



SilverWillow Energy Corporation is an oil sands development company focused on developing a first-class portfolio of 100% owned oil sands leases in the Canadian Athabasca Oil Sands Area.

Assets include the 23,040 acres of Audet Lands, with almost 1.85 billion barrels of discovered resources\*, of which 68 million barrels are classified as best estimate contingent resources.

SilverWillow also holds an additional 94,080 net acres of exploration lands in the Birch Mountains area, and 57,600 net acres of other exploration lands. The development of these assets is primarily in situ focused.

TSX-V:SWE

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### Annual General Meeting

Thursday, May 16, 2013,  
10:00 a.m. MDT

Calgary Petroleum Club,  
Cardium Room  
319 – 5 Ave. SW, Calgary

This annual report is intended to provide an overview of SilverWillow. It is available in both printable (pdf) and on-line formats available on the company website, at [www.swenergy.ca](http://www.swenergy.ca). Printed copies are available by mail upon request.

This report should be read in conjunction with the [2012 Management's Discussion and Analysis](#) and [Audited Consolidated Financial Statements](#) and accompanying notes as of December 31, 2012 and for the period of incorporation of January 5, 2012 to December 31, 2012. All dollar amounts are in Canadian dollars unless otherwise noted. For additional information concerning SilverWillow, readers are advised to refer to SilverWillow's [Annual Information Form](#) for the period from incorporation, January 5, 2012 to December 31, 2012, filed under SilverWillow's profile on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.swenergy.ca](http://www.swenergy.ca).

Certain information in this annual report constitutes "forward-looking information" (within the meaning of applicable Canadian securities laws) regarding SilverWillow Energy Corporation's ("Corporation") business and affairs. Such information ("forward-looking statements") are generally identifiable by the terminology used, such as "anticipate", "believe", "intend", "view", "proposed", "plan", "expect", "estimate", "budget", "outlook", "should", "would", "indicative", "potential", "illustrative", "growth", "upside", "go-forward", "scenarios", "outcome", "notional", "may" or other similar words and include statements relating to or associated with individual wells, regions or projects.

Statements relating to "resources" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the resources described, exist in the quantities predicted or estimated, and can be profitably produced in the future. Assumptions upon which certain of such forward-looking statements are based include assumptions regarding, among other items: future crude oil, bitumen, and natural gas prices; the Corporation's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Corporation's requirements; the regulatory framework representing royalties, taxes and environmental matters in which the Corporation conducts its business; the Corporation's ability to market production of bitumen successfully to customers; the Corporation's geological and engineering estimates; continuity between core holes; the geography of the areas in which the Corporation is exploring; the impact on the Corporation of increasing competition; the Corporation's ability to obtain financing on acceptable terms; and those other assumptions described elsewhere in this presentation. These assumptions are based on certain factors and events that are not within the control of SilverWillow Energy and there is no assurance they will prove to be correct.

\*Sproule Audet Report, effective December 31, 2012.

# SilverWillow's Oil Sands Portfolio



★ Planned plant sites

**A**

Audet - 100% W.I.  
In Situ Potential  
Total Acreage = 23,040

**B**

Birch Mountains - 100% W.I.  
In Situ Potential  
Total Acreage = 94,080

**C**

Other Exploration Lands  
100% W.I.  
Total Acreage = 57,600

Overview of SilverWillow assets in  
Athabasca Oil Sands Area  
Total Leases = 174,720

# 2012 President's Message

On April 4, 2012 SilverWillow Energy Corporation emerged as a newly formed, publicly-traded oil sands exploration and development company, focused on a portfolio of high-quality oil sands leases.

SilverWillow came into being as a result of a plan of arrangement between SilverBirch Energy Corporation, Teck Resources Limited, and 8071667 Canada Inc., whereby holders of SilverBirch common shares received cash consideration of \$8.50 per share and one common share of SilverWillow. Upon the completion of this transaction, which received overwhelming support by SilverBirch shareholders, SilverWillow was established with a substantial portfolio of 174,720 acres of prospective, 100% working-interest oil sands leases. SilverWillow is one of the few independent, pure-play oil sands development companies operating in Alberta's Athabasca Oil Sands Area.

