

20120-10
Highwood-Sarcee Oils Limited

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The Shareholders,
Highwood-Sarcee Oils Limited.

In regard to accompanying Circular of Information concerning Inland Sarcee Well No. 1 Royalty Trust prepared by Inland Development Company Limited, your Directors desire to give you the following information:—

1. Your Company sub-leased to Inland Development Company Limited 1920 acres of leases from its holdings of approximately 17,280 acres on the Sarcee Indian Reserve for a cash consideration and a gross royalty of 5%. The sub-lease provides for certain development commitments to be performed by Inland Development Company Limited. The Inland Sarcee Well No. 1 referred to in the circular is located on part of this acreage.

2. As a measure of assistance your Company has advanced part of the money required to commence drilling Inland Sarcee Well No. 1 and has supervised drilling operations to the present depth of approximately 1300 feet.

3. Inland Development Company Limited has undertaken to repay the cash advanced and when this is accomplished your Company stands clear and leaves Inland Development Company Limited in entire control of the operations within the terms of its sub-lease agreement.

4. Your Company retains over fifteen thousand acres of leases on Sarcee Indian Reserve, and the successful completion of Inland Sarcee Well No. 1 is therefore of considerable importance to it in establishing the value of these leases.

5. Reference to your Company above includes any activity or operation performed through its wholly owned subsidiary Highwood Development Limited.

6. This information, together with the attached circular, is being sent to all registered shareholders in order that they may have accurate knowledge of what has been done by their Company, and the interest of the Company in the present and proposed development.

HIGHWOOD-SARCEE OILS LIMITED.

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