



June 24, 2009

Cougar Minerals Corp.
600, 890 Pender Street
Vancouver, BC
V6C 1J9

Attention: Mr. Mike Elson

**RE: Resource Estimate – Section 05-082-03W6M
George, Alberta**

At the request and authorization of Cougar Minerals Corp. ("Cougar"), AJM Petroleum Consultants ("AJM") has prepared a petroleum resource estimate in the George, Alberta area for Section 05-082-03W6M that could be accessed via a proposed location at 14-05-082-03W6M effective June 30th, 2009.

This report has been prepared for your exclusive use and no part thereof shall be reproduced, distributed or made available to any other person, company, regulatory body or organization without the complete content of the report and the knowledge of AJM.

The evaluation includes an independent assessment of the expected, high, and low resources within the Montney, Lower Montney, Gething, and Kiskatinaw Formations based on probabilistic methods. The oil and gas resource calculations upon which this report is based were estimated in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (COGEH). This report did not take into consideration the economic viability of these opportunities nor did it take into consideration the chance of successfully encountering one, several, or all of these targets. This resource estimate is intended to demonstrate the expected, high and low resource estimates given current knowledge and information should they be successful.

Ownership

Cougar has represented that they own the oil and gas mineral rights for the north half, and southwest quarter of Section 05-082-03W6M. The following resource estimates have not taken into the consideration the chance that some of these resources may be in the southeast quarter section where Cougar does not own the mineral rights. Of most concern are the resources for the gas targets in the Lower Montney, Gething, and Kiskatinaw Formations. Given that the typical gas spacing unit is 640 acres (or one section) it would be necessary for Cougar to enter into a pooling agreement with the other mineral rights holder(s). AJM resource estimates provided are for the entire section and has not taken into consideration the need for a pooling agreement, and what risk this could play in the exploitation of any potential hydrocarbons and what portion of these resources would be owned by Cougar.



Methodology

AJM has utilized theories consistent with NI 51-101 and COGEH standards of probabilistic estimation and have evolved these theories to apply methods that are reasonable and effective in the estimation of petroleum initially-in-place and prospective resources. These methods revolve around the principle that all reservoir parameters follow a statistical log normal distribution.

AJM utilized probabilistic methods in the estimation of each of the targets (Montney, Lower Montney, Gething, and Kiskatinaw) individually. AJM was presented a comprehensive suite of data and interpretation as provided by Cougar. AJM also used public data to further verify and investigate this information. Our analysis took into consideration log analysis, seismic interpretation, and geological models as well as public reservoir and pool data for some volumetric parameters.

Once all this data was considered, a team of engineers and geologists interpreted a range of possible values for each individual parameter within a typical volumetric calculation. These ranges were tested and further discussed for plausibility within the experienced team and with our client. Once these ranges for each parameter were considered reasonable and a fair representation of the reservoir should the drilling location successfully encounter hydrocarbons, the resultant petroleum initially-in-place “PIIP”, and prospective resources were calculated. This methodology was repeated for each of the four potential targets.

Upper Montney

The Upper Montney Formation is the primary target for the 14-05-082-03W6M location and is expected to produce oil if successful. The Montney is the oldest Triassic Formation in the Peace River Arch area; in the George area a porous Upper Montney unit is preserved at the Triassic subcrop. North-northwest to south-southeast trending faults have helped create a trap for oil that is productive immediately to the north in George Montney B Pool. Three wells in the southern half of section 5 help to set up the play but also create limits to the potential size of the pool.

Below is a table that represents the probabilistic ranges of volumetric parameters that went into the calculations and the resultant oil initially-in-place and prospective resources should the well be successful and encounter hydrocarbons in the Upper Montney Formation at the 14-05-082-03W6M location.