2012 has been a year to deliver on commitments made to our shareholders – which is to add value to our existing barrels, to seek more barrels and to move our high quality oil sands properties toward commercial production. Capitalizing on oil sands exploration and development capabilities gained from managing SilverWillow's predecessor companies, UTS Energy Corporation and SilverBirch, our team is forging ahead on a proven business strategy; to develop projects through the requisite delineation phases and regulatory approvals, and find the best strategy to maximize value for our shareholders. We've done it before and we are determined to repeat our success.

2012 was a highly eventful year for technical progress – essentially a year of 'priming the pumps'. We focused our energy on our core asset, the Audet Lands. We gained a clear picture of the geology of this first-class in situ reservoir while building on the learnings obtained from other developers in the region. We analysed data from the winter field program completed in 2011 and early 2012 and continue to delineate the geology in Audet through additional drilling and coring into 2013.

In our first year of operation, we reported an almost 10% increase of Discovered Petroleum Initially-In-Place from 1.69 billion barrels to 1.85 billion barrels on our Audet Lands. From these barrels, our independent resource evaluator assigned Contingent Bitumen Resources (best estimate) of 68 million barrels of recoverable bitumen.

This is a key development for the Audet project and a catalyst to SilverWillow's progress. This independent evaluation coupled with results from our third party engineering studies support our plans to commercially extract bitumen at Audet using Steam Assisted Gravity Drainage ("SAGD"). Our advanced reservoir simulation studies and thorough technical analysis provide robust evidence that the McMurray Formation shales on the Audet Lands provide the critical caprock for steam containment.

Our next steps at Audet are to complete the engineering design of bitumen production facilities and prepare a regulatory application and environmental assessment to submit to regulatory authorities. Key technical work, engineering design and cost estimates for the production facilities and infrastructure are underway to provide support for the regulatory application for a 12,000 barrel per day SAGD production facility at Audet. We expect submission of the application in the second half of 2013 and anticipate regulatory approval in 2015. Assuming typical timelines for regulatory approval and facilities construction, we project that first oil from a commercial scale facility will be in late 2016 or early 2017.

“Our technical analysis provides robust evidence that the McMurray Formation shales provide the critical caprock for steam containment.”



Our other oil sands leases include the Birch Mountain Lands, where SilverWillow also holds a 100% working interest. The Birch Mountain Lands lie immediately adjacent to the proposed Frontier Oil Sands Mine Project and its substantial 2.8 billion barrels of contingent resources. In 2012, a 2D seismic acquisition program was outlined to target locations for our oil sands exploration drilling program. Field activities for the low-impact seismic program commenced in early 2013 and results are currently being analyzed. SilverWillow's goal is to find in situ targets on the Birch Mountain Lands to enhance our development portfolio. Contingent upon the success of the seismic program, we will look to plan an exploration drilling program for next winter.

As our industry continues to experience a period of economic uncertainty due to current bitumen and heavy oil pricing, we believe netbacks will improve by the time our first project is closer to production. We anticipate that some of the uncertainty regarding pipeline takeaway capacity will be resolved in the medium term and are encouraged by the emergence of rail transportation as a viable alternative, particularly for small producers.

Throughout 2012, and continuing into 2013, we exercised stringent financial discipline as we executed our work plans. We worked to ensure that capital is spent responsibly and efficiently; directing funds to the technical developments that move our projects toward commercialization. Administrative costs have been reduced by retaining an efficient staff base and outsourcing to experienced technical consultants to complement our in-house expertise. In mid-2012, we downsized our Calgary offices to reflect the emerging stage of our pre-production company. We believe that operating from this focused base and paying close attention to costs aligns with our shareholders' expectations.

In October 2012, we received solid endorsement from investors as we completed a successful \$4.0 million flow-through common share offering. These funds were raised to support exploration programs at the Birch Mountain Lands and the Audet Lands. We exited 2012 with working capital of approximately \$25 million. Future funding will be matched to delineation and development activities and we continue to assess financing alternatives, partnering opportunities and execution strategies.

