

East Mackay Project - 2012

Daily Operations Report

| | |
|------------------------------------------------|------------------------------------------------------------|
| Location: East Mackay Project Staging | Date: January-23-13 |
| Operator: MGM. Energy Corp. | AFE: 12D0006 |
| Supervisors: John Williams - Ron Krinke | Report No. 66 |
| Contractor: Northridge / MYB | Office Phone: (J) 403-538-6881 (R) 403-648-3757 |

Weather: High Temp -27 C

Personnel in Camp: 66

| Total Daily Cost: | \$ 216,436 | Cumulative Cost: | \$ 7,615,944 | Daily | Fuel (L) | Water (m3) |
|-------------------|------------|------------------|--------------|--------------|-----------------|-------------------|
| | | | | 19424 | 42 | |
| | | | | 336,706 | 33,400 | |
| | | | | Total | 356,130 | 33,442 |

Operations Details

Job Objective: Rig Up Akita 37 Drilling Rig and Drill I-78 Well.

Present Operation:

Spot rig equipment and rig up. Sampling of all water wells Completed and samples shipped.

Daily Operations Details

Held a safety meeting with MGM, Akita, Black Opel, PTI, Peak and Frontier medic personnel.

Access Road and I-78 Location

Moved remaining rig loads to location. Spotted remainder of rig equipment. Spotted centrifuges, centrifuge generator, shale bin, premix tank and two 400 Bbl tanks for stripped drilling fluid. Spotted the boilers, the light plant and two Akita containers. Heated and fired up the boiler. Hauled three loads of water to the water tank. Fired up the light plant. Fuel truck from Norman Wells removed the remaining 15,000 L of fuel from the 60,000 L enviro-tank and transferred it to the rig. The 60,000 L enviro-tank was transported and spotted at the rig for reserve fuel. Spotted, leveled, powered up, and got the heat operational in the Geologist Wellsite Unit. Rig is 95% spotted and 20% rigged up. Break tour tonight with 2 only Akita personnel. Personnel arriving today were Warriar Top Drive, Matrix Tech, Two Continental Mud Loggers, Pason Tech, and Three Akita.

Ice Road

No work on the ice road. Excellent shape.

Rig Move

Took delivery of the remaining pipe tubs, the Geology Wellsite Unit, and the Cameron landing joints and wellhead equipment. Loaded and transported I- Matts and four 8' x 40' rig matts from staging area tank farm to the location. Released one bed truck and backhauled one 15,000 L enviro-fuel tank to Hodgson in Norman Wells. Released the picker truck.

Water Well Drilling Operation

Sampling is completed and samples are shipped. Jolene released tomorrow.

Regulator Contact: Inspection of Access Road and I-78 Location by ENR Environmental Inspector Laurel MacDonald

Safety: No Safety Issues To Report

Safety Tracking

| Daily | Hazard ID | Near Miss | Incidents |
|-----------------|------------------|------------------|------------------|
| | 3 | 0 | 0 |
| | 53 | 3 | 7 |
| Previous | | | |
| Total | 56 | 3 | 7 |

Environment: No environmental issue to report

Environmental Tracking

| Daily | Orientations | Spills | Wildlife |
|-----------------|---------------------|---------------|-----------------|
| | 11 | 0 | 1 |
| | 171 | 18 | 25 |
| Previous | | | |
| Total | 182 | 18 | 26 |

Tomorrows Operations :

Lift and scope derrick. Rig in torque tube and top drive. Rig up electrical, water, steam, and Pason. Weld on Cameron diverter flange. Release balance of unrequired construction crew.