Table 1: Upper Montney Resource Estimation

		Low	Best	High
Area	acres	100	155	240
Reservoir Thickness	feet	8.2	15.6	29.5
	metres	2.5	4.7	9.0
Porosity	fraction	0.15	0.18	0.21
Hydrocarbon Saturation	fraction	0.60	0.69	0.80
Shrinkage	fraction	0.86	0.87	0.89
Recovery Factor	fraction	0.07	0.09	0.12
Oil Initially-In-Place	Mstb	1,071	2,012	3,779
Prospective Resource	Mstb	93	184	366

* Resources presented are for a successful well that encounters hydrocarbons and does not take into consideration the chance of failure.



This range of value shows that the best estimate is that the reservoir would be approximately 155 acres in areal extent, and given production from the offsetting pool which are developed on 80 acres spacing, this is an indication that several wells would be needed to access the resource.

Lower Montney

The 07-05-082-03W6M well was drilled in 1956, a sand developed in the Lower Montney has a higher resistivity response in the interval than the offsetting wells in 08-05 and 04-05. Faulting potentially sets up a hydrocarbon accumulation along the same trend as the Upper Montney. Lower Montney production has not been proved in the area, however a well in 15-35-078-24W5M, 35 miles east of the prospect has produced in excess of one billion cubic feet of gas from a channel sand developed in a similar stratigraphic position. AJM has assumed that a discovery in this zone is likely to be gas however the fact that the overlying Upper Montney is a proven oil producer does suggest there is a possibility of finding oil.

Below is a table that represents the probabilistic ranges of volumetric parameters that went into the calculations and the resultant gas initially-in-place and prospective resources should the well be successful and encounter hydrocarbons in the Lower Montney Formation at the 14-05-082-03W6M location.

Table 2: Lower Montney Resource Estimation

		Low	Best	High
Area	acres	60	110	200
Reservoir Thickness	feet	4.9	9.8	19.7
	metres	1.5	3.0	6.0
Porosity	fraction	0.12	0.14	0.16
Hydrocarbon Saturation	fraction	0.65	0.72	0.80
Reservoir Temperature	°F	95	103	113
	°C	35	40	45
Reservoir Pressure	psia	1742	1947	2177
	kPaa	12,000	13,416	15,000
Gas Compressibility Factor	fraction	0.80	0.83	0.86
Recovery Factor	fraction	0.70	0.77	0.85
Surface Loss	fraction	0.02	0.04	0.10
Gas Initially-In-Place	MMcf - Raw	337	690	1,414
Prospective Resource	MMcf - Sales	267	500	936

* Resources presented are for a successful well that encounters hydrocarbons and does not take into consideration the chance of failure.

This range of value shows that the best estimate is that the reservoir would be approximately 110 acres in areal extent and should be expected to be produced by one well. It is unknown whether all of this resource would be considered on Cougar lands and should be expected to be pooled over the entire section.



Gething

The Gething Formation is part of the Lower Cretaceous and is a sporadic producer of gas in the area from fluvial Gething channel sands. The 01-07-082-03W6M well to the immediate northwest of the proposed location is an Upper Montney producer that confirms the presence of Gething gas in the area as a result of a drill stem test. The seismic line through the 14-5 location provides encouragement for a Gething channel to be developed at this location. Since the Gething is approximately 500 feet above the Upper Montney this zone will be penetrated even if the target of the drilling is the Upper Montney oil.

Below is a table that represents the probabilistic ranges of volumetric parameters that went into the calculations and the resultant gas initially-in-place and prospective resources should the well be successful and encounter hydrocarbons in the Gething Formation at the 14-05-082-03W6M location.

