



LARICINA
ENERGY LTD.

Keeping You Informed

ABOUT LARICINA

Laricina holds leases in the Fort McMurray and Wabasca areas to develop oil sands projects through underground recovery (not surface mining). With two established core producing projects at Saleski and Germain, we are leading the advancement in commercial development of the Grosmont and Grand Rapids Formations in west Athabasca. Laricina is committed to working transparently and as a good neighbour by sharing current events, project plans and industry-related news with the community. The Wabasca Community Engagement office and our local staff are key in engaging and supporting the community.

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FALL 2014

Wabasca Career and Job Fair Provides Learning Opportunities for Attendees of All Ages

The 2014 Wabasca Career and Job Fair took place February 25-26, hosted by the Bigstone Cree Nation (BCN) Education Authority together with industry and local businesses. The career fair focused on providing information about current and potential jobs for high school students, graduate students, outreach students, instructors and those seeking a career change.

Opportunities in the areas of education, health and safety, oil and gas, oil sands, construction, trades and government were showcased. Seventeen colleges and universities were represented, along with non-profit groups, 50 vendors, five local schools and approximately 250 visitors.

Throughout the event there were presentations from industry and area schools, including KOCH Industries Inc., Cenovus Energy and E-Cyber Learning and Career Pathways. Laricina Energy was represented by the Wabasca Community Engagement Team; Nicole Dunham, Community Engagement Administrator; Margo Auger, Managing Growth Consultant; Ray Yellowknee, Community Engagement Coordinator; as well as by Kent Barrett, Senior Staff Geologist, and Erika Lof, Team Lead HSE from the Calgary office, and Vernon Alook, Germain Operator from Wabasca.

"Kent attracted quite a crowd of eager students with his presentation on geology and discussion on career opportunities with Laricina," said Nicole Dunham. "As a local First Nations representative interacting with the students, it was great to see what a success story Vernon Alook is."



Attendees visiting Laricina's booth during the Wabasca Career and Job Fair.

This is Laricina's fourth consecutive year participating in the Wabasca Career and Job Fair. Each year the company has raised and improved awareness of oil sands development while informing attendees about job and business opportunities created by industry.

Laricina Receives Chair's Award at the Responsible Canadian Energy Awards

Laricina was recognized on May 21, 2014 by the Canadian Association of Petroleum Producers (CAPP) at the Responsible Canadian Energy (RCE) Awards banquet held at the Westin hotel in Calgary. Laricina received the Chair's Award for the stewardship of a collaborative effort to deliver the Heavy Equipment Training Program in Wabasca and for the initiative's positive, long-term results for members of the BCN.

The Heavy Equipment Training Program took place in Wabasca from July to September 2013. The program was designed to help BCN members by providing training for skilled heavy equipment operators, project management and land-use planning expertise; it was formed in collaboration with the BCN, Alberta Works Human Services, Cenovus Energy Inc., and Osum Oil Sands Corp., and focused on delivering a special training program for 12 local residents in the machine operations of rock trucks, excavators, dozers, skid steers and graders; equipment essential to industry operations.

The primary objective was training in landscaping, ditching, grading, and finishing to engineered standards of the newly constructed 11-home housing subdivision within the BCN reserve. Upgrades to the community included two kilometers of public roads and a new emergency access road, resulting in an enhanced quality of living for 33 BCN families.

"The Heavy Equipment Training Program has contributed to the growth of skilled labour in the industry and the community in which we work," said Derek Keller, VP Production at Laricina. "Smaller companies can help to establish creative initiatives that provide education and training opportunities for local area residents and economic benefits for

communities for decades to come. We were fortunate to work with a motivated and talented group of individuals, all envisioning a common goal: increase capacity by training local people while building a stronger, self-sustainable community."

At the banquet Laricina was represented by the Community Engagement Team and members of the Executive Team. Four BCN Council members were also in attendance alongside industry partners from Cenovus Energy and OSUM Oil Sands Corp.

CAPP's RCE Awards are designed to recognize best practices in terms of safety, environment and social responsibility and to award specific projects that have measurable results, guided by the principles of innovation, creativity and perseverance. The Chair's Award recognizes and celebrates smaller CAPP member companies and their projects that meet those requirements. The Heavy Equipment Training Program demonstrates a creative and innovative way of building long-term benefits in partnership with First Nations.

To learn more about the 2014 RCE Award winners visit:
<http://www.capp.ca/environmentCommunity/ResponsibleCanadianEnergy/Awards/Pages/2014RCEAwards.aspx>.

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What to expect in 2015

- Commencement of solvent injection (SC-SAGD) at Germain Commercial Development Project (Germain CDP) in third quarter 2014.
- Re-drill two well-pairs at Germain CDP.
- Continuing regulatory approval process for Germain Phases 2-4 application.
- Ramping up production at Germain CDP and continue injection and production cycles at the Saleski pilot.
- Ongoing community consultation regarding Laricina's project activity in the Wabasca area.



