You should consider carefully all the information set out in this Prospectus and, in particular, you should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to the Offer Shares. You should pay particular attention to the fact that we are incorporated in Alberta, Canada and that all of our operations are governed by a legal and regulatory environment which in some respects may differ from what might prevail in other countries. The occurrence of any of the following risks could have a material adverse effect on the business, results of operations, financial position and growth prospects of our Company. The trading prices of our Offer Shares could decline due to any of these risks, and you may lose all or part of your investment. Please be cautioned that the risks and uncertainties described below are not exhaustive.

RISKS RELATING TO OUR BUSINESS

Projects are currently in the early stages of development and may not be completed within expected time frames, within budget, or at all.

Our projects are currently in early development stages. The completion of our projects or the commencement of production and commercial sales of oil and bitumen from our projects could be delayed or experience interruptions or increased costs or may not be completed at all due to a number of factors, including:

- delays in obtaining or an inability to obtain, or conditions imposed by, regulatory approvals;
- disruption in the supply of energy and diluent;
- non-performance by third party contractors;
- inability to attract sufficient numbers of qualified workers;
- labour disputes or disruptions or declines in labour productivity;
- unfavourable weather conditions;
- contractor or operator errors;
- design errors;
- availability of infrastructure, pipeline and refining capacity;
- increases in materials or labour costs;
- catastrophic events such as fires, storms or explosions;
- the breakdown or failure of equipment or processes;
- construction, procurement and/or performance falling below expected levels of output or efficiency;
- changes in project scope;
- violation of permit requirements; and
- the pace of progress with respect to extraction technologies.

Given the stage of development of our projects, various changes to the applicable designs and concepts may be made prior to their completion, which could increase costs or delay project completion. We intend to grow our business in stages, and the potential production targets for our clastics and conventional heavy oil are approximately 200,000 bbl/d by 2024 and between 1,600-1,800 bbl/d by the end of 2012, respectively. We plan to recover our clastics and conventional heavy oil, and eventually, as the recovery technologies continue to evolve, our carbonate assets. However, we cannot assure you that our growth will proceed in the stages we expect due to the factors mentioned above or others that we may not be able to foresee.

Historically, some oil sands projects have experienced capital cost increases and overruns due to a variety of factors. While we have a schedule for developing our projects, including obtaining regulatory approvals and commencing and completing the construction of our projects, we cannot assure you that our expected timetables will be met without delays, or at all, which could have potentially adverse effects upon these projects' budgets. Any delays may increase the costs of our projects, requiring additional capital, and we cannot assure you that such capital will be available in a timely and cost-effective fashion.

The level of profitability expected may not be achieved.

The potential profitability of oil sands operations is dependent upon many factors beyond our control. As with any oil sands projects, we cannot assure you that bitumen will be produced pursuant to our Oil Sands Leases. In addition, the marketability of the bitumen produced from our projects will be affected by numerous factors beyond our control. These factors include fluctuations in market prices, the proximity and capacity of pipelines and upgrading and processing facilities, the development and condition of infrastructure necessary to carry out our operations, equipment availability and government regulations (including regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and gas and environmental protection). These factors could materially affect our financial performance and result in our not receiving an adequate return on invested capital.

In the event that our projects are developed and become operational, we cannot assure you that these projects will produce or transport bitumen or bitumen blends in quantities or at the costs anticipated, or that they will not cease production entirely in certain circumstances. Reservoir quality or equipment failures and design flaws could increase the costs of extracting bitumen at our projects. The costs of producing and transporting bitumen blends from oil sands may increase so as to render recovery of bitumen resources from our projects uneconomical. We cannot assure you that an adequate supply of natural gas and electricity will be available as fuel sources to support production operations at prices which would make our projects economically feasible.

Our estimates of operating costs have been based on current estimations for our projects. Actual operating costs may differ materially from such current estimates. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies could result in substantial costs and liabilities, delays or an inability to complete our projects or the abandonment of our projects.

The development of projects requires significant and continuous capital investment that may be difficult to raise or may be raised under unfavourable terms.

The development of oil sands projects requires a significant amount of capital investment that occurs over a number of years and prior to the commencement of commercial operations at the relevant project. As a result, our projected capital expenditures required to develop commercial operations at our projects are expected to be significantly greater than currently available working capital. We currently do not have the capital or committed financing necessary to complete all of our planned future development phases and therefore will need to rely on additional equity or debt financing to obtain the funds necessary to complete our future development activities. Inflation risks subject us to potential erosion of future product netbacks. For example, domestic prices for construction equipment and services and oil production equipment and services can inflate the costs of project development and increase future operating costs. In addition, any construction or development delays at the projects could increase the capital expenditure required to develop the projects. If we face difficulty in raising sufficient capital or raise capital under unfavourable terms in order to meet our working capital requirements, our business, results of operations, financial position and growth prospects could be materially and adversely affected.

We recorded net current liabilities as at 31 December 2008 and 2009, respectively, as well as net cash outflows from operating activities during the Track Record Period.

We had net current liabilities of approximately C$24.6 million and C$6.0 million as of 31 December 2008 and 2009, respectively, and net current assets as of 31 December 2010 and 30 September 2011 of approximately C$27.1 million and C$31.8 million, respectively. As of 30 November 2011, we had net current assets of approximately C$5.9 million.

We recorded net current liabilities as at 31 December 2008 and 2009 primarily due to bank borrowings of approximately C$25.2 million and C$5.3 million, respectively, which we used to finance our exploration and development activities. As general global economic conditions improved and the availability of liquidity in the capital markets increased in early 2010, we were able to pay down our bank borrowings and raise an aggregate of approximately C$130.7 million in equity financing during 2009 and 2010. This resulted in net current assets which allowed us to further advance the development of our oil sands projects, specifically in the Muskwa area. For the nine months ended 30 September 2011, we raised a gross amount of C$225.9 million in equity financing, which resulted in a net current asset position with available working capital of approximately C$31.8 million as at 30 September 2011 to allow us to focus on sustainable development and production in our core oil sands areas. Despite the net current assets position we achieved as at 31 December 2010 and 30 September 2011, we cannot assure you that we will be able to maintain such a position going forward or that we will not record net current liabilities in the future. If our exploration and development activities were to expand rapidly, resulting in a need to incur significant bank borrowings and exceeding the increase in our net current assets items such as cash and cash equivalents and trade and other receivables, then we will again be in a net current liabilities position. Any failure to finance our current liabilities or an increase in the cost of funding of our current liabilities could have a material and adverse effect on our business, results of operations, financial position and growth prospects. Please also refer to the section entitled "Financial Information — Capital Expenditures and Commitment, Net Current Liabilities and Contingent Liabilities — Net current (liabilities) assets".

During the Track Record Period, we incurred net cash outflows from our operating activities. For the years ended 31 December 2008, 2009 and 2010, and the nine months ended 30 September 2011, we recorded net cash used in operating activities of C$2.6 million, C$2.6 million, C$6.0 million and C$10.3 million, respectively, despite the net current assets position we achieved as at 31 December 2010 and 30 September 2011. This was primarily due to the fact that our operations are at a relatively early stage of development and have not reached commercial production. In particular, we incurred significant expenditures in relation to winter drilling activities and pre-production establishment and development of our conventional heavy oil project in the Muskwa area. Until the development of our core areas and related production and operation levels reach a sustainable level, we expect to continue to incur net cash outflows from operating activities for the foreseeable future due to the relatively early stage of our operations and our sizable capital expenditures plan. We cannot assure you that our business activities will generate sufficient cash flows from operations in the future in order to meet ongoing obligations, to service any future debts or to be sufficient for necessary capital expenditures, in which case, we may seek additional financing or consider refinancing some or all of our future debt. Please also refer to the section entitled "Financial Information — Cash Flow".