Table 3: Gething Resource Estimation

		Low	Best	High
Area	acres	40	89	200
Reservoir Thickness	feet	4.9	9.8	19.7
	metres	1.5	3.0	6.0
Porosity	fraction	0.20	0.23	0.27
Hydrocarbon Saturation	fraction	0.70	0.75	0.80
Reservoir Temperature	°F	81	87	95
	°C	27	31	35
Reservoir Pressure	psia	900	1120	1393
	kPaa	6,200	7,715	9,600
Gas Compressibility Factor	fraction	0.85	0.87	0.90
Recovery Factor	fraction	0.75	0.80	0.85
Surface Loss	fraction	0.02	0.04	0.10
Gas Initially-In-Place	MMcf - Raw	236	551	1,284
Prospective Resource	MMcf - Sales	200	413	851

* Resources presented are for a successful well that encounters hydrocarbons and does not take into consideration the chance of failure.

This range of value shows that the best estimate is that the reservoir would be approximately 89 acres in areal extent and should be expected to be produced by one well. It is unknown whether all of this resource would be considered on Cougar lands and should be expected to be pooled over the entire section.

Kiskatinaw

The highly prolific Mississippian Kiskatinaw George field is located immediately southwest of this area. The nearest Kiskatinaw producer in 04-06-083-02W6M is approximately one and a half miles from the proposed location has produced more than 12 billion cubic feet of gas from a depth of 4,500 feet. While we do not anticipate such a substantial reservoir in 14-5 an equivalent, potentially gas bearing, sand is developed in the 07-05 well, the same structural components that set up the Montney plays also have the potential to create a trap in this formation.



Below is a table that represents the probabilistic ranges of volumetric parameters that went into the calculations and the resultant oil initially-in-place and prospective resources should the well be successful and encounter hydrocarbons in the Kiskatinaw Formation at the 14-05-082-03W6M location.

Table 4: Kiskatinaw Resource Estimation

		Low	Best	High
Area	acres	60	95	150
Reservoir Thickness	feet	9.8	15.0	23.0
	metres	3.0	4.6	7.0
Porosity	fraction	0.12	0.15	0.20
Hydrocarbon Saturation	fraction	0.80	0.84	0.88
Reservoir Temperature	°F	113	122	133
	°C	45	50	56
Reservoir Pressure	psia	1843	1935	2032
	kPaa	12,700	13,334	14,000
Gas Compressibility Factor	fraction	0.80	0.83	0.86
Recovery Factor	fraction	0.75	0.80	0.85
Surface Loss	fraction	0.03	0.05	0.10
Gas Initially-In-Place	MMcf - Raw	673	1,142	1,938
Prospective Resource	MMcf - Sales	540	852	1,345

* Resources presented are for a successful well that encounters hydrocarbons and does not take into consideration the chance of failure.

This range of value shows that the best estimate is that the reservoir would be approximately 95 acres in areal extent and should be expected to be produced by one well. It is unknown whether all of this resource would be considered on Cougar lands and should be expected to be pooled over the entire section.

AJM has not supplied an aggregated sum of the gas initially-in-place of the four zones, as it is highly unlikely that all four zones would be successful. However, the faults identified in the area do create the potential for a stacking of plays in the Montney and Kiskatinaw such that success on the Upper Montney provides encouragements for the underlying zones.



Table 5: Resource Estimates

			Low	Best	High
Upper Montney	Oil Initially-In-Place	Mstb	1,071	2,012	3,779
	Prospective Resource	Mstb	93	184	366
Lower Montney	Gas Initially-In-Place	MMcf - Raw	337	690	1,414
	Prospective Resource	MMcf - Sales	267	500	936
Gething	Gas Initially-In-Place	MMcf - Raw	236	551	1,284
	Prospective Resource	MMcf - Sales	200	413	851
Kiskatinaw	Gas Initially-In-Place	MMcf - Raw	673	1,142	1,938
	Prospective Resource	MMcf - Sales	540	852	1,345

These individual analyses are intended to demonstrate a range of possibilities for successful resources into any one or more of these zones using all the information supplied by Cougar and the independent view of this data, and surrounding public data.

It has been a pleasure to perform this work for you, and we trust it is sufficient to meet your current requirements. Should you have any questions, please contact our office.

Yours truly,

AJM Petroleum Consultants

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