

UTS Energy Corporation

A Case Study in Seed Capital Investment

BACKGROUND

Prior to February 2003

- UTS was the owner of a single asset – a 22 percent interest in the Fort Hills Oil Sands Project.
- In January 2003, the majority owner and operator withdrew from the Project and UTS' share price fell to a very low level.

March to December 2003

- Based on the long-term relationship between the Executive Chairman of UTS and Jim Kinnear, and KFL's assessment that the project was sound and would be developed, Pengrowth Management (PML) acquired 4.1 million shares (5.4 percent of issued shares) at an average cost of less than \$0.40 per share for a total cost of under \$1.6 million.

January to December 2004

- KFL participated in several public equity offerings acquiring 13.1 million shares (and 2.5 million warrants) for almost \$9.8 million. This resulted in PML/KFL owning approximately 5.0 percent of UTS at a total cost of just over \$11.3 million. The capital raised allowed UTS to acquire the other 78 percent of the Fort Hills Project and finance its development plans.

January to July 2005

- Due to rising oil prices, the Fort Hills project became feasible.
- Petro-Canada acquired 60 percent of the project in March 2005 and assumed operatorship. Petro-Canada also agreed to underwrite 90 percent of the next \$1 billion of Project costs.
- In July 2005, KFL exercised warrants to acquire 2.5 million shares for a total cost of \$1.75 million. PML/KFL thereby owned 19.7 million shares (4.7 percent of the issued shares) for a total cost of \$13.1 million – an average cost of \$0.66 per share.

Note: All financial figures in Canadian dollars unless otherwise indicated.

August to December 2005

- In September 2005, Teck Cominco acquired 20 percent of the project (15 percent from UTS and 5 percent from Petro-Canada). It was agreed that the first \$2.5 billion of partnership costs and expenses would be funded as to \$1.55 billion by Petro-Canada, as to \$850 million by Teck Cominco and \$100 million by UTS.

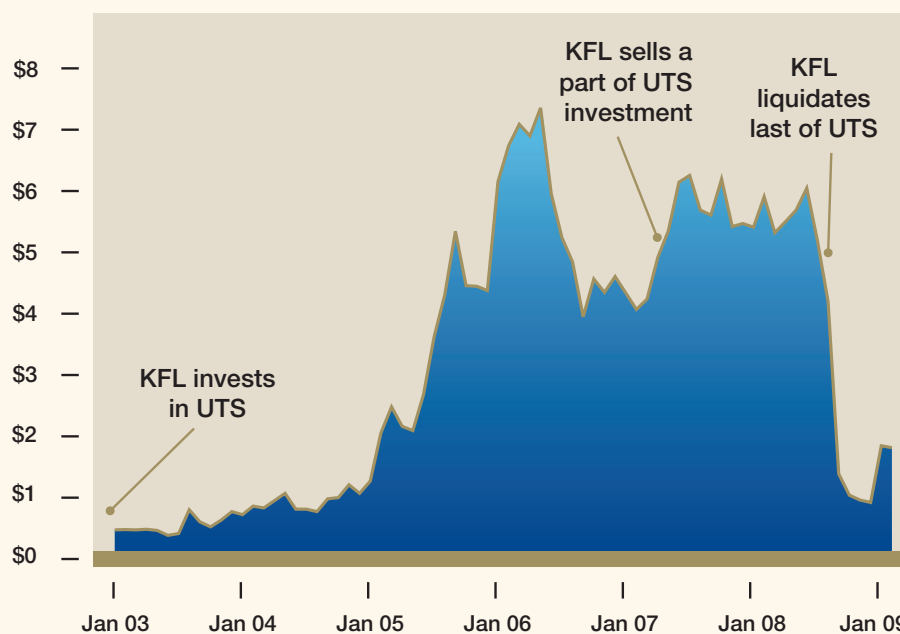
January 2006 to December 2007

- During this period KFL sold 6 million shares for total net proceeds of \$24.2 million – almost six times the cost of KFL's original investment.
- In order to support UTS' various public and private placement share offerings, KFL and PML also acquired more than 1.3 million new shares for a total cost of \$7.5 million.

RESULTS

- During 2008, KFL/PML sold all of their remaining 15 million shares in UTS for total proceeds of \$47.6 million – realizing almost three times their original investment.
- During the period from 2003 to 2008, KFL/PML realized a total rate of return on its investments in UTS Energy Corporation amounting to more than 50 percent.

UTS Share Price



Note: All financial figures in Canadian dollars unless otherwise indicated.