BIA**") by the Court of Queen's Bench of Alberta (the "**Court**"). All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Order.

On May 23, 2012, the Court approved this sales process (the "**Sales Process**") for the marketing and sale of the Property. This Sales Process describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures or governmental organizations (each, a "**Person**") may gain access to or continue to have access to due diligence materials concerning the Property, how bids for the Property will be submitted to and dealt with by the Receiver and how Court approval will be obtained in respect of a sale involving some or all of the Property.

As described below, the various deadlines herein may be extended or compressed by the Receiver at its sole and unfettered discretion. The Receiver will consider extending or compressing the various deadlines herein in the event that the Receiver determines that such an extension or compression will maximize the value of the Property and benefit the Debtor's stakeholders.

"As is, where is" basis

The Property is offered for sale on an "as is, where is" basis and without representation or warranty of any nature, kind or description by the Receiver or its directors, officers, employees, agents or counsel. Without limiting the generality of the foregoing, the Receiver makes no representation or warranty with respect to (a) the value of the Property, (b) the quality or condition of the Property or (c) the Debtor's compliance with any applicable laws pertaining to the Property

Participation Requirements

In order to participate in the Sales Process, each Person (a "**Potential Bidder**") must deliver to the Receiver at the address specified in Schedule "A" hereto (including by email or fax transmission), and prior to the distribution of any confidential information by the Receiver to a Potential Bidder, an executed non-disclosure agreement in form and substance satisfactory to the Receiver, which shall inure to the benefit of any purchaser of the Property. A Potential Bidder that has executed a non-disclosure agreement, as described above, will be deemed a "**Qualified Bidder**" and will be promptly notified of such classification by the Receiver.

Due Diligence

The Receiver shall provide any person deemed to be a Qualified Bidder with a copy of or access to information that the Receiver determines is relevant to the acquisition of the Property (the "**Confidential Information**"). The Receiver makes no representation or warranty of any nature, kind or description in respect of the Confidential Information, or any other information to be provided through the Sales Process, except to the extent otherwise expressly provided for under any definitive sale agreement with any Person who acquires any of the Property.

Phase 1 – Non Binding LOI's

During the period up to the Phase 1 Bid Deadline (as defined herein), or such longer or shorter period of time as the Receiver, at its sole discretion, may determine appropriate ("**Phase 1**"), the Receiver shall contact various Persons to solicit non-binding indications of interest in the Property. The Receiver shall also cause a press release to be issued by the Debtor setting out the proposed sale of the Property and any other information relevant to the proposed sale of the Property with a news or wire agency as determined by the Receiver. The Receiver may also, but shall not be obligated to, distribute written materials as part soliciting any indications of interest in the Property.

A Qualified Bidder that desires to acquire all or some of the Property pursuant to this Sales Process shall deliver a written copy of a non-binding letter of intent (the "**LOI**") to the Receiver at the address specified in Schedule "A" hereto (including by email), so as to be received by it not later than 5:00 PM (Mountain Daylight Time) on June 15, 2012 or such earlier or later date or time as may be agreed by the Receiver (the "**Phase 1 Bid Deadline**").

A non-binding LOI so submitted will be considered a qualified non-binding LOI (a "**Qualified Non-Binding LOI**") only if:

(a) the bid is submitted on or before the Phase 1 Bid Deadline by a Qualified Bidder;

(b) it shall identify the following:

(i) the purchase price range (including liabilities to be assumed by the Qualified Bidder);

(ii) any of the Property expected to be excluded or any additional assets desired to be included;

(iii) the structure and financing of the transaction (including, but not limited to, the sources of financing of the purchase price, preliminary evidence of the availability of such financing and any related contingencies, as applicable);

(iv) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;

(v) additional due diligence required or desired to be conducted during Phase 2 (as defined herein), if any;

(vi) any conditions to closing that the Qualified Bidder may wish to impose; and

(vii) any other terms or conditions of the Sale Proposal which the Qualified Bidder believes are material to the transaction;

The Receiver may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Non-Binding LOI.

Any Qualified Non-Binding LOIs for less than substantially all of the Property will not be precluded from consideration for the acquisition of the Property.

Assessment of Qualified Non-Binding LOI

Immediately following the Phase 1 Bid Deadline, the Receiver shall assess Qualified Non-Binding LOIs received, if any, and will determine whether there is a reasonable prospect of obtaining a transaction involving the Property being completed.