The attraction, retention and training of key and other personnel is required to meet business and operational needs.

We rely on certain key members of our senior management team and employees who have experience in the oil sands industry to manage our business and growth. The unexpected loss or departure of any of our key officers, employees or consultants could negatively impact our business, results of operations, financial position and growth prospects.

Our projects will require experienced employees with particular areas of expertise. The number of persons skilled in the exploration and development of oil sands projects may be limited. We cannot assure you that all of the required employees with the necessary expertise will be available. There are other oil sands projects in Alberta that are planned for completion on timetables similar to those of our projects. Should those other projects or expansions proceed in the same timeframe as our projects, we may compete with our competitors for experienced employees and such competition may result in retention of an insufficient number of skilled employees and increases to compensation paid to such employees.

In addition, our ability to recruit and train operating and maintenance personnel is a key factor for the success of our business activities. Actual staffing needs may exceed our current projections. If we are not successful in recruiting, training and retaining the personnel we require in sufficient numbers, our business, results of operations, financial position and growth prospects could be materially and adversely affected.

Our operations and assets could be adversely affected by the LARP.

Our operations in the Lower Athabasca region could be adversely affected by the LARP which was released in April 2011 and updated in August 2011 by the Government of Alberta. The LARP contains draft management frameworks not yet approved as provincial law for air emissions, surface water quality and ground water quality that are intended to assist in the monitoring and management of long-term cumulative changes to the Lower Athabasca region. If finalised, and if the production of hydrocarbons under provincial law are subject to change as a result of the LARP draft management framework, then all oil sands companies operating within the Lower Athabasca region will be required to comply with both the terms of their specific approvals as well as the provisions of the LARP, including its land use management frameworks. The LARP also contains future planning to increase provincial conservation areas from 6% to 22% of the region's land base. Conservation areas will be managed to minimise and prevent land disturbance including the possibility of a prohibition on oil sands development. In April 2011, the SRD placed a protective notation ("**PNT**") on all surface access associated with the LARP. The PNT acts as a land identifier to the Government of Alberta and industry to identify lands that may be managed to achieve particular land use or conservation objectives, and can place a surface restriction which requires Oil Sands Lease holders to apply for access to proposed conservation areas for new surface and exploration activities. In particular, the PNT requires that lands are held "as is" pending the outcome of the LARP draft planning and, in some cases, can prohibit any activities relating to oil sands sub-surface tenure.

The Competent Persons have independently assessed the potential impact of the LARP on all of our properties in September 2011 as set out in the table below.

	Best Estimate			
Property	Total PIIP	Total PIIP LARP impact	Remaining Total PIIP	Total PIIP Loss
	MMbbl	MMbbl	MMbbl	%
Crow Lake	332	81	251	-24
East Long Lake	162	—	162	—
Harper (carbonates)	10,555	2,828	7,727	-27
Harper (clastics)	5,581	199	5,382	-4
Total	16,630	3,108	13,522	-19

The Competent Persons have indicated that based on the current LARP only our Crow Lake, East Long Lake and Harper properties may be impacted by the proposed conservation areas. The best estimate total PIIP at our Crow Lake and Harper properties that may be impacted by the LARP accounts for approximately 6.9% of our total best estimate PIIP of 45,368 MMbbl as at 30 November 2011 as assessed by the Competent Persons. The LARP has no impact on our reserves and best estimate contingent resources.

The PNT was amended in August 2011 which allowed oil sands sub-surface tenure applications to be accepted and assessed by the SRD on a case by case basis within the Harper area. We have submitted and received a PNT restriction variance from the SRD which deemed the surface and exploration activities for our proposed 2011/2012 winter drilling programmes in the Harper area to be within the PNT boundaries. However, given the PNT restriction variance applied only to the Harper area, our access to, and exploration activities with respect to other properties continue to be subject to LARP and are substantially restricted. Until the LARP is finalised, and approved as provincial law we are unable to make any definitive assessment of the impact of the LARP on our Oil Sands Leases. However, as the impacted areas contain high estimate contingent resources, prospective resources and PIIP, the execution of our business strategies and expansion plans may be negatively affected by restrictions imposed under the LARP, which could in turn affect our business, results of operations, financial position and growth prospects. In addition, the LARP affects only the Lower Athabasca region, which is one of seven regions of Alberta. We cannot assure you that the Government of Alberta will not impose policies or plans similar to the LARP to regulate environmental protection and preservation in respect of other regions in the Province of Alberta.

Our operations depend on infrastructure owned and operated by third parties and on services provided by third parties.

We depend on certain infrastructure owned and operated or to be constructed by others and on services provided by third parties, including, without limitation, processing facilities, pipelines or rail lines for the transportation of products to the market, natural gas, diluent, disposal pipelines, electrical grid transmission lines for the provision and/or sale of electricity to us, engineering, equipment procurement and construction contracts, maintenance contracts for key equipment, and contracts for services of a constant or recurring nature. The failure of any or all of these third parties to supply utilities, services, or, in connection with our SAGD projects, to construct necessary infrastructure on a timely basis and on acceptable commercial terms will negatively impact our operations and financial results.

We initially plan on trucking diluent to, and dilbit from, our SAGD projects to markets in the short term and are also investigating rail and pipeline alternatives. The ability to deliver diluent to our SAGD projects and ship dilbit to markets is dependent on, among other things, access to trucks and drivers, absence of unforeseen obstacles and accidents, weather and general road conditions. Delays or the inability to deliver diluent to our SAGD projects or ship dilbit to market could have a negative impact on our business, results of operations, financial position, growth prospects and cash flow.

Any pursued strategic alliances, partnerships and joint venture arrangements could present unforeseen integration obstacles or costs and may not enhance the business.

We may pursue potential strategic alliances and partnerships in the areas of infrastructure development for our clastic assets, as well as the development and application of new technologies to our carbonate resources and pursue joint venture arrangements with other oil and gas companies to develop our core areas. These arrangements involve a number of risks and present financial, managerial and operational challenges. We may not be able to realise any anticipated benefits or achieve the synergies we expect from these arrangements and we may be exposed to additional liabilities of any acquired business or joint venture. Any of these could materially and adversely affect our revenue and results of operations. In addition, future acquisitions or joint ventures may involve the issuance of additional Shares of our Company, which may dilute Shareholders' interests.

Carbonate resources may not be successfully developed.

We intend to apply current and future technologies for development of our carbonate resources, predominantly at our Harper, Muskwa and Portage project areas. The successful development of our carbonate reservoirs depends on, among other things, the successful development and application of SAGD and CSS or other recovery processes to carbonate reservoirs. Although the technology has been developed for application to non-carbonate reservoirs, there are no known successful commercial projects that use SAGD or CSS to recover bitumen from carbonate formations and there exists a large range in the expected recoverable volumes, the lower end of which may not be economically viable. The principal risks associated with SAGD and CSS recovery in carbonate reservoirs are (i) the possibility of unexpected steam channeling which would increase steam requirements resulting in increased costs and potentially reduced economically recoverable bitumen volumes; and (ii) potential mechanical operating problems due to production of fine sedimentary particles which could cause wellbore plugging and reduced bitumen production rates and potential interruption of surface production operations.

Development of carbonate reservoirs will involve significant financial and time investment and project payout is not assured. Our ability to develop our bitumen resources that are located in carbonate reservoirs on a commercially viable scale is contingent upon one or more of the following events occurring:

- using existing SAGD or CSS technology to successfully exploit carbonate reservoirs;
- adapting existing SAGD or CSS technology such that it can be successfully used to exploit carbonate reservoirs; or
- developing or acquiring new technology that can be used to successfully exploit carbonate reservoirs.

