

Management Discussion of Cougar Energy, Inc Operations and specifically the Core Trout Project

Since Cougar Energy, Inc.'s ("Cougar" or "Corporation") inception early 2009 as a subsidiary of Kodiak Energy, Inc, we have been working hard with the goal of adding value to the Corporation in logical steps. We are excited about our accomplishments especially in light of the recent economic recession and slow recovery.

By way of this discussion paper and go forward plan – we wish to share with you our accomplishments and thoughts on the future. This document has been in draft for several months as the projects continued to develop and mature, it was amended and delayed several times. And to ensure information disclosed in our annual filings of March 31, 2010 for year ended December 31, 2009 was consistent with this information.

Now that we have reached critical goals, we felt it was important to give you an update. Unless otherwise identified, all dollar amounts are USD.

The Cougar Projects have developed into definitive projects:

1. "CREEnergy Project"– mineral leases, opportunities within the CREEnergy Agreement and the Peerless/Trout Land Claim and future opportunities in the Bison Lake Land Claim,
2. "Cougar Trout Properties" the lands acquired in the Trout, Kidney and Equisetum fields
3. Lucy - Horn River Basin Muskwa Shale project
4. Other Alberta Properties

1. CREEnergy PROJECT

History

Joint Venture Information and Summary

In December 2008, a new working relationship and joint venture agreement was established between CREEnergy Oil and Gas Inc. (CREEnergy) and Kodiak Energy, Inc. (Kodiak). The Agreement was built on the foundation of respect for the First Nations communities, their Heritage, their Lands and the Environment. This is a strategic alliance. CREEnergy has agreed to work with Kodiak to develop oil and gas reserves within their lands for the benefit of both CREEnergy and Kodiak.

To develop and strengthen the relationship with CREEnergy, Kodiak formed a subsidiary company, Cougar Energy, Inc. to focus on this relationship, As a result, Cougar became the operating entity for Kodiak in Western Canada.

Current Status

Cougar continues to actively work with CREEnergy as they assist their First Nations communities to achieve the goal of independence through the Treaty Land Entitlement (TLE) claim with the Federal Government of Canada and the Province of Alberta. Although delayed several times due to regulatory processes, this process is nearing completion.

We endeavour to engage with CREnergy on a weekly basis through conference calls, status email and other written communication, monthly in person status meetings, and a continual dialogue to foster open communication.

We funded a \$30,000 land use study with CREnergy and the community in October, 2009.

The TLE Ratification vote was held in February and the unofficial results indicate the approval for the TLE was given by the communities. At this time we are waiting for the formal announcement of the TLE Ratification and the Ministerial Order announcing the creation of the new First Nations. Following the election of the chief and council Cougar looks forward to working with the First Nation communities in identifying and developing First Nation oil and gas resources.

At this time Cougar Energy is under negotiations to vend part of their mineral leases within the land claim to CREnergy and then ultimately to the benefit of the community, for fair market value, thus providing direct ownership and participation to the communities in the Oil and Gas mineral rights and associated operations.

This should also cement the relationship going forward – provide the potential for cash flow for CREnergy and thus the communities.

We still strongly believe in this relationship and opportunity and look forward to completing discussions, negotiations and agreements which will lead to leasing mineral rights and exploration activities and future production and revenue to the benefit of both the “communities, CREnergy and Cougar.

Due to the unexpected delays in the land claim process, and in order to continually move Cougar Energy forward in the interim, Cougar Energy looked to other opportunities in the Red Earth area to show growth for the investors. This resulted in the following projects

2. Cougar Trout Properties – Core Area

Over a period of 6 months, we negotiated commercial terms for properties that have the greatest upside through normal maintenance and enhanced recovery programs as well as future potential with additional drilling.

These negotiations culminated at the end of September, beginning of October 2009 with Cougar successfully acquiring the Trout Core Area properties from two private oil and gas companies.

The Cougar team had already high graded many of the properties within these acquisitions and could foresee considerable potential to increase existing production in the first round of development - the proverbial “low hanging fruit”.

