



MERIT ENERGY COMPANY

2011 Oil and Gas Properties Offering

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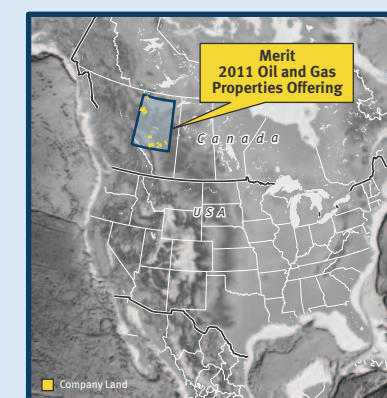


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Foreword

The purpose of this Information Memorandum (the “IM”) is to provide an overview description of certain assets of MEC Operating Company ULC (“Merit” or the “Company”). The Company has engaged RBC Capital Markets (“RBC”), including RBC Rundle, a member of RBC Capital Markets, as its exclusive agent in connection with the proposed sale of the interests of the Company (the “Assets”).

The information contained herein is based upon information provided by the Company and other sources and is intended solely for use by interested parties in submitting an offer to acquire the Assets (“Interested Parties”). Confidential information may be made available to Interested Parties after delivery to RBC of a confidentiality agreement (the “Confidentiality Agreement”) in the required form. The Confidentiality Agreement strictly limits the disclosure of the confidential information and any other information provided by the Company, RBC or any of the Company’s other advisors, agents or sources.

The IM is not all-inclusive and may not contain all of the information that the recipient requires in order to evaluate the Assets. The information in the IM is intended only to assist the recipient in deciding whether it wishes to proceed with a further investigation of a possible transaction involving the Assets. The recipient is to rely on its own independent analysis to form the basis of any investment decision. While the information contained herein is believed to be accurate and reliable, RBC has not independently verified the information in the IM. None of the Company, RBC, their affiliates and associates and their respective directors, officers, employees, agents, shareholders and advisors makes or gives any representation, warranty or undertaking, expressed or implied, as to, or in relation to, and none of them shall be responsible or liable for the accuracy or completeness of the information contained in the IM, or any other information, errors therein or omissions therefrom. None of the Company, RBC, or any of their respective affiliates and associates or their directors, officers, employees, agents, shareholders or advisors undertakes to update or otherwise revise or correct any inaccuracies which become apparent in the IM or any other information supplied. In furnishing the IM, RBC and the Company reserve the right to amend or replace the IM at any time and undertake no obligation to provide the recipient updated information. The recipient shall be entitled to rely solely on the representations and warranties, if any, made to it in any definitive Purchase and Sale Agreement when and if one is executed. Each recipient is responsible for satisfying itself as to the accuracy and completeness of all information contained herein.

The IM includes certain statements with respect to the anticipated future performance of the Assets, further details of which may be made available to Interested Parties who have executed a Confidentiality Agreement. Such statements, which reflect various subjective assumptions concerning anticipated results, may or may not prove to be correct. Without limiting the generality of any other disclaimer contained in the IM, no representations or warranties expressed or implied are made as to the accuracy of such statements.

No securities commission or securities regulatory authority or other regulatory or other authority in the United States of America (the “U.S.”), Canada, or any other jurisdiction has in any way passed upon the merits of this acquisition opportunity or the accuracy or adequacy of the IM. The IM does not constitute an offer or solicitation in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation. The IM is not and under no circumstances is to be construed as, a prospectus, a public offering or an offering memorandum as defined under applicable securities legislation.