Wabasca Welcomes Atoske Action Group Career Counselling Centre Grand Opening

In operation since November 2013, the Atoske Action Group (AAG) officially opened its doors to supporters, contributors, and the local public with a Grand Opening Celebration in Wabasca on Tuesday, May 20th.

Atoske is pronounced as 'ah-toh-skee' and means 'to work' in Cree. The AAG's goal is to support and facilitate the development and enhancement of work force training initiatives in the community, and to help build the skills and abilities of those seeking employment. The centre will function as a career counseling resource, assisting clients with their job seeking needs and provide the support they require for workforce training and education.

Laricina has supported the AAG, a community driven, grassroots organization, since its inception and has garnered support from like-minded industry organizations.

"The community identified the need for a community-driven committee whose purpose was to advance training, education and employment opportunities in the region," said Margo Auger, Managing Growth Consultant at Laricina. "It is gratifying to see the establishment and operation of AAG. It took over two years of strategic planning, coordination, and collaboration with key players to help us reach our number one goal of supporting and facilitating the development and enhancement of a sustainable work force. These training initiatives will help build the skills and abilities of the local work force and encourage entrepreneurship."



Wabasca community members celebrate AAG Career Counselling Centre Grand Opening.

In conjunction with Northern Lakes College, AAG is establishing an eight-month course that focuses on a pre-trades program for community members who are interested in math, science and computer-related job skills.

This entry-level program will include a mentorship and job shadow component with local organizations and industry. Once students complete the training, they will be qualified to enter a trade or academic program, which in turn will allow them to seek skilled employment afterwards.

Project Updates

Germain Commercial Demonstration Project

The Germain CDP has been operational for one year now and production from bitumen SAGD well-pairs in the Grand Rapids reservoir is ramping up. Progress was delayed by a third-party natural gas pipeline outage and subsequent plant turnaround in the fall of 2013. Currently bitumen is being produced from four well-pairs and we will start adding solvent with our steam injection as planned. The goal of the solvent-cyclic SAGD (SC-SAGD) process is to enhance bitumen recovery and reduce the amount of steam required to produce a barrel of bitumen. Plans are underway to re-drill two of the original well-pairs that are believed to be affected by a tight mudstone layer that is preventing bitumen flow.

The data from the Germain CDP provides valuable information such as optimal well-pair placement, well completion design, start-up and operating processes, production uplift from solvents and other well-pair performance factors that support the future development at Germain. Regulatory approval for Germain phases 2 to 4 with an additional capacity of 150,000 barrels per day of production is expected in early 2015.

Saleski Pilot

In December 2013, Laricina drilled a sidetrack well off of an existing well (1C) at the Saleski pilot in the Grosmont C zone to confirm the

benefit of the new drilling techniques used to drill the 2C well last year. The new well called 1C-s has been producing since April this year; the initial results have been excellent and are providing additional data that supports the commerciality of the Grosmont C formation. In April 2014 a new well was drilled into the Grosmont D zone called 3D utilizing the new drilling techniques and it is also showing early positive results. Although early in the 3D well's performance, combined with the learnings from earlier Grosmont D wells at the pilot and positive C zone results supports a full-scale Phase 1 commercial development.

Saleski Phase 1

Engineering design for Saleski Phase 1, a 10,700 gross barrels per day production capacity project, is continuing with approximately 50 percent of engineering complete at June 30, 2014. The Company is targeting 60 percent complete by the end of the third quarter and 80 percent engineering to be completed by year-end. In December 2013 Laricina received regulatory approval to include four Grosmont D zone wells in the initial drilling program. In July 2014, the Company entered into a cost plus fee contract with an EPC firm for engineering, procurement, fabrication, and construction of Saleski Phase 1. During the winter of 2013/2014 civil site clearing and grubbing work commenced readying the plant site for field operations. The decision to move forward with the project remains targeted for the first quarter 2015, with first steam scheduled for the third quarter 2017, subject to funding.

In the Spotlight: Vernon Alook



From the beginning, it was Vernon Alook's dad who encouraged him to go to school. "He explained to me at a very young age that school was an opportunity that would pay off if I put in the hard work," Vernon said. "He was always my mentor and my motivation."

Shortly after graduating from Katari High School in 2012, Vernon went to Northern Lakes College's Peerless Lake Campus to study. He found his calling while attending a power engineering presentation in college. He realized that power engineering would be a great fit for him because it was a dynamic field that would develop his problem-solving skills.

Vernon's dedication and hard work as a fourth class power engineer is not limited to his duties at Germain. Vernon is passionate about giving back to the community and he recently assisted Laricina's Community Engagement team at the career fairs in Peerless Lake and Wabasca. There he shared his experiences and explained the benefits of trades training. He advised high school students to, "take the highest levels of math and sciences courses available; stay in school, and don't give up on your diploma. If you work at it, you can get it."

Now working towards completing his third- and second-class certifications within the next five years, Vernon's long-term goal is to achieve his first-class power engineering certification. His motivation stems from wanting to show his peers and siblings that they also have an opportunity to build a career and a far better life. "If you work hard, it's very attainable," said Vernon.

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