Operations commenced on these properties during the winter of 2009/10 consisting of a maintenance and work over programs. By year end we had reactivated 4 wells that were previously suspended or inactive and completed a substantial geological evaluation on the properties.

And with the recently announced financing, we have already deepened some of the wells, opened up previously shut off formations, upgraded pumps and pump jacks and have increased the total fluid production to the point where we are currently well site equipment limited – during and immediately after break up, equipment will be moved around to remove these bottlenecks -

The following represents a summary of the acquisitions completed over calendar year of 2009 - of producing and non-producing properties:

A. Farmin (completed June 9, 2009)

1. 100% working interest in 28 sections of land in the area of the CREnergy Project, northwest of Red Earth Creek, Alberta— pay 100% to earn 100% with a 3% gross overriding royalty (GOR) upon earning to the vendor.
2. The mineral rights within the farmin agreement are currently held under several Alberta Crown 4-year initial term P&NG licenses expiring in September 2010 – the rights can be grouped and validated with a drilling program and subsequently continued under a 5 year intermediate term license
3. Close to infrastructure – existing pipelines with capacity and all weather roads. There is existing regional natural gas infrastructure and the target formations should contain sweet natural gas, which would reduce production and processing charges.

A drilling program has been prepared for one initial well and two subsequent wells. Contingent upon financing this program will be evaluated and funds allocated to the best net back between this gas project and the other oil developments. An 18 month payback criteria will be used prior to assigning capital to this project.

B. Private Company Production and Property Acquisition (completed October 1, 2009)

1. 2560 gross acres of land within and adjacent to the CREnergy Project area lands
2. 64% working interest in six wells – 2 producing wells and 4 suspended wells located in the Kidney and Equisetum fields and located within or adjacent to the CREnergy Project lands
3. Approximately 8 barrels per day (bbl/d) net production (12 bbl/d gross) of light oil at time of acquisition
4. Based on the April 1, 2009 engineering report provided by the private company, the estimated Proved and Probable oil reserves was CAD\$459,000 (net present value -- 10%).

Cougar negotiated a purchase agreement with the private company consisting of cash for the P1 reserves and Cougar shares for the P2 reserves.

C. Private Company Production and Property Acquisition (completed Sept. 30, 2009)

1. 7,100 gross acres of mineral rights with an average 85% working interest (all continued through production, no expiries)
2. The 2009 production averaged approximately 125 barrels per day (bbl/d) net production (170 bbl/d gross) with the production dropping to approximately 85 bbl/d at time of acquisition due to several wells being shut in for repairs and pending the election of partner AFE's.
3. 11 pumping wellbores – 8 at time of acquisition – see note above
4. 1 observation wellbore and 21 suspended wellbores
5. 8 single well batteries, 3 water disposal wellbores with associated facilities, 2 multi well batteries with existing fluid handling capacity in excess of 2500bbl/day (oil, gas and water handling and treating capability)
6. Approximately 38.7 km of pipelines (oil and produced water)
7. Approximately 13 km² of 3D seismic over the properties and approximately 84 km of 2D seismic over the properties and adjacent lands

8. Based on the June 30, 2009 independent look ahead engineering report provided by the private company, the estimated Proved and Probable oil reserves was approximately CAD\$7,250,000 (Net Present Value 10% discount).

The agreed purchase price was CAD\$6,000,000 with an initial payment of CAD\$1,000,000 at closing. The purchase price was evaluated and negotiated at \$52.50 per barrel (bbl). We received \$74.20 USD average for the 4th quarter 2009. Although the Q1 for 2010 average has not been calculated, we expect it will be in the average of \$78 USD range.

After operating costs, there is an average of CAD \$50 net back per barrel at current commodity prices. The cash portion of the acquisition cost was provided by Kodiak and subsequent guarantees by Kodiak

The substantial majority of these acquisitions are outside the boundary of the CREnergy Project lands and virtually all mineral rights (except Crossfield) acquired in the various acquisitions are and will continue to be Crown lands.

