



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). Laricina has over 110 employees between our field and Calgary head office, with many more consultants supporting our growing team and additional contractors and sub-contractors working in the local communities. Community engagement activities in the west Athabasca region are managed from the Company's Wabasca field office.

Visit us online at: www.laricinaenergy.com

S U M M E R 2 0 1 1

Laricina Participates in Slave Lake Relief Effort

"What set Laricina apart from the usual large corporation fanfare, is that I simply have seen them acting as a neighbour helping another neighbour," says Denis Carnochan, a Wabasca resident.



Laricina community outreach members and Sysco refrigeration unit used to supply food to over 250 displaced fire evacuees.

In May Laricina provided food and support to more than 280 people displaced by the Slave Lake and Red Earth fires.

Immediately following the tragic fires that required mass evacuation, Derek Keller, Laricina's VP Production, and his team in the Wabasca office, Ray Yellowknee, Margo Auger and Nicole Dunham met with victim services in Wabasca to identify the evacuees' needs. They set to work to secure a large food order and provide efficient delivery to the local distribution centre. They were able to procure a Sysco refrigeration unit through Royal Camp at no rental cost. Laricina then spent over \$40,000 on food, fuel and operational support.

The food was distributed to the Wabasca Community Hall, with Ray's team being helped out by Laricina head office personnel. Construction Superintendent Dan Hommy and his team worked with Laricina's camp and catering contractor, Royal Camp, and Royal's food vendor, to put together a food package that would support evacuees.

Laricina's rapid response and practical approach centred on a crucial need – food – did not go unnoticed. "What set Laricina apart from the usual large corporation fanfare, is that I simply have seen them acting as a neighbour helping another neighbour," says Denis Carnochan, a Wabasca resident.

Wabasca Open House a Great Success

Laricina hosted its first open house in Wabasca on May 18, 2011 to inform the Wabasca community about our projects at Germain and Saleski while providing background on the steam-assisted gravity drainage (SAGD) and the solvent-cyclic (SC) SAGD processes we are using at the projects.

The Company's Deepa Thomas and Salima Loh organized the open house and coordinated the production of educational poster boards to highlight our operations, community initiatives, water conservation techniques and goals. Interactive videos were also used to communicate our messages to over 70 attendees.

Our local employees were invited to share their work experiences, providing a local perspective on our commitment to the community. A touch of authenticity and culture was present, as local ladies prepared and served homemade moose stew, bannock and pies.

We would like to extend special thanks to participating Laricina employees and all others who ensured the event ran smoothly and effectively. The open house enabled Wabasca residents to gain greater familiarity with our Company, furthering our commitment to building strong and lasting relationships with our stakeholders.



A community member (left) talks to a Laricina staffer at the Wabasca open house.

Laricina's Community Trout Lake Contributions Continue

Laricina continues to support organizations in the Wabasca and Peerless Lake areas as part of its Many Touches approach to corporate giving. "We support causes that address the needs of the people who live in the area," says Ray Yellowknee, Laricina's Community Engagement Coordinator. "This includes direct financial contributions to groups and agencies, supporting community functions, volunteering at events and sharing our expertise."

Projects and events Laricina supported in 2010:

- Provided trophies and uniforms to the Wabasca Police Cadet Society;
- Donated coaches' bags filled with toques, pucks, coffee mugs, etc. to the Wabasca Minor Hockey Association;
- Purchased and paid for installation of a dishwasher for the Bigstone Cree Nation's Elders' Lodge;
- Became a major sponsor of the Bigstone Education Authority's Lunch and Breakfast Program;
- Provided funds to two Summer Youth Camps operated by the Pee Kis Kwe Tan Let's Talk Society;
- Funded a dinner sponsored by the Wabasca and Area Museum and donated to the society's annual Mad Trappers Carnival;

- Sponsored a community-wide Career Days Fair at the Mistassini High School and donated a laptop computer to the school;
- Donated funds to the Reviving Cultural Arts Society to support the agency's cultural activities;
- Supported the BCN Women's Emergency Shelter's Annual Spirit Seekers Conference for Youth;
- Supported local youth with expenses so they could volunteer for the Kidney Foundation;
- Funded meals for health promotion events sponsored by the Bigstone Health Commission and the Aboriginal Diabetes Initiative;
- Provided funds to the Eagles Nest Recreation Society from Trout Lake for an Elders-Youth Summer Camp;
- Sponsored Wabasca Regional Victim Services' annual golf tournament;
- Donated Christmas hampers to the Peerless Lake and Trout Lake communities;
- Provided funds to the Peerless Lake School's Principal's Honour Roll Trip; and
- Provided ongoing support to the Oski Pasikontwew Kamik School's bottle drive to raise funds for cultural awareness programs and activities.

What to expect in 2011

- Ongoing engagement in Wabasca, including with Bigstone Cree Nation, Métis Local #90, local trappers and the M.D. of Opportunity Council and staff;
- Continued ramp-up of operations at the Saleski pilot;
- Pursue regulatory approval for Saleski Phase 1 expansion;
- Construction and well drilling at the Germain Commercial Demonstration Project;
- Preparation and filing of regulatory documents for the Germain Project Expansion; and
- Preparation for the 2011-2012 winter drilling program at the Germain, Saleski and Burnt Lakes leases.



Laricina continues to create local employment opportunities

Laricina hired nearly 300 local workers over winter 2010-2011.