We cannot assure you that any of these events will occur. The development of such recovery processes will involve significant capital expenditures and a significant lag time between capital expenditures and the commencement of commercial sales. If a pilot project and/or the technology under development does not demonstrate potential commerciality in carbonate reservoirs then our projects on these assets may not proceed and this may occur only after significant expenditures have been incurred.

In the Competent Persons' Reports in Appendix IV to this Prospectus, the development of our clastic assets is based on established recovery technology, whilst the development of the carbonate assets is based on technology under development. Please refer to the section entitled "Competent Persons' Reports" in Appendix IV to this Prospectus. There is a greater degree of risk associated with developing the carbonates in view of the distinction that established recovery technologies are methods proven successful in commercial applications, whilst technology under development is technology developed and verified by testing as feasible for future commercial application to the subject reservoir.

There could be claims related to infringement of oil and gas development rights and litigation in the ordinary course of business.

We are subject to the risk that a third party could claim that we have infringed such third party's oil and gas development rights. In addition, we could be involved in litigation in the ordinary course of business. Any claim, whether with or without merit, could be time-consuming to evaluate, result in costly litigation and cause delays in our operations, which could divert management's attention and financial resources from our normal operations.

It is possible for the Crown to grant different mineral rights over a given parcel of land in separate geological horizons. It is not uncommon for different parties to have different rights to specific geological horizons granted on different dates. As a result, different rights of different parties on the same parcel of land can result in conflicts due to their competing interests. Where this occurs, the parties may work together to negotiate a compromise that maximises recovery for all parties involved. Where such a compromise is unattainable, the authority of one of a number of administrative bodies, such as the ERCB or the Surface Rights Board, will be determinative while the ultimate result will be affected by the nature and particular characteristics of the conflict. The ultimate result of such conflicts cannot therefore be predicted accurately in advance and could include the temporary suspension of our ability to explore, develop and exploit our mineral rights.

Hedging arrangements are subject to risks.

The nature of our operations will result in exposure to fluctuations in currency and commodity prices. We may use financial instruments and physical delivery contracts to hedge our exposure to these risks. To the extent that we engage in hedging activities, we will be exposed to credit related losses in the event of non-performance by counterparties to the physical or financial instruments. Additionally, if product prices increase above those levels specified in any future commodity hedging agreements we enter into, we would lose the full benefit of commodity price increases. If we enter into hedging arrangements, we may suffer financial losses if we are unable to commence operations on schedule or are unable to produce sufficient quantities of oil to fulfil our obligations. We may also hedge our exposure to the costs of inputs to our projects such as natural gas. If the prices of these inputs fall below the levels specified in any future hedging agreements, we would lose the full benefit of commodity price decreases.

RISKS RELATING TO THE ALBERTA OIL SANDS INDUSTRY

Revenue and results of operations are sensitive to changes in oil prices and general economic conditions.

Our revenue and results of operations are sensitive to movements in the market prices for crude oil and general economic conditions. The prices that we receive for our conventional heavy oil bitumen and bitumen blend will depend on crude oil prices. Crude oil prices have historically been subject to large fluctuations due to changes in the supply of, and demand for, oil (and the market perception thereof), which in turn are affected by factors beyond our control. These factors include, among other things, the condition of the Canadian, United States and global economies, actions taken by the Organisation of Petroleum Exporting Countries, governmental regulation, political stability in oil producing nations and elsewhere and war or the threat of war in oil producing regions. Adverse changes in general economic and market conditions could also negatively impact demand for crude oil, bitumen and bitumen blend, revenue, operating costs, results of financing efforts, fluctuations in interest rates, market competition, labour market supplies, timing and extent of capital expenditures or credit risk and counterparty risk.

Any significant reduction in oil prices would lower our selling prices, which could have a material and adverse effect on our revenue and profitability. In addition, a significant reduction in oil prices could render uneconomic the recovery, blending and transportation of our bitumen resources. For example, the global financial crisis that started in 2008 led to a significant drop in oil prices. As a result, a number of oil sands projects were withdrawn or postponed since oil prices at the time were not at a level which made oil sands projects economically feasible. We cannot assure you that oil prices will remain at commercially acceptable levels for oil sands developers in the future.

In addition, the market prices for conventional heavy oil and bitumen blends are lower than the established market indices for light and medium grades of oil, due principally to diluent prices and the higher transportation and refining costs associated with conventional heavy oil and bitumen blends. Future price differentials between heavier and lighter grades of crude oil are subject to uncertainty and any increase in the price differentials could have an adverse effect on our business, results of operations, financial position and growth prospects.

We conduct an assessment of the carrying value of our assets to the extent required by IFRS. If crude oil prices decline, the carrying value of our assets could be subject to downward revision, and our earnings could be adversely affected.

In the future, we may enter into hedging arrangements in order to reduce the impact of crude oil price fluctuations. For a discussion of the risks associated with those arrangements please refer to the section entitled "— Risks Relating to Our Business — Hedging Arrangements Are Subject to Risks" above.

The Canadian oil sands industry could experience disruptions due to unfavourable or seasonal weather conditions.

The level of activity in the Canadian oil sands industry is influenced by seasonal weather patterns and could be affected by unfavourable weather conditions. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil producing and exploration areas (including many of the areas in which we operate) are located in regions that are inaccessible other than during the winter months because the ground surrounding the sites consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in development and production activities.

Bitumen *in situ* recovery processes are subject to uncertainties.

The recovery of bitumen using *in situ* processes such as SAGD or CSS is subject to uncertainty. Although several companies have utilised these processes to recover bitumen, we cannot assure you that our projects will achieve the same or similar results, or that any of our projects will produce bitumen at expected levels, on schedule or at all.

The quality and performance of the reservoir can also impact the timing, cost and levels of production using this technology. *In situ* exploration and production operations are also subject to risks such as encountering unexpected formations or pressures and invasion of water into producing formations. With additional data and knowledge of a reservoir, we may realise that the reservoir does not show the same level of porosity and permeability as shown from the previous data set. Moreover, the actual production performance, including recovery rate and SOR, may not meet what has been predicted. In that case, the production plan may be changed or adjusted significantly.

The performance of SAGD or CSS facilities may differ from our expectations. The variances from expectations may include, without limitation:

- the ability to operate at the expected level of production;
- the reliability or availability of the SAGD and CSS facilities; and
- the amount of steam required to reduce the viscosity of bitumen resources.

If the SAGD or CSS facilities do not perform to our expectations or as required by regulatory approvals, we may be required to invest additional capital to correct deficiencies or we may not be able to meet our expected level of production. If these expectations are not met, our revenue, cash flow and relationships with customers could be materially and adversely affected.

Our profitability could be materially and adversely affected by fluctuations in natural gas prices.

Our profitability could be materially and adversely affected by fluctuations in natural gas prices. We utilise natural gas to produce steam and natural gas condensate as a diluent to reduce the viscosity of our bitumen resources. Natural gas prices have been subject to significant fluctuations due to changes in supply and demand. Factors which affect natural gas prices include, among other things, weather conditions in the United States and Canada, pipeline capacity and oil prices. We currently do not plan to enter into long term contracts for the purchase of natural gas or hedging arrangements related to movements in natural gas prices. If natural gas prices increase, our costs could increase and our profitability could be materially and adversely affected.

Drilling and other equipment for exploration and development activities may not be available when needed.

Oil exploration and development activities are dependent on the availability of drilling and related equipment in the areas where such activities will be conducted. If the demand for this equipment exceeds the supply at any given time, or if the equipment is subject to access restrictions, our exploration and development activities could be delayed. We cannot assure you that sufficient drilling and other necessary equipment will be available as needed by us. Shortages could delay our proposed exploration, development and sales activities, and could have a material adverse effect on the business, results of our operations, financial position and growth prospects.