In assessing the Qualified Non-Binding LOIs, the Receiver may consider, among other things, the following:

(a) whether the proposal contained therein maximizes value for the Property;

(b) the form of consideration being offered;

(c) the time required to complete the proposed transaction;

(d) the likelihood that the proposed transaction will be consummated;

(e) the proposed treatment of stakeholders of the Debtor; and

(f) any other factor that the Receiver considers relevant and material to the assessment of the Qualified Non-Binding LOIs.

If the Receiver determines that there is a reasonable prospect of a transaction involving the Property being completed, the Sales Process will immediately thereafter continue for a further period in accordance with the procedures set out herein ("**Phase 2**").

If the Receiver determines that there is no reasonable prospect of a transaction involving the Property being completed, this Sales Process shall terminate and the Receiver shall apply for advice and directions from the Court in respect of the Property.

Phase 2 - Seeking Final Bids from Qualified Bidders

At the outset of Phase 2, the Receiver shall determine whether any Qualified Bidders should be eliminated from the Sales Process.

During Phase 2, each Qualified Bidder that is not eliminated from the Sales Process in accordance with the terms of this Sales Process shall be granted further access to such due diligence materials and information relating to the Property and the Debtor that the Receiver deems appropriate.

A Qualified Bidder that is eligible to participate in Phase 2 may deliver a written copy of a final, binding proposal (the "**Sale Proposal**") in the form of a purchase and sale agreement to the Receiver at the address specified in Schedule "A" hereto (including by email) so as to be received by it not later than 5:00 pm (Mountain Daylight Time) on June 25, 2012, or such earlier or later date or time as the Receiver, at its sole discretion, may determine (the "**Final Bid Deadline**").

A Sale Proposal submitted by a Qualified Bidder (who submitted a Qualified Non-Binding LOI on or before the Phase 1 Bid Deadline) will be considered a Qualified Purchase Bid only if the bid complies with all of the following (a "**Qualified Purchase Bid**"):

(a) Is submitted before the Final Bid Deadline;

(b) Contains a duly executed agreement of purchase and sale in respect of some or all of the Property; and

(c) Is accompanied by a certified cheque or bank draft payable to the Receiver in trust that is equal to at least ten (10%) percent of the purchase price to be paid for the Property.

The Receiver may waive the strict compliance of one or more of the requirements specified above and deem any Final Bid to be a Qualified Purchase Bid.

The Receiver may determine the Person who submitted the most favourable Qualified Purchase Bid and proceed to negotiate and settle the terms and conditions of a definitive agreement for the purchase and sale of the Property with such Person. In the event that there are two or more Qualified Purchase Bids pertaining to different parts of the Property, the Receiver may proceed to negotiate and settle the terms and conditions of two or more definitive agreements for the purchase and sale of the different parts of the Property with such Persons. Negotiations for any definitive agreements for the purchase and sale of any of the Property shall be concluded on or before 5:00 pm (Calgary Time) on July 5, 2012, or such earlier of later date and time as the Receiver may determine (the "**Final Agreement Deadline**").

In the event that no Qualified Bidder submits a Qualified Purchase Bid, that the Receiver determines that none of the Qualified Purchased Bids should be accepted, or that a definitive agreement for the purchase and sale of the Property is not entered into before the Final Agreement Deadline, this Sales Process shall terminate and the Receiver shall apply for advice and directions from the Court in respect of the Property.

<u>Vesting Order and Closing</u>

In the event that the Receiver enters into any agreement with any Final Bidder for a transaction involving the purchase and sale of the Property, the Receiver shall apply for an order from the Court approving the transaction and vesting title in the Property subject to such agreement of purchase and sale in accordance with the agreement for purchase and sale of the Property (the "**Vesting Order**"). Closing of the transaction approved pursuant to the Vesting Order shall occur on the first business day after the Vesting Order is issued or such other business day as may be agreed to by the Receiver and the Person acquiring the Property.

<u>Deposits</u>

All deposits paid pursuant to this Realization Process shall be held in trust by the Receiver. In the event that a deposit is paid pursuant to this Realization Process and the Receiver elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such deposit, the Receiver shall return the deposit and any interest accrued thereon.

<u>No Amendment</u>

There shall be no amendments to this Sales Process, including, for greater certainty the process and procedures set out herein, unless such amendment is ordered by the Court.

Further Orders

At any time during the Sales Process, the Receive may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereuuder.