The current surface facilities have a replacement value of CAD\$6,500,000 with a depreciated value of CAD\$1,000,000. The overall project has an estimated CAD\$50,000,000 in sunk costs to date including wells, facilities, pipelines, roads and power lines.

Kodiak was able to borrow sufficient funds for the acquisition on behalf of Cougar by way of a bridge loan. Cougar then closed the acquisitions September 30 and October 1/2009. Subsequently through the Cougar Canada transaction the bridge loan was converted into equity.

Why was this acquisition especially important?

This was a critical mass property acquisition as there is substantial infrastructure, resulting in lower overall operating costs, lower development costs and giving our schedule an enormous leap forward to achieve our goal of creating a 2000 - 5,000 bbl/d company with an oil focus, in a relatively short period of time.

Without this kind of infrastructure, the initial production would have lower net backs due to higher trucking costs and regular non-producing periods due to weather and seasonal restrictions. In lieu of this acquisition, a large amount of future capital would have to be spent to bring facilities to this baseline, which we now have.

At current costs, the infrastructure replacement value would be substantially in excess of CAD\$6,000,000. This capital will now be able to be spent on the drill bit and development work – allowing for a more aggressive growth plan.

Additional details include:

- The existing area field personnel willingly transferred to Cougar and their many years of hands-on field expertise has already added value.
- The existing pipeline systems provides direct access to sales of oil products, which results in the access to sales being in our control and not third party pipeline operator dependent.
- There are 2 batteries for the handling and treating of oil and the disposal of the produced water. The batteries are capable of handling an estimated 2,500 bbl/d with nominal refit costs.
- Many of the wells are piped into the batteries to lower the need for trucking which is especially important for the higher water cut wells – these pipelines can be expanded to further lower operating costs.
- There are 37 wells, which 11 are currently producing – the 22 suspended wells have potential upside, as discussed below.

- The produced water can be used for future water floods – which regularly have been shown in the area to add substantial incremental production.
- As of yearend - production is averaging 125 bbl/d net of light sweet crude oil at an average operating cost of CAD\$25.00/bbl. We have completed a substantial amount of due diligence and are comfortable with the projected budget \$50.00 net backs from these properties at current commodity prices. This provides for a safety margin much lower than the lowest price seen in the recent recession and the industry average price of \$55.80 USD for the year ended 2009
- The reported cumulative production of light sweet crude oil from the Keg River and Granite Wash formations in this area is in excess of 6.6 million barrels of light sweet crude oil.
- The wells in this area previously produced up to an estimated total of 2,450 barrels of oil per day.

This acquisition, combined with the smaller acquisition, provides a solid foundation for us to further enhance the Trout area properties, along with the existing operating and facilities to give substantial momentum to our plans. We believe this justifies the acquisition on that basis alone.

3. Metrics and Reserve evaluations

Some metrics to valuating these properties – with financing costs – we paid approximately \$80K+ per flowing barrel – without financing costs \$70K per flowing barrel. At year end we reduced the overall cost to \$48K per flowing barrel and after our first round of maintenance programs and including those costs, have **reduced the overall project to \$27K/ per flowing barrel.**

We have reduced operating costs from \$30 Cdn per barrel – **down to \$25/bbl at year end and targeting for \$22/bbl or lower.**

Or to evaluate on reserve value – see below – **we have doubled reserves in less than 4 months, and look to do that again in the next 6 months.**

These reserve reports were prepared based on the acquisitions of September 30, and October 1. These reports are updates to the look forward reports prepared as part of the negotiations for the acquisitions. Due to the timing of the 3d quarter financials September 30, 2009 cut off, only parts of the October 1 report were included in the 3d quarter financials due to US GAPP rules.

The October 1/2009 report gave the first look at the consolidated properties in the “Trout Field” plus the other Alberta properties acquired at Alexander and Crossfield. The December 31/2009 report gave the analysis with the initial work programs implemented.