Access to diluent supplies at favourable prices may be limited.

Bitumen is characterised by low API gravity or weight and high viscosity or resistance to flow. We plan on using condensate as a diluent. Diluent is required to facilitate the processing and transportation of bitumen. A shortfall in the supply of diluent may cause its cost to increase or require alternative diluent supplies to be purchased, thereby increasing the cost to transport bitumen to market and correspondingly increasing our operating cost and adversely impacting our overall profitability.

A lack of, or impediment to constructing sufficient pipeline, shipping or refining capacity could adversely affect our business, results of operations, financial position and growth prospects.

The primary market for Canadian-sourced oil has traditionally been the United States. Through proposed pipelines and shipping terminals, Canadian-sourced oil from Alberta could be transported to Asian markets when destination terminals are constructed along the west coast of Canada and when transportation proposals connecting the Athabasca region to west coast terminals are implemented. Currently there are a number of planned projects which could potentially increase the pipeline, shipping and refining capacity for bitumen and conventional heavy oil sourced from Alberta. However, we cannot assure you that these projects will increase pipeline, shipping or refining capacity at a rate which would be sufficient to match the demand for such capacity. If there is a shortage of pipeline, shipping and refining capacity for heavy conventional oil and bitumen, our business, results of operations, financial position and growth prospects could be materially and adversely affected.

Major infrastructure projects such as trans-continental pipelines to transport oil from Alberta to the United States require regulatory and government approvals from both the Canadian and US governments. If proposed pipeline construction projects are rejected by either government or if there are other technical or regulatory obstacles associated with the construction of the pipelines, new pipelines may not be constructed and our ability to transport oil using such pipelines would be negatively impacted. Similarly, any rejection by governments or regulatory bodies of proposals to build new shipping and refining capacity for heavy conventional oil and bitumen may also materially and adversely affect our business, results of operations, financial position and growth prospects.

Oil sands exploration and development is subject to operational risks and hazards.

The operation of our projects is subject to risks and hazards relating to recovering, transporting and processing hydrocarbons, such as fires, explosions, gas leaks, migration of harmful substances, blowouts and spills. The occurrence of any of these incidents might result in the loss of equipment or life, as well as injury or property damage. Our projects could be interrupted by natural disasters or other events beyond our control. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on our projects and on our business, results of operations, financial position and growth prospects.

Our projects are expected to process large volumes of hydrocarbons at high pressure and at high temperatures in equipment with defined tolerances which will handle large volumes of high pressure steam. Equipment failures could result in damage to our facilities and liability to third parties against which we may not be able to fully insure or may elect not to insure due to high premium costs or for other reasons.

We expect that we will initially use trucks to bring our bitumen to the market. Normal hazards associated with trucking include collisions between vehicles and wildlife. We may also use rail or pipelines to transport dilbit to the market and diluent to our projects. Normal hazards associated with transportation by rail include collisions with vehicles and wildlife and rail line breaks. Normal hazards associated with transportation by pipeline include leakage and other potential environmental issues. These hazards could potentially disrupt the transportation of our products and materials and could materially and adversely affect our business, results of operations, financial position and growth prospects.

Our plans and assumptions for the development of Base Case Clastic Assets differ in some important respects from the plans and assumptions relied on by GLJ.

GLJ, one of the Competent Persons, has provided a third party view of a development plan for our Base Case Clastic Assets. However, we intend to pursue our own development plans based upon our own assumptions for Base Case Clastic Assets. Certain of these plans and assumptions, including the development schedule, expected capital expenditures, operating cost, and production levels and other performance indicators differ from those employed by GLJ. In particular, our management assumptions and GLJ assumptions differ in the following principal respects:

- We have assumed a more conservative development schedule compared to the schedule assumed by GLJ, because we have taken into account additional possible constraints such as access to cost efficient capital.
- We have derived our production estimate from type curves created from a numerical reservoir simulator, which we believe incorporates more detailed reservoir and fluid characterisation than is inherently possible using the analytical model employed by GLJ. As a result, it allows us to conduct more rigorous sensitivity analysis to determine the impact of changes in parameters, resulting in a higher, project-specific production estimate than that of GLJ.

- We and GLJ have both assumed the use of infill wells to increase bitumen recovery. However, we have assumed that infill wells will begin production within two and half years after first steam as compared to four years based on the assumption of GLJ. In addition, we have assumed a smaller volume of steam is required to produce a barrel of bitumen than that assumed by GLJ, leading to an estimate of reduced fuel operating cost per barrel compared to GLJ's estimate.
- We have assumed NCG co-injection earlier in a well's productive life in order to achieve a reduction in overall steam requirements by one-third after one year of production. GLJ assumed NCG co-injection near the end of a well's productive life which will only lead to a steam reduction of 10%.
- We expect to have lower SOR requirements and a smaller central processing facility as a result of the different assumptions we adopted regarding infill wells and NCG co-injection, allowing us to estimate lower capital and operating costs per barrel of bitumen compared to GLJ's estimate.

For more information on management assumptions and how they differ from assumptions employed by GLJ, please refer to the section entitled "Business — Reserves and Resources Evaluations — Management commentary on key assumptions" in this Prospectus for further information.

While a number of our key assumptions may be more or less favourable than those adopted by GLJ, they do not affect the reserves and resources, as stated by GLJ. We cannot assure you that we will be able to achieve our planned production targets with the level of capital and operating expenditure which we currently anticipate. For example, if our actual SOR is higher than we anticipated, we will likely experience lower production levels or need to incur more capital and operating expenses in order to achieve our target production. Many of the assumptions made by us are subject to change and may, over time, deviate from actual events. If our management assumptions prove to be inaccurate, our actual results of operations may diverge from our estimates, and such divergence may be significant and adverse.

There are risks associated with reserves and resources definitions.

We have disclosed estimated volumes of our contingent resources, prospective resources and PIIP, in addition to estimates of values of contingent resources, in this Prospectus. None of the volumes or values of our reserves or resources have been risked for chance of development or, in the case of prospective resources, chance of discovery. Contingent resources, prospective resources and PIIP are not estimates of the volumes of petroleum that may be recovered. Actual recovery may be substantially less. We are currently attributed with 419 million bbls of 2P reserves and 3.1 billion bbls of best estimate contingent resources.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, established recovery technology or technology under development, corporate commitment, and/or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status. In the Competent Persons' Reports in Appendix IV to this Prospectus, the development of our clastic assets is based on established recovery technology, whilst the development of the carbonate assets is based on technology under development. There is a greater degree of risk associated with developing the carbonates in view of the distinction that established recovery technologies are methods proven to be successful in commercial applications, whilst technology under development is technology developed and verified by testing as feasible for future commercial application to the subject reservoir.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further sub-divided in accordance with the level of certainty associated with recoverable estimates, assuming their discovery and development, and may be sub-classified based on project maturity.

Total PIIP is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered. It is a measure derived from an aggregation of the total reserves, contingent resources and prospective resources held by a person, whether they are recoverable or unrecoverable.

The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Resources should be provided as low, best, and high estimates as follows:

- Low Estimate: This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

- Best Estimate: This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

- High Estimate: This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

This approach to describe uncertainty may be applied to reserves, contingent resources, prospective resources and PIIP. There may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production. We cannot assure you that it will be commercially viable to produce any portion of the contingent or prospective resources.

The reserves and resources data and present value calculations presented in this Prospectus are estimates based on a number of assumptions which may deviate from the actual figures over time.

