



VALUE CREATION INC.



BA ENERGY INC.

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## News Release

**Calgary, Alberta, June 28, 2010**

**Value Creation Inc. and its wholly owned subsidiary BA Energy Inc. filed a regulatory application to build TriStar SAGD/Upgrading Pilot Project south of Fort McMurray, Alberta**

Value Creation Inc. (“VCI”), part of the Value Creation Group, and its wholly owned subsidiary BA Energy Inc. (“BAE”) filed an application with the Energy Resources Conservation Board (“ERCB”) to build a 1,000 bpd Steam Assisted Gravity Drainage (“SAGD”) integrated with Upgrading Pilot Project on its TriStar leases in the Athabasca oil sands area (the “Project”). The Project is located approximately 14 km south of Fort McMurray. The TriStar leases contain over 2 billion barrels of contingent and prospective recoverable bitumen that can support approximately 200,000 b/d of production for decades.

The Project will establish the high reservoir qualities of the TriStar leases and affirm the significant advantages of the integration of SAGD with VCI proprietary upgrading technologies which can directly upgrade SAGD wellhead slurry of bitumen emulsion, totally unique for upgrading technologies. Such combination is expected to significantly simplify process complexity, achieving very significant competitive advantages in capital and operating costs, as well as reducing environmental footprint and emissions.

This Project is Key to a special business initiative with a series of projects of increasing sizes, designed for expeditious execution and prudent risk and financial management. “We fondly call this initiative Value Creation In Motion (“VcIM”), our determined drive to define our destiny”, said Dr. Columba Yeung, Chairman and Chief Executive Officer of Value Creation Group.

VcIM is one of three parallel business dimensions of VCI, the other two being:

- Partnership with an International Super Major in the development of the Terre de Grace oil sand leases (a contiguous block with vast bitumen resources), which was announced on March 15, 2010. A 10,000 bpd semi-commercial project has already received regulatory approvals.
- Value Chain Enhancement to provide upgrading and product value optimization for VCI, its partners and clients. VCI, via its subsidiary BAE, has regulatory approvals for a 260,000 bpd Merchant Upgrader in the Heartland Industrial Area, a pivotal logistic hub for oil movement from Alberta to North America and the Pacific Rim in the future.

For further information, call 403.539.4500

### Note to editors

- Value Creation Inc. is a private Canadian company focused on the development of its large oil sands resource holdings to become a full-value-chain oil sands enterprise, leveraging synergistic applications of its proprietary technologies in integrated resource development.

- BA Energy Inc., a wholly owned subsidiary of VCI, owns a large block of prime industrial land (over a thousand acres) in the oil hub of Heartland ( NE of Edmonton), with major heavy oil pipelines from all 3 major oil sands regions, and crude pipelines to U.S. markets.
- SAGD is a thermal in situ recovery process using pairs of horizontal wells. A horizontal production well is located near the bottom of the reservoir and steam is injected into a second horizontal well placed above it, heating the bitumen and enabling it to flow. The bitumen and condensed steam gravity drain into the lower horizontal well and are produced through the wellbore to the surface.
- VCI upgrading technology comprises two processes. The first process Accelerated Decontamination (“**ADC<sup>TM</sup>**”) takes hot bitumen emulsion and the produced water directly from the SAGD wells and produces clean decontaminated oil (“**DCO**”), premium heavy oil with a negligible amount of asphaltenes. DCO can be transported with little or no diluent. The extracted asphaltenes can be sold as solid fuel or used as a fuel for steam generation. The water produced through this process contains minimal oil and requires nominal de-oiling prior to water treatment and steam generation.
- The second process, called Ultra Selective Pyrolysis upgrading (“**USP<sup>TM</sup>**”), can produce either synthetic crude oil or diluent by cracking the high boiling point residue in the DCO. The USP<sup>TM</sup> also produces synthetic gas that can be used for steam generation. The coke and gypsum by-products can be used for commercial purposes.

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