Raymond Auger

If you'd like to talk to someone who has worked on Laricina's projects since start-up, Raymond Auger is your guy. Raymond works as an equipment operator for North Eight Contracting and is also something of a "tour guide", being Wabasca-born and raised. Raymond looks after road maintenance,



Raymond Auger plays a crucial role in road safety and maintenance as a contractor for Laricina.

bringing well over 25 years of oil and natural gas experience to that role.

So what's the best part of the job? "There are so many good things, it's hard to say," Raymond says. "I really enjoy working with everyone from Laricina, including the consultants. They are all down-to-earth people and really easy to get along with."

That's great to hear, because we really value the work that Raymond does. Thank you, Raymond!

Project Updates

Germain Commercial Demonstration Project – Continuing to Build

Detailed engineering is progressing. The central processing facility site and well pad construction were nearly complete as of June and the first of six well pairs will begin drilling in mid-July. Facilities construction is also expected to start this summer. Observation, water source and disposal wells have been drilled.

Saleski Pilot Project – First Oil

Laricina began injecting steam into the Grosmont carbonate on December 23, 2010. First oil was produced on March 14, 2011. "Our goal was to have steam in the ground before year-end and production underway by the end of March, and we did both," says Bill Stewart, Laricina's Superintendent of Operations.



First steam at Saleski – December 23, 2010.

"Everyone on the operations and construction teams worked together to identify and prioritize the plant systems that had to be

operational for steam injection and then production, in order to meet that first oil target," continues Stewart. "It was a challenge, particularly with the cold weather, but the teams got the job done."

The Saleski Pilot is testing steam and solvents to extract bitumen from the Grosmont carbonates. Achieving first oil was a history-making event, as it is the first SAGD development in the Grosmont carbonate reservoir.

Burnt Lakes – Exploring possibilities

Laricina continues to delineate its Burnt Lake property, drilling three exploratory core wells over the past winter.

Expansion Updates – Advancing on all fronts

Laricina has two regulatory applications underway. The projects are described below. For more information please visit: <http://www.laricinaenergy.com/operations/regulatory.html>

Saleski Commercial Project

In December 2010 Laricina submitted the regulatory application for Saleski Phase 1. This first commercial phase will expand the existing 1,800-barrel-per-day pilot by 10,700 barrels per day and will use Laricina's SC-SAGD process that is intended to lower the steam-oil ratio. The Saleski Phase 1 plant will be located southwest of the pilot and will use a number of common components. Pending approval, steam injection is expected to commence in late 2013.

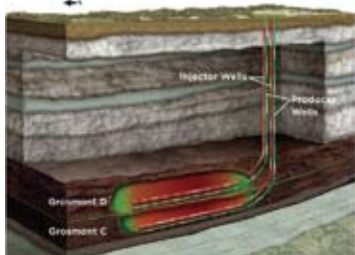
Germain Expansion Project

In December 2010 Laricina submitted a Project Description and First Nations Consultation Plan concerning expansion of the Germain project to Alberta Environment and delivered the same documents to the Bigstone Cree Nation's Consultation Office and the Peerless Trout First Nation. In January 2011 Laricina filed the proposed Terms of Reference for an Environmental Impact Assessment and the final Terms of Reference were filed in May. Laricina plans to file the project's regulatory applications late this year. The Germain Expansion Project will build on the Commercial Demonstration Project currently under construction, adding three phases to increase production capacity at Germain to 155,000 barrels per day, with a 30-year operating life.

Learn More About Us

How does SAGD work?

Steam-assisted gravity drainage or SAGD is a method to extract bitumen from underground, or in situ. Wells are drilled horizontally through the reservoir, in pairs. The upper well of each pair is used to inject steam, which heats the bitumen in the reservoir, allowing it to flow by gravity to the lower well. The lower well gathers the mixture of bitumen and water (condensed steam), which is then pumped to the surface, where the bitumen and water are separated.



Water Recycling and Conservation

Water is an important component of in situ oil sands recovery. Water is sourced from deep underground reservoirs that do not hold drinking-quality water. Laricina will recycle over 90 percent of the water used in our commercial operations, with the remaining 10 percent make-up water also sourced from deep underground.

To learn more about our processes, watch our videos at: <http://www.laricinaenergy.com/videos.html>

In the spotlight: Cheryl Moberly – Communicating for the Bigstone Cree Nation

Cheryl Moberly is the Manager of Government and Industry Relations for the Bigstone Cree Nation (BCN), a role she took on in July 2010 after five years working in the group. "I work to help protect both BCN's traditional knowledge and the environment," says Cheryl. "My role involves making sure that the BCN is fully engaged and effective in consultations." She works with industry and government professionals as well as local trapline holders and BCN colleagues.

Cheryl's day-to-day work involves "moving information back and forth." This includes meeting with industry and government representatives, ensuring two-way communication, and ensuring that information is imparted in an understandable way to the community. She liaises with Laricina in planning upcoming community presentations, and communicates Laricina's initiatives to local stakeholders. Cheryl works closely with Ray Yellowknee, Laricina's Community Engagement Coordinator.

"When Laricina moved into the area we knew that they were going to be around for a while," says Cheryl. "They are one of the major industry players here in our area and we have a positive working relationship."

For Cheryl, the best part of her job is knowing she's helping to build BCN's working relationships with government and industry. Explains Cheryl: "It is important to me that we come together in a way that respects one another, so that both sides can go away feeling satisfied. We need industry, but we also need to keep our identity as a First Nation."



Cheryl Moberly enjoys her work as Manager of Government and Industry Relations for the Bigstone Cree Nation.

For more information:

Laricina would be pleased to provide you with more information about our projects, timelines, community investments, consultation process and contract opportunities. If you're interested, please contact:

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