There are numerous uncertainties inherent in estimating quantities of proved and probable reserves, quantities of contingent resources and future net revenues to be derived therefrom, including many factors beyond our control. The reserves, contingent resources and estimated financial information with respect to certain of our Oil Sands Leases have been independently evaluated by the Competent Persons. These evaluations include a number of factors and assumptions made as of the date on which the evaluation is made such as geological and engineering estimates which have inherent uncertainties, the effects of regulation by governmental agencies such as initial production rates, production decline rates, ultimate recovery of reserves and contingent resources, timing and amount of capital expenditures, marketability of production, current and estimate prices of blended bitumen, crude oil and natural gas, our ability to transport our product to various markets, operating costs, abandonment and salvage values and royalties and other government levies that may be imposed over the productive life of the reserves and contingent resources. Reserves and contingent resources estimates may require revision based on actual production experience. Actual production and cash flow derived from our Oil Sands Leases may vary from the Competent Persons' estimates on both, and such variations may be material and adverse.

We use PV10% to estimate the present value of future net revenues from our operations. Pre-tax PV10% is the estimated present value of our future net revenues generated from our proved reserves and contingent resources before taxes, discounted using an annual discount rate of 10%. Post-tax PV10% is the same calculation on an after tax basis. PV10% is not a measure of financial or operating performance, nor is it intended to represent the current market value of our estimated oil sands reserves and resources. Estimates with respect to reserves and contingent resources that may be developed and produced in the future are often based on volumetric calculations, probabilistic methods and analogy to similar types of reserves and resources, rather than upon actual production history, and are therefore generally less reliable. Subsequent evaluations of the same reserves or resources based on production history may result in material variations from current estimated reserves and contingent resources. Furthermore, estimates with respect to future revenue to be derived from proved reserves and contingent resources are inherently uncertain as they are often determined based on assumed oil prices and our operating costs and may be further impacted by assumptions we make in respect of a number of factors, such as market demand for oil, interest rate and inflation rate, all of which are not within our control. While we believe that the presentation of PV10% estimates provides useful information to investors in evaluating and comparing the relative size and value of our reserves and contingent resources, calculations of our future net revenues using PV10% are inherently uncertain as a result of the reasons outlined above and therefore should not be unduly relied on. Furthermore, the Competent Persons, in the Competent Persons' Reports, have used a range of other discount rates to calculate present value of future net revenues which would produce different results from the use of PV10%. We make no representation that 10% is the correct or best discount rate to use and PV10% estimates are presented in this Prospectus for reference only.

Future delineation programmes may not be successful in adding to reserves and resources.

As part of our growth strategy, we intend to further delineate reserves and resources on our existing Oil Sands Leases land base. We cannot assure you that our delineation programmes will be successful in adding to our reserves and resources. If these programmes are not successful, our growth prospects could be materially and adversely affected.

The oil sands and oil industry in general are highly competitive.

The Canadian oil sands industry and international oil industry are highly competitive. Oil producers compete with each other in a number of areas, including in attracting and retaining experienced and skilled management personnel and oil and gas professionals, the procurement of equipment for the extraction of bitumen, access to capital markets, the exploration for, and the development of, new sources of supply, the acquisition of oil interests, the distribution and marketing of petroleum products, and the obtainability of sufficient pipeline and other means of transportation. Our business will compete with producers of bitumen, bitumen blends, synthetic crude oil and conventional crude oil. Some of these competitors may have lower costs and greater financial and other resources than us. A number of these competitors have significantly longer operating histories and have more widely recognised brand names, which could give such competitors advantages in attracting customers and employees. The expansion of existing operations and development of new projects by other companies could materially increase the supply of competing crude oil products in the marketplace. Depending on the levels of future demand, increased supplies could have a negative impact on prices for bitumen blend, which in turn could negatively affect our selling prices.

Ownership of Oil Sands Leases and PNG Licences are subject to federal, provincial and local laws and regulations and Oil Sands Leases may be unable to be renewed.

The Mines and Minerals Act regulates those natural persons and corporate entities eligible to own Oil Sands Leases or PNG Licences and limits ownership to a number of different types of locally registered corporate entities, including corporations registered under the Companies Act or corporations registered, incorporated or continued under the ABCA. Accordingly, overseas companies or entities may not directly own Oil Sands Leases or PNG Licences in Alberta. They may only do so indirectly through whole or part ownership of a Canadian registered or incorporated company.

The ICA also generally prohibits a reviewable investment to be made by an entity that is a “non-Canadian”, unless after review, the minister responsible for the ICA is satisfied that the investment is likely to be of net benefit to Canada.

An investment in the Shares by a non-Canadian who is not a “WTO investor” (which includes governments of, or individuals who are nationals of, member states of the World Trade Organisation (including Canada) and corporations and other entities which are controlled by them), at a time when our Company was not already controlled by a WTO investor, would be subject to a net benefit review under the ICA in two circumstances. First, if it was an investment to acquire control (within the meaning of the ICA, and as described below) and the value of our Company’s assets, as determined under ICA regulations, was C$5 million or more. Second, the investment would also be reviewable if an order for review was made by the federal cabinet of the Canadian government on the grounds that the investment related to Canada’s cultural heritage or national identity (as prescribed under the ICA), regardless of asset value.

An investment in our Shares by a WTO investor (or by a non-Canadian who is not a WTO investor at a time when our Company was already controlled by a WTO investor) would only be reviewable under the ICA if it was an investment to acquire control and the value of our Company's assets, as determined under ICA regulations, was not less than a specified amount, which for 2012 is C$330 million.

In addition to the foregoing circumstances, an investment would also be reviewable if an order for review is made by the federal cabinet of the Canadian government on the grounds that an investment by a non-Canadian could be injurious to national security.

As a result of legislative amendments not yet in force, the usual thresholds for review for direct acquisitions of Canadian businesses (other than acquisitions of cultural businesses) by foreign investors may change as of a date to be determined by the federal cabinet of the Canadian Government. At that time transactions will be reviewable only if the "enterprise value" of the assets of the Canadian business is equal to or greater than C$600 million, in the case of investments made during the first two years after the amendments come into force, which threshold would increase in accordance with the regulations.

The ICA provides detailed rules to determine if there has been an acquisition of control. For example, a non-Canadian would acquire control of our Company for the purposes of the ICA if the non-Canadian acquired a majority of the Shares. The acquisition of less than a majority, but one-third or more, of the Shares would be presumed to be an acquisition of control of our Company unless it could be established that, upon such acquisition, our Company would not in fact be controlled by the acquirer. An acquisition of control for the purposes of the ICA could also occur as a result of the acquisition by a non-Canadian of all or substantially all of our Company's assets.

Further, the Competition Act provides that certain substantial transactions among significant parties may not be consummated unless a pre-merger notification thereof is made to the Commissioner and a stipulated waiting period expires. Where the Commissioner believes that a proposed transaction does not give rise to competition concerns, he may issue an advance ruling certificate (an "**ARC**") that exempts the parties from the notification requirement and precludes the Commissioner from challenging the transaction in the future.

There are two thresholds that must be met in order for a transaction to be notifiable. The first threshold is the current C$77 million "size of transaction" threshold. This threshold is set annually by the Canadian government and the 2012 threshold was recently published as C$77 million. If the book value of the assets in Canada of our Company, or the revenues generated from sales in or from Canada by our Company and our affiliates exceed C$77 million, the second C$400 million "size of the parties" threshold must also be considered. Assuming the first threshold is exceeded, if the book value of the assets in Canada or the revenues generated in, from and into Canada of the purchaser and its affiliates and our Company and our affiliates exceeds $400 million, notification is required.

In connection with the Global Offering, if a person (or affiliated group of persons) acquires more than 20% of the total issued and outstanding Shares as a result of the Global Offering and the above mentioned thresholds are exceeded, Competition Act approval may be required.