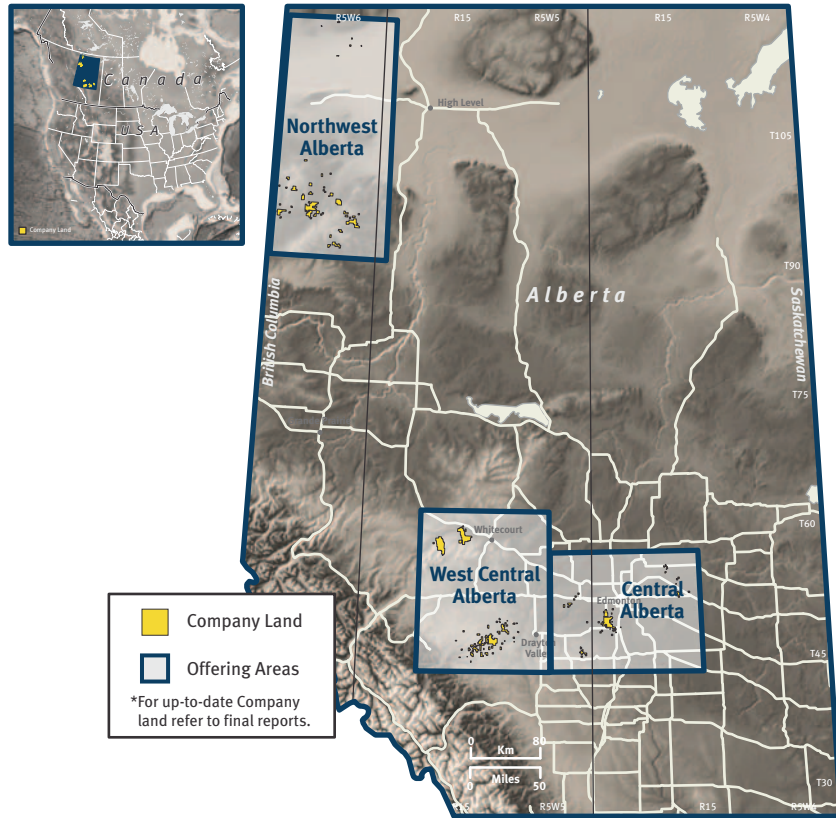
The recipient should not construe the contents of this IM or any related documents as legal or investment advice. The recipient should consult its own counsel, accountants and business advisors as to legal, tax and related matters concerning an acquisition of the Assets.

All dollar values included herein are expressed in Canadian dollars unless otherwise noted.

Disclaimer

The sale process will be managed in accordance with procedures that will be established and communicated to Interested Parties from time to time. The Company and RBC expressly reserve the right at any time, with or without providing notice or reasons, to: (i) amend or terminate the sale process; (ii) decline to permit any Interested Party to participate in the sale process; (iii) terminate discussions with any or all Interested Parties; (iv) reject any or all offers; (v) accept an offer other than the highest cash offer; (vi) negotiate with one or more Interested Parties with respect to a transaction; (vii) pursue other value maximizing alternatives; or (viii) limit access at any time to any additional information; all without any liability to the Company or RBC. In addition, the Company and RBC reserve the right to amend any information, which has been made available to Interested Parties either by way of addition, deletion or amendment.