Schedule "A"

<u>Address for Notices and Deliveries</u>

To the Monitor:

Ernst & Young LLP
Ernst & Young Tower
1000, 440 – 2nd Avenue S.W.
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Peter.Chisholm@ca.ey.com

With a copy to:

McCarthy Tétrault LLP
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Calgary, AB T2P 4K9

Attention: Sean Collins/Walker MacLeod
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wmacleod@mccarthy.ca

APPENDIX B

ERNST & YOUNG
Quality In Everything We Do

Acquisition Opportunity

Cougar Oil and Gas Canada Inc.

SUMMARY

Ernst & Young Inc. was appointed Receiver and Manager ("the Receiver") of the assets, property and undertakings of Cougar Oil and Gas Canada Inc. ("Cougar") on May 11, 2012. As a result, the Receiver is looking to realize on all of the assets of Cougar. This poses an excellent buying opportunity for companies looking to expand their producing oil properties and undeveloped land holdings.

KEY HIGHLIGHTS

- Cougar's assets primarily consists of oil and gas properties including majority interests in what is known as the "Trout Property" located in north central Alberta, which Cougar operates ,and interests in the Lucy Horn River Basin Mukwa shale gas project in northeast British Columbia and several First Nation Joint Venture projects in Alberta.
- Cougar's assets including the following:
  - operating working interests in 42 wells (37 in the Trout Property, 3 in Peerless, Alberta, 1 in Long Coulee, Alberta and 1 in the Alexander Area, Alberta.), Cougar's average working interest in these wells is 79.55%;
  - non-operating working interests in 9 wells (4 in Buffalo Lake, Alberta, 2 in Peerless Area, Alberta, 1 in Westlock, Alberta, 1 in Lucy, British Columbia and1 in Genesee, Alberta), Cougar's average working interest in these wells is 38.19%;
  - working interests in 3 batteries (2 in the Trout Property and 1 in the Alexander Area, Alberta) and 3 water disposal wells in the Trout Property and 50% interest in a battery in Buffalo Lake, Alberta; and
  - 17,357.5 total gross acres (15,212.71 net acres) including approximately 15,500 gross acres in the Trout Property, 1,920 gross acres in Lucy, British Columbia and 146 gross acres in the Alexander Area, Alberta.
- Average Q4 2011 production of 99 barrels of oil per day and 14 boe of natural gas per day.

Production and Reserves

Q4 2011 Production
Boe/d
113

Reserve Summary* (net mboe)			
PDP	2P	3P	% Proved
200	372	613	61%

NPV 1P Reserves * (C $000)		
8%	10%	12%
7,685	7,421	7,175

*Per GLJ Petroleum Consultants Reserve Report as at December 31, 2010

RATIONALE AND PROPOSED TRANSACTION

The acquisition will provide a purchaser with the ability to acquire oil producing properties and interests in undeveloped land with solid upside potential.

LOCATION

The Trout Property is located 73.6 km east of the town of Red Earth Creek, Alberta.

CONFIDENTIALITY

The information contained in this Overview is submitted to parties on a confidential basis for use solely in connection with their consideration of the acquisition opportunity described herein. By its acceptance hereof, the recipient agrees that neither it nor any of its employees or advisors shall use the information for any purpose other than the evaluation of the acquisition opportunity, nor shall it divulge the information or distribute this Overview to any other party, in whole or in part, at any time without the prior written consent of the Receiver.

NEXT STEPS

Prospective purchasers should direct all inquiries to the Receiver who will arrange all contacts for the appropriate due diligence. **Prospective purchasers are requested not to contact former employees/consultants of Cougar other than as directed by the Receiver.** Upon expressing interest in the Properties, the interested parties will be sent (and will be required to sign) a confidentiality agreement ("CA"). Once the CA is executed interested parties will receive access to further information and ability to conduct diligence on the opportunity. **The letter of intent bid deadline for this opportunity will be 5:00 pm (MDT) on June 15, 2012.**

The Receiver reserves the right to reject any or all of the offers received and to extend any of the timelines set out below. The Receiver will entertain en bloc or piecemeal offers for the Assets. En bloc offers are preferred. All accepted Bids offers are subject to Court approval and. the Receiver retains the right to discontinue the Sale Process at any time.

ERNST & YOUNG Inc. as Receiver of Cougar Oil and Gas Canada Inc.

1000, 440 2nd Avenue S.W., Calgary, AB, Canada T2P 5E9

Peter Chisholm

Manager

403.206.5061

peter.chisholm@ca.ey.com