If a transaction is subject to notification, the parties thereto are required to file prescribed information in respect of themselves, their affiliates and the proposed transaction and pay a prescribed filing fee. The parties may also apply for an ARC or a "no action letter" which may be issued by the

Commissioner in respect of a proposed transaction if she is satisfied that there are not sufficient grounds on which to apply to the Competition Tribunal for an order challenging the transaction at that time. As the Commissioner retains the right to challenge a transaction for up to three years after closing, the parties usually agree not to close until the Commissioner has completed her review and has issued either a no-action letter or an ARC. The Commissioner would likely only challenge a proposed transaction if the transaction prevents or lessens, or is likely to prevent or lessen, competition substantially in the market affected.

Oil produced from Oil Sands Leases in Alberta is produced pursuant to two types of oil sands agreements issued under the Oil Sands Tenure Regulation made under the Mines and Minerals Act. These are (i) permits, issued for a five-year term, which can be converted into leases; and (ii) leases, issued for an initial 15-year term, which can be continued as to all or any portion which the Minister of Energy may determine. The Mines and Minerals Act requires that exploration or development activities be undertaken according to prescribed levels of evaluation or production. Permits may generally be converted into leases provided certain minimum levels of exploration have been achieved and all lease rentals have been timely paid. Although an Oil Sands Lease may generally be continued after the initial term as to all or any portion which the Minister of Energy may determine, if the minimum levels of exploration or production have not been achieved and all lease rentals have been timely paid, we cannot assure you that we will be able to renew all of our Oil Sands Leases as they expire.

Operations are subject to significant government regulation.

Our business is subject to substantial regulation under provincial and federal laws relating to the exploration for, and the development, processing, marketing, pricing, taxation, and transportation of oil sands bitumen, its related products and other matters. Changes to current laws and regulations governing operations and activities of oil sands operations could have a material adverse impact on our business. We cannot assure you that laws, regulations and government programmes related to our projects and the oil sands industry will generally not be changed in a manner which may adversely affect our projects, cause delays or inability to complete our projects or adversely affect our profitability.

The permits, leases, licences and approvals which are necessary to conduct our operations may not be obtained or renewed or may be cancelled.

Permits, leases, licences, and approvals are required from a variety of regulatory authorities at various stages of our projects. We cannot assure you that the various government permits, leases, licences and approvals sought will be granted in respect of our projects or, if granted, will not be cancelled or will be renewed upon expiry. We cannot assure you that such permits, leases, licences, and approvals will not contain terms and provisions which may adversely affect the final design and/or economics of our projects. In addition, we cannot assure you that third parties will not object to the development of our projects during the regulatory process.

When resources and reserves have been extracted from projects, abandonment and reclamation costs will be incurred.

We will be responsible for compliance with the terms and conditions of environmental and regulatory approvals we receive and all the laws and regulations regarding the abandonment of our exploration and delineation wells, our projects and the reclamation of our lands at the end of their economic lives. These abandonment and reclamation costs may be substantial.

A breach of such approvals, laws or regulations may result in the issuance of remedial orders, the suspension of approvals, or the imposition of fines and penalties. It is not presently possible to estimate the abandonment and reclamation costs with certainty since they will be a function of regulatory requirements in the future. The value of salvageable equipment may not fully cover these abandonment and reclamation costs.

In addition, in the future we may be required by applicable laws or regulations to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs, which could divert cash resources away from capital expenditure and working capital needs. During the Track Record Period, we have made a provision for decommissioning obligations. Please refer to the sections entitled "Accountants' Report — 3. Significant Accounting Policies — 3.8 Provisions — Decommissioning Costs" and "Accountants' Report — 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty — Critical judgements and estimates in applying accounting policies — Decommissioning provision" in Appendix I to this Prospectus.

Our operations are subject to environmental regulation.

Our operations are, and will continue to be, affected in varying degrees by federal, provincial and local laws and regulations regarding the protection of the environment. Should there be changes to existing laws and regulations, our competitive position within the oil sands industry may be adversely affected, and other industry players may have greater resources than we have to adapt to legislative changes.

We cannot assure you that future environmental approvals, laws or regulations will not adversely impact our ability to develop and operate our oil sands projects or increase or maintain production of bitumen or control of our costs of production. Equipment which can meet future environmental standards may not be available on economically viable terms or on a timely basis and instituting measures to ensure environmental compliance in the future may significantly increase operating costs or reduce output. There is a risk that the federal and/or provincial governments could pass legislation that would tax air emissions or require, directly or indirectly, reductions in air emissions produced by energy industry participants, which we may be unable to mitigate.

All phases of the oil sands business present environmental risks and hazards and are subject to environmental legislation and regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases and emissions of various substances produced in connection with oil sands operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Unlawful discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. We cannot assure you that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise may have a material adverse effect on our business, results of operations, financial position and growth prospects.

Oil sands leases are subject to provincial stewardship and conservation guidelines, and as such, there is a risk that surface and subsurface access and activities could be altered to conserve and protect the diversity of ecological regions, migratory species and support the efficient use of lands. The ALSA defines regional outcomes (economic, environmental and social) and includes a broad plan for land and natural resource use for public and private lands.

Additionally, although we are currently not a party to any material environmental litigation, we cannot assure you that we will not become subject to such legal proceedings in the future, which may have a material adverse effect on our business, results of operations, financial position, growth prospects and reputation.

For further information on environmental regulation, please refer to the section entitled "Laws and Regulations in the Industry — Laws and Regulations Relating to Land" and the section entitled "Laws and Regulations in the Industry — Laws and Regulations Relating to Environmental Protection" in this Prospectus.

Operations could be adversely affected by climate change legislation.

As is the case for all producers, our exploration activities and production facilities emit GHG which directly subjects us to statutory regulation.

On 1 July 2007, SGER came into force under the Climate Change and Emissions Management Act requiring Alberta facilities which emit or have emitted more than 100,000 tonnes of GHGs in 2003 or any subsequent year to reduce their GHG emissions intensity by 12% (from emission baseline levels). If a facility is not able to abate GHG emissions sufficiently to meet the reduction target, it may utilise the following compliance mechanisms: (i) emissions performance credits obtained from other regulated facilities; (ii) emissions offsets obtained from non-regulated facilities or projects which reduce or remove GHG emissions; or (iii) credits for contributions to the Climate Change and Emissions Management Fund. Regulated facilities may choose any combination of these compliance mechanisms to comply with their target. At present, we do not operate any facilities regulated by SGER. However, we cannot assure you that we will not incur material costs in the future if the relevant provisions contained in SGER are amended. The Government of Alberta also published a new climate change action plan in January 2008 wherein it set an objective to deliver a 50% reduction in GHG emissions by 2050 compared to business as usual, by employing: (i) mandatory carbon capture and storage ("**CCS**") for certain facilities and development across all industrial sectors; (ii) energy efficiency and conservation; and (iii) research and investment in clean energy technologies, including carbon separation technologies to assist CCS.

Changes in the regulatory environment such as increasingly strict carbon dioxide emission laws could result in significant cost increases. In 2008, the Government of Canada provided details of its environmental regulatory framework, originally announced on 26 April 2007. All industrial sectors in Canada were required to reduce their emissions intensity from 2006 levels by 18% by 2010, with 2% continuous improvement every year after that. Oil sands facilities that commence production after 2012 were to meet a stricter set of requirements that are based on CCS for *in situ* and upgrading, which were to be effective in 2018. Draft regulations to implement the framework were originally scheduled to be made available for public comment in the fall of 2008 and introduced by January 2010, but have not yet been released. It is unknown when the regulations will be released or implemented.