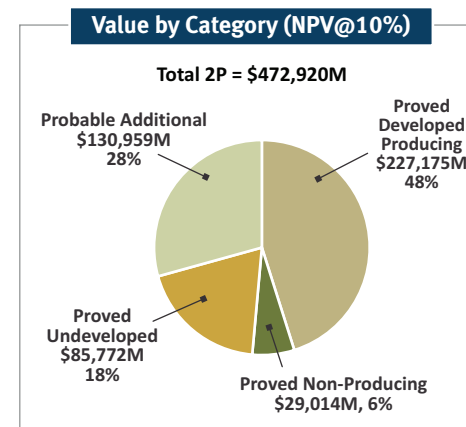
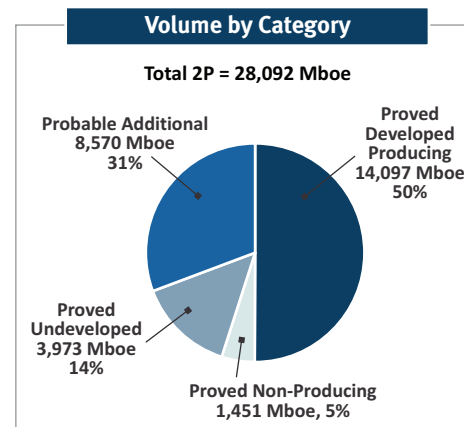
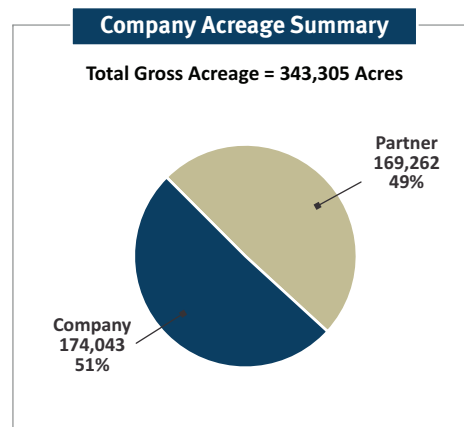
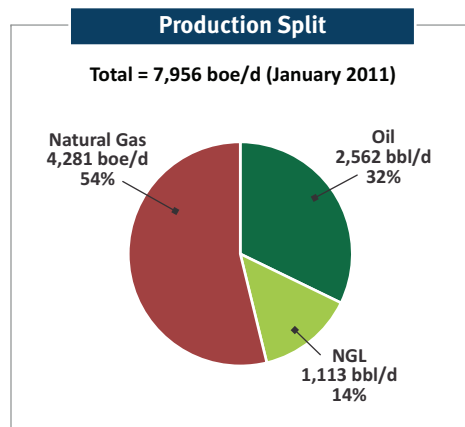
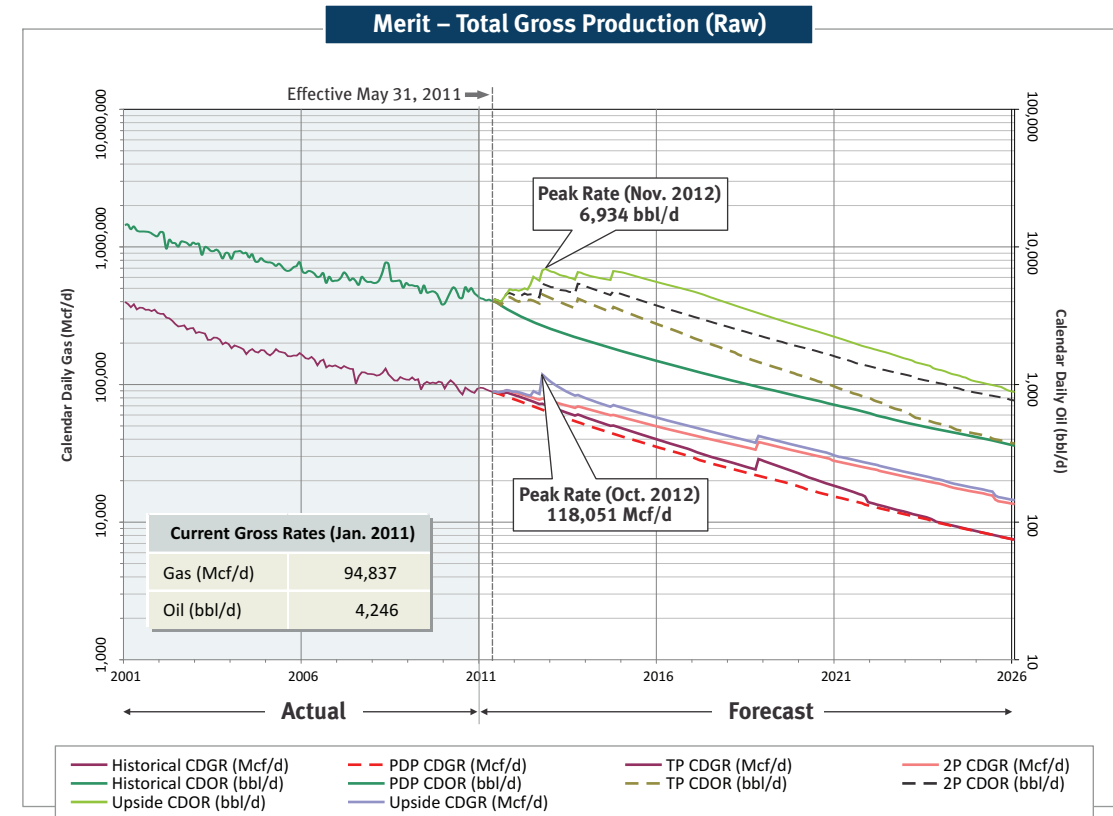
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MEC Operating Company ULC (“Merit” or “the Company”) has retained RBC Rundle as the exclusive agent for the disposition of the Company’s oil and gas properties (the “Properties”) in Canada. Merit is a private firm specializing in direct investments in oil and gas assets and has been active in Canada since 2001. The Company’s Properties are concentrated in three main operating areas; Central Alberta, West Central Alberta and Northwest Alberta (each, a “Property Group”). The Company intends to structure the disposition(s) as one or more corporate transactions (but will not materially impact a purchaser’s tax pool coverage), but may also be willing to divest the Northwest Alberta assets as an asset transaction.