In summary the proven (P1) plus the probable (P2) discounted 10% as per Canadian standard evaluations using escalation pricing– for October 1, 2009 \$7.695MM CAD of Proved and \$10.471MM CAD proved plus probable (both at NPV-10%). **For January 1, 2010 Cougar is at \$8.325MM CAD of Proved reserves and \$13.921MM CAD - Thus we continue to demonstrate our ability to increase reserve value with very limited capital infusion and our expectations of these properties were correct.**

Note 1 –

See note and cautionary language below regarding escalating pricing vs. constant pricing. We used this escalating pricing model as the basis for the acquisition, NI 51-101 filing purposes in Canada and for continuity and comparison purposes as the average price model (constant pricing) has substantial swings during 2009 does not necessarily reflect the asset value except for US GAAP purposes.

Note: - for Yearend reporting December 2009, we took a write down for abandonment liability due to this constant pricing model which we would not have taken if using the actual price received for the oil in the model or the forecast pricing model used in Canada had been used for the abandonment liabilities. Thus we expect that with the current prices stable at this near \$80 level or better, we will have an entry in our financial next year recovering this write-down. See also notes and cautionary language regarding reserve evaluations.

4. Operations Update

With the financing that was recently announced on March 2, 2010 and before the early break up stopped work, we have deepened some of the wells, opened up previously shut off formations, upgraded pumps and pump jacks and have increased the total fluid production to the point where we are currently well site equipment limited and during break up, equipment will be moved around to remove these bottlenecks. We continue to evaluate all of the projects on a best net back basis.

Maintenance Programs completed to March 15/2010 with partial use of the line of credit.

- Acid wash of perforations – completed 2 to March 15
- Wellbore Cleanouts and Hot Oil/Chemical jobs – completed 6 wells to March 15
- Perforating additional zones – completed 2 wells to March 15
- Drill out plugs and open up previously abandoned zones – completed 2 wells to March 15
- Repairs to wells with separated rods and pump problems – completed 5 wells to March 15
- Pump and well site equipment optimization, - ongoing
- Some of this work is eligible for a lower crown royalty under the current regulations – improving net backs further.

We have projected a gross revenue stream of approximately CAD\$300,000 per month to Cougar after the initial maintenance programs are implemented. Within approximately 6 months of implementing our proposed maintenance program, we are projecting an estimated production of 300 to 500 bbl/d and well on our way to the goal of a 2000-5,000 bbl/d company on an accelerated basis and a main board listing on the NASDAQ.

We have confirmed our belief in the properties and the low hanging fruit we saw – By lowering operating costs from the acquisition date of \$30+ per barrel CAD down to a consistent \$25 CAD per barrel. We have incrementally increased production every month – to the March 15/2010 average of 250 bbl/d gross and working quickly to a 250 bbl/d net. We continue to add production at the rate of \$10 - 15,000 CAD per flowing barrel cost – substantially below the current selling price of \$40 - \$80,000 CAD per flowing barrel in the area – depending upon reserve life

Continued Development of the Trout Area through Systematic Operational Controls

As we develop our maintenance program through the Trout Area lands in north central Alberta, we will continue to utilize our economical model to drive efficiency and minimize costs. We will focus our maintenance program on industry best practices and continued technological enhancements to maximize our return on assets and capital deployed.

Consolidate the Trout Area

To further enhance our economies of scale, we intend to be aware of other acquisition opportunities in the area. Consistent with our strategy to improve our financial flexibility, we intend to make acquisitions utilizing either equity and/ or debt instruments.

Develop Trout Area Assets

We intend to prudently develop this acreage position by redeploying cash flow generated from area operations. We are currently evaluating a series of developmental drilling locations in addition to several step out drilling locations with the goal of adding incremental reserves and cash flow. As we are focused on locations in areas with existing infrastructure, we expect our development plan to have a near-term material impact on our proved reserves and production. We believe investing in this area is the most expedient way for us to improve our financial flexibility and return on capital.

5. Lucy - Horn River Basin Muskwa Shale project –

The Cougar Energy, Inc is the operator and 80% working interest owner of a 1,920 acre lease located in Northeastern British Columbia. The Corporation believes the lease is situated on the southeast edge of the Horn River Basin and the Muskwa Shale gas prospect. Industry continues to show increased interest in this shale gas play with several comparisons of the Muskwa Shale gas potential as an analogue of the Barnett Shale gas potential.