Canada is a signatory to the UN Framework Convention on climate change and the Kyoto Protocol established thereunder pursuant to which it was required to reduce its GHG emissions by 6% below 1990 levels by the 2008-2012 timeframe. Subsequent to ratifying the Kyoto Protocol, the Government of Canada announced that it would be unable to meet its Kyoto commitments. In December 2009 representatives from approximately 170 countries met at Copenhagen, Denmark, to negotiate a successor to the Kyoto Protocol. That meeting resulted in the non-binding Copenhagen Accord which represents a broad political consensus rather than a binding international obligation. On 30 January 2010, the Government of Canada committed to a non-binding GHG emissions target of 17% below 2005 levels by 2020 pursuant to the Copenhagen Accord. On 12 December 2011, the Government of Canada announced that it would not agree to a second Kyoto compliance period following the expiration of the first period in 2012.

The Canadian government has stated on several occasions that it would like to align its GHG emissions regime with that of the US. It is currently unclear when such legislation will be enacted in the US or what it will entail. It is therefore unclear whether or when the Canadian federal government will implement a GHG emissions regime or what obligations might be imposed thereunder. Any Canadian federal legislation, once enacted, could have a material effect on our operations.

Future federal industrial air pollutant and GHG emission reduction targets, together with provincial emission reduction requirements contemplated in the Climate Change and Emissions Management Act, or emission reduction requirements in future regulatory approvals, may require the reduction of emissions or emissions intensity from our operations and facilities, payments to a technology fund or purchase of emission performance or off-set credits. The required emission reductions may not be technically or economically feasible for our projects and the failure to meet such emission reduction requirements or other compliance mechanisms may materially adversely affect our business and result in fines, penalties and the suspension of operations. In addition, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other compliance methods of reducing emissions or emission intensity to required levels in the future may significantly increase our operating costs or reduce the output of our projects. Emission performance or off-set credits may not be available for acquisition by us, or may not be available on an economically feasible basis. There is also the risk that the provincial government could impose additional emission or emission-intensity reduction requirements, or that the federal and/or provincial governments could pass legislation which would tax such emissions.

Changes in foreign exchange rates could adversely affect our business, results of operations and financial position.

Our results are affected by the exchange rate between the Canadian and US dollar. The majority of our expenditures and other expenses are in Canadian dollars, and our reporting currency is the Canadian dollar. The majority of our revenues will be received in US dollars or from the sale of oil commodities that reflect prices determined by reference to US benchmark prices. An increase in the value of the Canadian dollar relative to the US dollar will decrease the revenues received and recorded in our financial statements from the sale of our products.

Shortages in electricity and natural gas, or increases in electricity and natural gas prices may adversely affect our business, results of operations and financial position.

We expect to consume substantial amounts of electricity and natural gas in connection with our bitumen recovery techniques, and our demand will increase as our production capabilities increase and our projects are developed. Any shortages or disruptions in our electricity or natural gas could lead to increased costs. Although we plan to generate electricity for our projects through the use of our cogeneration plant rather than through purchasing power from the local grid, we cannot assure you that this plant will sufficiently supply power to our projects. If we purchase electricity from the local grids, the electricity prices could be higher than the electricity sourced from our cogeneration plant, and our operating expenses could increase.

Shortages in water supply may adversely affect our business, results of operations and financial position.

In SAGD operations, water is used to create steam and it is also used to separate bitumen from sand. In order to use or divert fresh water, we must first obtain a water licence. Any shortages in our water supply could lead to increased costs, and any delays or difficulties in obtaining or maintaining a water licence could adversely affect our operations. For further details, please refer to the section entitled "Laws and Regulations in the Industry — Water use" in this Prospectus.

Our Competent Persons have not undertaken site inspections of our Properties or independently verified the data provided to them by our Company

Our Competent Persons rely on, amongst other things, the data provided to them by us in their evaluation of our reserves and resources. Our Competent Persons have not undertaken site inspections of our Properties. Further, data provided to our Competent Persons by us is considered by our Competent Persons, but is only independently verified through public data, analogous developments and/or interpreted by utilising the Competent Persons' experience and industry knowledge. The Competent Persons provide independent evaluation of our resources based on all available data. We cannot be certain that the Competent Persons would not have evaluated our reserves and resources, as disclosed in this Prospectus, differently, if they had conducted a site visit or relied only on public data sources not including the information directly provided by our Company.

RISKS RELATING TO ALBERTA AND CANADA

Cash flow and profitability could be affected by changes in Alberta's royalty regime and by increased taxes.

The development of our resource assets will be directly affected by the applicable fiscal regime. The economic benefit of future capital expenditures for our projects is, in many cases, dependent on the fiscal regime. The Government of Alberta receives royalties on production of natural resources from lands in which it owns the mineral rights. On 25 October 2007, the Government of Alberta unveiled a new royalty regime. The new regime introduced new royalties for conventional oil, natural gas and crude bitumen and became effective on 1 January 2009. These royalties are linked to commodity prices and production levels and will apply to both new and existing oil sands projects and conventional oil and gas activities.

Under this regime, the Government of Alberta increased its royalty share from oil sands production by introducing price-sensitive formulas which will be applied both before and after specified allowed costs have been recovered. These changes to Alberta's oil sands royalty regime required changes to existing legislation, including the Mines and Minerals Act, and the implementation of certain new legislation, namely the Oil Sands Royalty Regulation, the Oil Sands Allowed Cost (Ministerial) Regulation, and the Bitumen Valuation Methodology (Ministerial) Regulation. While the intent of such revised and newly implemented legislation is to provide a fair, predictable and transparent royalty regime, each of the abovementioned statutes have been partially amended since 2009, and in some cases specifically remain open to changing circumstances and new categories of costs, and as such remain subject to further future modification, whether as a result of industry developments, renewed public and/or industry consultation or otherwise.

We cannot assure you that the Government of Alberta or the Government of Canada will not adopt a new fiscal regime or otherwise modify the existing fiscal regime governing oil sands producers in a manner that could materially affect the financial prospects and results of operations of oil sands developers and producers in Alberta, including us.

As we are incorporated in Alberta, Canada and are principally governed by Canadian laws and regulations, you may not have the benefit of certain Hong Kong laws, rules and regulations such as those relating to shareholder protection which, although broadly commensurate with those protections afforded to shareholders of Canadian listed companies, are not identical.

We are governed by the ABCA and are principally subject to Canadian laws, regulations and accounting standards. As highlighted in the section entitled "Summary of the Articles and By-Laws of Our Company, Certain Alberta Laws and Canadian Federal Laws and Shareholder Protection Matters" in Appendix V to this Prospectus, Canadian laws and regulations may differ in some respects from comparable laws and regulations of Hong Kong or other jurisdictions. Accordingly, shareholders may not have the benefit of certain Hong Kong laws and regulations.

Dividends payable to foreign investors and gains on the sale of Shares may become subject to withholding taxes under Canadian tax laws.

Dividends paid or credited or deemed to be paid or credited on our Shares to a Non-Resident Shareholder (as defined in the section entitled "Summary of the Articles and By-Laws of our

Company, Certain Alberta Laws and Canadian Federal Laws and Shareholder Protection Matters — Certain Canadian Federal Income Tax Considerations" in Appendix V to this Prospectus) will be subject to a Canadian non-resident withholding tax at a rate of 25%, subject to reduction under the provisions of any applicable income tax treaty or convention between Canada and the country of which the Non-Resident Shareholder is resident.

A Non-Resident Shareholder may also be subject to tax in respect of any capital gain realised by such Shareholder on a disposition of Shares if the Shares constitute "taxable Canadian property" (as defined in the ITA) of the Non-Resident Shareholder at the time of disposition and the Non-Resident Shareholder is not entitled to relief under an applicable income tax treaty or convention. The Shares will generally not constitute taxable Canadian property to a Non-Resident Shareholder unless certain ownership thresholds and asset value tests have been satisfied.