In aggregate the Company’s Properties averaged 7,956 boe/d during January 2011. Current oil and NGL production weighting is 46% but is over 50% on a reserve basis. Current April 2011 production is over 9,000 boe/d. Net Operating Income for the year ending December 31, 2010 was \$69,234,000. A recent Sproule and Associates Ltd. report dated May 31, 2011 assigned 2P reserves totalling 28,092 Mboe to the Properties.

As a PDP focused investment fund, Merit has averaged capital re-investment of less than 25% of annual operating income on this portfolio. The Company’s conservative approach has positioned the Canadian assets for significant production and reserve growth for a new purchaser based on an extensive multi-year inventory of capital projects, many of which have been recognized in the Sproule report. The majority of identified opportunities are directed to oil development including infill drilling, recompletions, pump optimizations, and water flood projects.

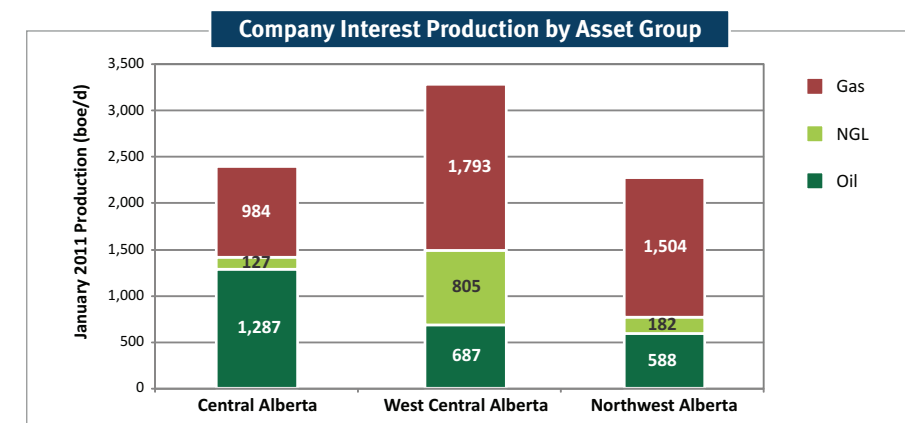


Category	Gross Capital	Gross Recoverable	WI Capital	WI Recoverable	WI BTAX ¹ NPV@10%
	MM\$	Mboe	MM\$	Mboe	MM\$
Proved Developed Producing	-	31,060	-	14,097	227
Total Proved plus Probable (2P)	95,216	52,827	72,500	28,092	473
Unbooked Upside Potential	72,682	9,600	54,008	7,843	153
Total (2P + Unbooked)	167,898	62,426	126,508	35,935	626

1) Based on March 31, 2011 Sproule Price Deck

Property Name	WI Production ¹				Financial Data ²							Reserve Volumes ³						Reserve Values ³	
	Oil	NGL	Natural Gas	Total	Production Revenue	Other Income	Processing Income	Royalty Payable	Expense	Net Operating Income	Total Proved			Total Proved + Probable			NPV @ 10%		
											Oil/NGL	Natural Gas	Total	Oil/NGL	Natural Gas	Total	Total Proved	Total P+P	
	bbl/d	bbl/d	Mcf/d	boe/d	M\$	M\$	M\$	M\$	M\$	M\$	Mbbl	MMcf	Mboe	Mbbl	MMcf	Mboe	M\$	M\$	
Central Alberta	1,287	127	5,903	2,397	47,574	(117)	5,504	7,043	21,548	24,369	6,028	14,795	8,494	9,030	22,569	12,792	201,244	292,183	
West Central Alberta	687	805	10,756	3,285	55,420	286	-	10,390	21,034	24,282	3,445	24,377	7,508	4,621	32,963	10,115	98,212	118,346	
Northwest Alberta	588	182	9,026	2,274	37,856	53	-	9,840	7,487	20,583	666	17,119	3,519	1,097	24,527	5,185	42,506	62,391	
TOTAL	2,562	1,113	25,685	7,956	140,850	221	5,504	27,273	50,069	69,234	10,140	56,291	19,521	14,749	80,059	28,092	341,962	472,920	

1) January 2011 Net Sales Production from Company Lease Operating Statements. 2) Based on supplied January to December 2010 Company Lease Operating Statements. 3) NI 51-101 Sproule and Associates Ltd. report, effective May 31, 2011.



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