The Corporation has been involved in two previous drilling operations on the lease. In the fourth quarter of 2006, Kodiak farmed in as a non-operated partner, paying 10% to earn 7.5%, on a drilling operation in the Lucy (Gunnell) area. This first drilling operation, designed to target a Middle Devonian reef prospect, had several operational problems and was unsuccessful.

After performing an internal review of seismic and drilling data, it was determined there was a seismic anomaly on the southern half of the lease. This anomaly was identified on several different seismic lines and a decision was made to drill a well on that part of the lease to evaluate both the anomaly as the primary target and the Muskwa Shale, seen in the first well but not evaluated by the operator at that time.

In the third quarter of 2007, the Corporation served partners with an independent operations notice which resulted in the Corporation increasing its working interest in the lease to 80%.

In the first quarter of 2008, a second drilling operation was completed and a vertical well was cased. It was determined that the Middle Devonian seismic anomaly was not a reef buildup and the wellbore was cased due to encountering significant gas shows in the previously identified Muskwa Shale with a formation thickness of approximately sixty meters.

The Corporation submitted an application to the British Columbia Oil & Gas Commission (“OGC”) for an experimental scheme to test the Muskwa Shale gas potential. On August 12, 2008, Kodiak received the final approval of the Lucy experimental scheme application. The Corporation has prepared a multi-phase work program designed to test the deliverability of the Muskwa Shale gas formation using vertical and horizontal drilling and completion techniques. Kodiak’s proposed work program would allow for early production into a pipeline in order to monitor long-term deliverability rates and pressures of horizontal and vertical test wells on the periphery of the Horn River Basin.

These results would be some of the first commercial production results for a Horn River Basin shale gas project and would provide information that would help define the effective exploration area of the Basin and assist in the validation of adjoining properties in a divestiture process, should that occur.

The Corporation contracted an industry-recognized shale gas assessment laboratory to prepare and analyze the drill cuttings from the 2008 well in order to evaluate the Muskwa Shale interval for gas potential. The shale gas assessment is conducted by performing various tests on the rock cuttings that were obtained while drilling the well in order to determine the type, quality and amount of both adsorbed and free gas.

The most important conclusion from the drill cutting analysis is that the information received continues to support the evaluation of Kodiak's Muskwa (Evie) Shale gas prospect. The laboratory data is consistent with other public industry and government data on the Muskwa Shale. It should also be noted that the numbers obtained on the laboratory analysis of drill cuttings may be conservative due to the nature of sampling drill cuttings on a drilling rig. Another significant point is that all three wells on the Kodiak lease, drilled deep enough to penetrate the Muskwa Shale, had elevated gas detector readings while penetrating the shales.

The prospect is still in the early stages of delineation and no assurance can be given that its exploitation will be successful. However, based on well cuttings and drilling data, Kodiak's internal technical analysis has estimated the volume of adsorbed and free gas in the Muskwa (Evie) shales to have potential net reserves of 41 bcf per section or 123 bcf total. Based on estimated 25% recovery factor on the three sections of land, we estimate a total of 30.75 bcf recoverable contingent resources. In calculating this number, the Corporation used all of the laboratory analysis findings and wellbore information obtained during the drilling operation. For reference, this internally calculated volume is between the "best" and "high" calculations listed in the Chapman report that only had the TOC analysis and industry available data. Further appraisal work is required before these estimates can be finalized and commerciality assessed.

Lucy Current Status

Depending upon commodity prices – the severe turn down in gas prices over the past year have made natural gas projects difficult to show returns on investment – especially with high capital cost project such as the Horn River Basin and despite the very large reserves and recovery rates attributed to the Muskwa shales. The current \$4-\$5 gas prices limit the return this project in the short term and thus the financing.

The current intention is to perform the following work commitments for the license (as new information and financing becomes available the plans may be revised). In lieu of obtaining our own financing, we are actively enlisting JV partners to move the project forward by way of divesting part of our interest.