I would like to thank shareholders for their support and patience in our first year of operation and through the transition from SilverBirch to SilverWillow. Also, for allowing us the time to build the foundations of what, I am confident, will become another success story. Throughout history, it has been shown that lasting success is achieved through the diligent process of establishing the vision, developing the plan and building the technical foundation. I look forward to sharing our excitement with employees and shareholders as we move through 2013 and beyond.

A handwritten signature in dark ink, appearing to read "H. Lutley". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

Howard J. Lutley, P. Eng.  
President and Chief Executive Officer  
Calgary, Alberta, Canada  
April 17, 2013

# An Enviable Portfolio

“80% of the world’s oil reserves are owned or controlled by national governments. Only 20% of total world oil reserves are accessible for private sector investment, 55% of which are found in Canada’s oil sands.” (Source: CAPP 2011)

**SilverWillow is an independent, pure-play oil sands company in the Athabasca Oil Sands Area of Alberta with an enviable portfolio of 100% owned oil sands leases. We have a well-defined plan to add value to our existing resources, to discover more resources and to move our high quality oil sands properties toward commercial production.**

Alberta’s initial in-place crude bitumen volume is approximately 1,844 billion barrels, with remaining established reserves of 169 billion barrels. Of the approximately 169 billion barrels considered recoverable, approximately 80% will come from in situ production, with the remaining 20% of bitumen recovered by open-pit mining. Developments in recovery technology, primarily in situ technologies such as SAGD production, could bring ultimate recoverable potential of 315 billion barrels. (Source: ERCB 2012)

**SilverWillow has a substantial portfolio of 100% owned oil sands leases, with in situ prospectivity totalling 174,720 acres. SilverWillow’s Audet Lands hold almost 1.85 billion barrels of discovered petroleum initially- in-place and contingent bitumen resources of 68 million barrels of recoverable bitumen-in-place.**

In situ bitumen production differs in several respects when compared to production of bitumen by mining, including the smaller scale of development that is typically associated with in situ projects. In situ production schemes require a scale in the range of 10,000 to 30,000 barrels per day (“bbl/d”) to be economically viable. Smaller phases of in situ production allow learnings and new technologies to be incorporated more readily into subsequent phases. Regulatory and construction timelines are also generally much shorter than those experienced in mining projects allowing production and cash flow to occur sooner to support the expansion of additional phases.

**SilverWillow is primarily focused on exploring and developing in situ resources. We are advancing the Audet Lands project towards commercial production in preparing a regulatory application for the 12,000 bbl/d production facility for submission in the second half of 2013. Engineering and regulatory consultants have been retained and are in the process of preparing a preliminary engineering design and cost estimate for the production facilities and infrastructure, wells and well pads and to conduct an environmental assessment for the regulatory application. Assuming typical timelines for regulatory approval and facilities construction, it is anticipated that first oil from a SAGD project will be produced in late 2016 or early 2017.**



# Operational Milestones

## 2012 ACCOMPLISHMENTS:

- Began operations on April 4, 2012.
- Completed a 2012 winter field program to augment the first drill program of 34 core holes drilled on Audet in 2011. Assessments included further resource delineation drilling with 38 core holes drilled in 2012, additional caprock evaluation, hydrogeological evaluation, and a 2D seismic program.
- Detailed studies by geomechanical and reservoir engineering consultants validated caprock integrity and viability of applying SAGD technology to develop Audet Lands – results to date support SAGD development at an operating pressure of 1,350 kPa.
- Engaged engineering and project management contractors to prepare a Class IV estimate for a 12,000 bbl/d SAGD production facility at Audet.
- Received preliminary results of well performance simulations from reservoir and well completions engineers and consultants to assist in facilities design.
- Engaged regulatory and environmental consultants to conduct an environmental assessment of the Audet Lands project and prepare a regulatory application.
- Furthered environmental and regulatory processes for the Audet Lands project with regulatory agencies.
- Increased independent evaluation of the Audet Lands estimated discovered petroleum initially-in-place from 1,689.6 million barrels to 1,845.9 million barrels, of which 68 million barrels were assigned best estimate contingent resources.