For further details about potential Canadian federal income tax considerations, please refer to the section entitled "Summary of the Articles and By-Laws of our Company, Certain Alberta Laws and Canadian Federal Laws and Shareholder Protection Matters — Certain Canadian Federal Income Tax Considerations" in Appendix V to this Prospectus. Investors should consult an independent tax adviser if they have any doubt about the application of Canadian federal income tax rules to their particular circumstances and the consequences to them of the purchase, ownership and disposition of our Shares.

Claims may be made by aboriginal peoples.

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada based on historic use and occupation of lands, historic customs and treaties with governments. Such rights may include rights to access the surface of the lands, as well as hunting, harvesting and fishing rights. We are not aware that any claims have been made in respect of our specific properties or assets. However, if a claim arose and was successful such claim could, among other things, delay or prevent the exploration or development at our projects, which in turn could have a material adverse effect on our business, results of operations, financial position and growth prospects.

Prior to making decisions that may adversely affect existing or claimed aboriginal rights and interests, the government has a duty to consult with potentially affected aboriginal peoples. The time required for the completion of aboriginal consultations may affect the timing of regulatory authorisations. Furthermore, any agreements or arrangements reached pursuant to such consultation may materially affect our business, results of operations, financial position and growth prospects.

As a Canadian company, it could be difficult for investors to effect service of process on and recover against us or our Directors and officers. Shareholders may face difficulties in protecting their interest.

We are a Canadian company and most of our officers and Directors are residents of various jurisdictions outside Hong Kong. A substantial portion of our assets and the assets of our officers and Directors, at any one time, are and may be located in jurisdictions outside Hong Kong. It could be difficult for investors to effect service of process within Hong Kong on our Directors and officers who reside outside Hong Kong or to recover against us or our Directors and officers on judgments of Hong Kong courts predicated upon the laws of Hong Kong.

Our corporate affairs are governed by our charter documents, consisting of our Articles, and by the ABCA. The rights of our Shareholders and the fiduciary responsibilities of our Directors are governed by the laws of Alberta and Canada. The laws of Alberta and Canada relating to the protection of the interests of minority Shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. You should be mindful about such differences. Please refer to the section entitled "Summary of the Articles and By-Laws of our Company, Certain Alberta Laws and Canadian Federal Laws and Shareholder Protection Matters" in Appendix V to this Prospectus.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares, and an active trading market may not develop.

Prior to the Global Offering, no public market existed for our Shares. The initial offer price range to the public for our Offer Shares is the result of negotiations between our Company and the Joint Global Coordinators on behalf of the Underwriters, and our Offer Price may differ significantly from the market price for our Shares following the Global Offering. We cannot assure you that an active trading market for our Shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our Shares will not decline below the initial offer price.

The price and trading volume of the Shares may be volatile, which could result in substantial losses for investors purchasing Offer Shares in the Global Offering.

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, acquisitions or alliances, regulatory developments, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our Offer Shares may incur substantial losses.

Future sale or major divestment of Shares by any of our Company's substantial Shareholders could adversely affect the prevailing market price of the Shares.

The Shares held by certain substantial Shareholders are subject to certain lock-up periods, the details of which are set under the section entitled "Underwriting" in this Prospectus. We cannot assure you that after the restrictions of the lock-up periods expire that these Shareholders will not dispose of any Shares. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of the Shares.

Investors should not place undue reliance on industry and market information and statistics derived from official government publications contained in the Prospectus.

This Prospectus contains information and statistics relating to the oil and natural gas industry and market. With respect to information and statistics derived from various government or official sources and publications and commissioned reports, while we have exercised reasonable care in compiling and reproducing such information and statistics, they have not been independently verified by us or any of our affiliates or advisers, nor by the Underwriters or any other parties involved in the Global Offering or their respective affiliates or advisers. Such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Further, we cannot assure you that such information and statistics are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other countries. None of our Company, the Underwriters nor any other parties involved in the Global Offering makes any representation as to the accuracy or completeness of such information. Prospective investors should not place undue reliance on any of such information and statistics contained in this Prospectus.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares and our Company's ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our substantial Shareholders, or our issue of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to it, and our Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. The market price of our Shares could be lower than our Offer Price.

We may not be able to pay any dividends on the Shares.

We cannot guarantee when, if and/or in what form dividends will be paid on our Shares following the Global Offering. A declaration of dividends must be proposed by our Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under IFRS indicate that our operations have been profitable. For further details on our dividend policy, please refer to the section entitled "Financial Information — Dividend Policy" in this Prospectus.

Foreign exchange losses could occur through the conversion of the proceeds from the Global Offering into Canadian dollars.

The net proceeds from the Global Offering will be denominated in Hong Kong dollar. If the Canadian dollar increases in value against the Hong Kong dollar, our Company could experience foreign exchange losses as we convert the net proceeds from the Global Offering into Canadian dollars for our capital expenditure and working capital purposes.

As the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution to your attributable net tangible book value per Share.

The Offer Price is higher than our net tangible book value per share immediately prior to completion of the Global Offering. Therefore, purchasers of the Offer Shares will experience an immediate dilution in pro forma net tangible book value of HK$3.16 per Share based on our net tangible book value per share as of 30 September 2011 (assuming an Offer Price of HK$4.97, which is the mid-point of the indicative Offer Price range, including the Orient Shares and excluding the Excluded Shares), and our existing Shareholders will receive an increase in the pro forma adjusted net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the Underwriters exercise the Over-Allotment Option or if we obtain additional capital in the future through equity offerings.

Grants of Shares pursuant to the Pre-IPO Share Option Scheme could result in dilution to our Shareholders.

We have granted options over our Shares pursuant to two Pre-IPO Share Option Schemes. For details of the Pre-IPO Share Option Schemes, please refer to the section entitled "Statutory and General Information — D. Pre-IPO Share Option Schemes" in Appendix VI to this Prospectus. As at the Latest Practicable Date, there are outstanding options to subscribe for 204,383,800 Shares, representing approximately 6.71% of the Shares issued and outstanding on the Listing Date (assuming that all of the Share options granted under our Pre-IPO Share Option Schemes have been exercised in full and assuming that all of the Orient Shares are issued as at the Listing Date and excluding any Shares which may be issued (i) pursuant to the Over-Allotment Option; or (ii) pursuant to the conversion of any Class H Shares or Class G Shares as at the Listing Date). If these options are exercised, there would be an increase in our issued share capital, which in turn would dilute our existing Shareholders' shareholding interest in us and reduce the pro forma earnings per Share.

Due to a gap of up to three Business Days between pricing and trading of the Offer Shares and due to the fact that the Offer Shares will not commence trading on the Stock Exchange until the Listing Date, the initial trading price of the Offer Shares could be lower than the Offer Price.

The initial price for sale and subscription of the Offer Shares to the public will be determined on the date of pricing, which is expected to be on or about 24 February 2012. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be four Business Days after the pricing date. As a result, you may not be able to sell or otherwise deal in the Offer Shares during that period and you are subject to the risk that the prices of the Offer Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

You should read the entire Prospectus and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

There has been prior to 16 February 2012, and there may be subsequent to 16 February 2012 but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, including the press and media coverage on 16 February 2012 concerning certain potential anchor investments to be made in our Company which is not accurate and which neither the Company nor the Joint Global Coordinators have any knowledge of, or responsibility for. We make no representation and do not accept any responsibility as to the appropriateness, accuracy, completeness or reliability of such press articles or other media nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Shares, the Global Offering or us. To the extent that such statements are inconsistent or conflict with the information contained in this Prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions regarding the Shares solely on the basis of the information contained in this Prospectus and should not rely on any other information.