- Perforate the Muskwa intervals, perform a vertical shale gas fracture treatment, test and evaluate pressures and production and, if economic, equip and tie in well to an existing pipeline approximately 1 Km from the wellhead.
- Drill and case a 1000 meter horizontal leg from an existing cased vertical well on the lease, perform a horizontal staged fracture treatment, test and evaluate pressures and production and, if economic, equip and tie in well to pipeline.

6. Cougar Central Alberta Producing Properties

Private Company Production and Property Acquisition (completed October 1, 2009)

2 producing oil properties in the Crossfield and Alexander fields in Central Alberta

100% working interest in the Crossfield property – 1 producing well with single well battery with approximately 5 barrels per day (bbl/d) net production – production continues to be stable with no capital commitment required

55% working interest in the Alexander property- 1 shut in oil well with a single well battery, 1 suspended well. Expected production of approximately 10 bbl/d net production upon restarting shut in oil well after spring break up.

We acquired these properties as part of the default on the previous Lucy farm out.

7. The next steps after the Acquisitions

The Company plans to aggressively develop and explore its newly acquired Cougar assets. A maintenance and development program is in progress for Q2 2010 which is expected to result in production increased to approximately 250 barrels of oil per day (net) or 320 gross.

Additional maintenance programs will be initiated in post break up through the summer and into the following winter. Drilling programs will be planned for the fourth quarter of 2010 where the seismic data supports the effort and expense and further drilling will be based on the results of the initial wells.

Acquisitions, consolidations of working interests in the properties will all be evaluated monthly and aggressively pursued if justified on a short return on investment.

Financing and Corporate and Project Development

At 2009 year end Cougar Energy Inc had a excellent land base and potential for additional other mineral rights, good production and some cash flow, but was in a position that it needed to pay off the bridge loan debt incurred in the acquisition, before additional financing would be available to move the project to a positive growth pattern.

Several models of financing were investigated, and tried, but the cost of financing or dilution were severe and declined due to dilution to the Cougar Energy shareholders and ultimately Kodiak as a shareholder. The equity placement was the only model that ultimately worked. – and the following model was the best case within the criteria used.

January 25, 2010 - Kodiak Energy, Inc. announces that it has entered into a strategic agreement with Ore-More Resources Inc, based in Calgary, Alberta. This transaction is to effect the cancellation of certain indebtedness of Kodiak on behalf of its private subsidiary, Cougar Energy, Inc., which Ore More recently acquired from Zentrum Energie Trust AG – the bridge loan. The strategic agreement was reached between Kodiak and Ore-More to enable Cougar to seek conventional debt financing, with more favorable terms, along with equity investment from the public markets.

February 19, 2010 -- Ore More Resources Inc announced that it recently obtained 100% shareholder approval to change its corporate name to "Cougar Oil and Gas Canada Inc.", in accordance with the Business Corporations Act (Alberta). Subsequently on February 4, 2010, Ore-More filed a Certificate of Amendment to its Certificate of Incorporation with the Registrar of Corporations in Alberta, Canada. The name change was transacted to reflect Cougar Canada's investment in and long term commitment in the private company, Cougar Energy, Inc.

To summarize - Kodiak retains 64% of the outstanding shares of Cougar Oil and Gas Canada Inc. who is in turn own 94% of the shares of Cougar Energy, Inc. Cougar Canada is currently working to acquire the balance of the outstanding shares of Cougar Energy. Kodiak management also maintains a critical position in the management of Cougar Canada. Kodiak has also guaranteed the financing for Cougar Energy to date with the institutions.

This model has allowed Cougar Energy to obtain the needed conventional debt type financing on commercial terms - to move the projects forward.