## 2013 OBJECTIVES:

- Undertake additional drilling on Audet Lands to support caprock assessment.
- Complete thermal reservoir and geomechanical simulation work using the additional data from the 2013 field program.
- Provide the appropriate technical data from extensive field programs and from geomechanical and thermal reservoir modelling to take the project through to regulatory application.
- Determine requirements and design field tests to further validate the caprock integrity of the McMurray Formation shales.
- Finalize environmental studies to support the project environmental assessment.
- Complete Design Basis Memorandum (“DBM”) level engineering for design of a 12,000 bbl/d commercial scheme designed to extract up to 120 million barrels in initial project area.
- Prepare and submit regulatory application for 12,000 bbl/d commercial scheme.
- Conclude analysis of the 2D seismic acquisition program to evaluate the exploration potential of the Birch Mountain Lands, and plan a drilling program to be conducted in first quarter of 2014.
- Examine additional strategic opportunities in the oil sands and heavy oil industry.

Since SilverWillow's launch in early 2012, our critical focus has been to build upon in situ industry learnings and extend our competencies in technical analysis of our assets. This first year of operation was an eventful year of technical preparation. We undertook rigorous analysis integrating geological, geophysical, geomechanical and hydrogeological data and evaluating the commercial prospectivity of our 100% owned oil sands assets. We engaged highly-respected consultants including, an independent qualified reserves evaluator, a geomechanical consultant for caprock integrity evaluation, a reservoir engineering consultant for well performance evaluation, an engineering, procurement and construction contractor, providing design specifications, engineering and costing for production facilities, as well as a regulatory consultant, to guide our environmental assessment and permitting processes.

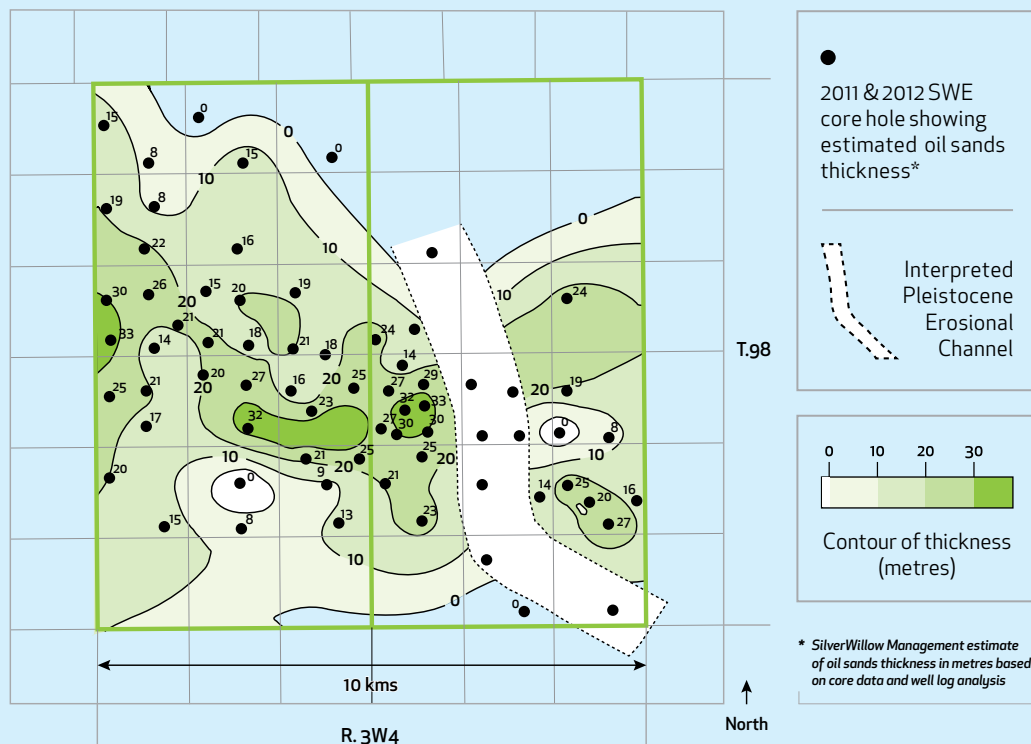
## AUDET LANDS

In our technical programs in 2012, we gained a clear understanding of the geology of the Audet Lands. We undertook an extensive winter program on our Audet Lands to complement and evaluate work done by SilverWillow's predecessor, SilverBirch. During 2011 and 2012, 72 core holes were drilled on the Audet Lands. A small supplementary drilling and coring program conducted in early 2013 continues to build our knowledge of the spatial extent of suitable caprock.