March 2, 2010 -- Cougar Oil and Gas Canada Inc. announced that, on February 26, 2010, its private subsidiary, Cougar Energy, Inc. ("Cougar Energy"), closed a formal agreement (the "Agreement") with a Canadian bank for two credit facilities. The first credit facility is a revolving demand loan in the amount of Cdn\$1,000,000 at a per annum rate of prime interest plus 3.5%. The second credit facility for 2 million, is a non-revolving acquisition/development demand loan bearing an annual per annum interest rate of prime plus 3.0%. Under the terms of the Agreement, the two credit facilities are committed for the development

of existing proved non-producing /undeveloped petroleum and natural gas reserves in Cougar Energy's core are of Trout, purchased by Cougar Energy in September and October 2009, and/or acquisitions of producing petroleum and natural gas reserves

An important step to validating the reserves, overall assets and the project as the Cougar Core Trout properties became bankable in conventional terms and conditions.

As we continue to establish a presence and momentum in the area, we anticipate expanding this acquisition program to other area operators.

From this core area, we have the parallel paths to work from – exploration on these lands and additional acquisitions – all of which will complement our relationship with CREnergy and the subsequent exploration and development of their lands for oil and gas.

Each program, whether via acquisitions of assets vs the exploration drill vs the development of existing lands forward is assessed on:

- best net back to the corporation,
- risk vs potential upside.

Currently the most upside for the next 6 months is the current criteria for decisions.

As the overall market stabilizes, both in commodity pricing and financial support, additional risk may be entertained with the corresponding upside potential.

This discussion document should be read in conjunction with the Company's Annual Report filed on Sedar and Edgar - March 31, 2010 for year ended December 31, 2009

Forward-looking Statements: discussion paper contains forward-looking statements. The words or phrases "would be," "will" "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," or similar expressions are intended to identify "forward-looking statements". The Corporation's business is subject to various other risks and uncertainties, which may be described in its corporate filings (www.sec.gov and www.sedar.com). Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. The Corporation cautions readers not to place reliance on such statements. Cougar undertakes no obligation to update or publicly revise forward looking statements or information unless so required by applicable securities laws.

This information in this discussion document contains the terms "estimated reserves based on escalating pricing" and /or "contingent resources". The Company advises investors that although these terms are recognized and required by Canadian securities regulations (under National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities), the US Securities and Exchange Commission does not recognize these terms. . In addition, "estimated reserve value" has an amount of uncertainty as to their existence, and economic and legal feasibility In addition, "prospective resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that any part of a prospective resource will ever be upgraded to a higher category. Under Canadian rules, estimates of prospective resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a "preliminary assessment" as defined under National Instrument 51-101.

CAUTIONARY NOTE TO U.S. INVESTORS - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions and constant pricing. We use certain terms on this management discussion, such as prospective resource or economic forecast based on escalating pricing, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 10K. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

Reserves

Estimating oil and gas reserves is a very complex process requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. This data may change substantially over time as a result of numerous factors such as production history, additional development activity, and continual reassessment of the viability of production under various economic and political conditions.

Consequently, material upward or downward revisions to existing reserve estimates may occur from time to time; although, every reasonable efforts is made to ensure that reported results are the most accurate assessment

available. We ensure that the data provided to our external independent experts, and their interpretation of that data, corresponds with our development plans and management's assessment of each reservoir.

The significance of subjective decisions required and variances in available data make estimates generally less precise than other estimates presented in connection with financial statement disclosures.

In December 2008, the SEC issued its final rule, Modernization of Oil and Gas Reporting, which is effective for reporting 2009 reserve information. In January 2010, FASB issued its authoritative guidance on extractive activities for oil and gas to align its requirements with the SEC's final rule. We adopted the guidance as of December 31, 2009 in conjunction with our year-end reserve report as a change in accounting principle that is inseparable from a change in accounting estimate. Under the SEC's final rule, prior period reserves were not restated.

For the United States, the primary impacts of the SEC's final rule on our reserve estimates include: The use of the unweighted 12-month average of the first-day-of-the-month reference price of \$58.21 USD per barrel for oil compared to average actual sale price of \$74.20 USD per barrel received for the months of October, November and December 2009 when we had sales. Therefore, a price point was used for calculations of reserves and impact on long term liabilities, which was 78% of actual received – thus our comments as to subjective price points and that effect on estimates.