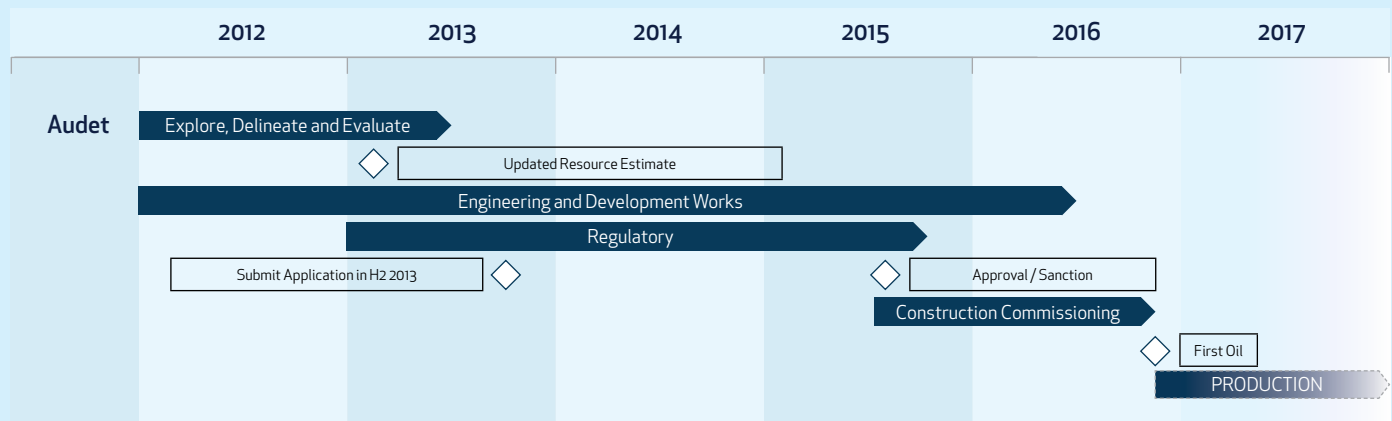
We started 2013 on a high note with an increase from 1.69 billion barrels to 1.85 billion barrels of discovered petroleum initially-in-place. Additionally, our independent resource evaluator assigned the Audet Lands a best estimate of contingent resources of 68 million barrels of recoverable bitumen-in-place validating the technical feasibility that conventional SAGD recovery methods can be employed at Audet.

Our 2012 technical program continued our delineation of this high-quality reservoir through the drill bit, advanced reservoir simulation studies, furthered a 2D seismic acquisition program, and evaluated caprock integrity for steam containment characteristics through mini-frac testing and geo-mechanical testing. We are secure in our analysis of Audet's excellent reservoir qualities with estimated SAGD-able oil sands thicknesses averaging 24 metres in the planned first phase, with an average porosity of 35%, an average bitumen saturation of 80%, and excellent permeabilities.

## ESTIMATE OF OIL SANDS THICKNESS



## NOTIONAL PROJECT TIMELINE



A pivotal development in 2012 and early 2013 has been the advancement of the evaluation of integrity of the caprock associated with the Audet reservoir. Our technical studies support the ability of the McMurray Formation shales to provide effective steam containment permitting bitumen production by standard SAGD methods, at appropriate pressures.

SilverWillow is actively engaged in the engineering design of a commercial project, to progress the Audet Lands toward the planned regulatory application for a 12,000 bbl/d commercial production facility. We have assembled an experienced team of production engineers, project management experts, environmental and regulatory specialists to complete the design of the production facility, conduct an environmental assessment and assist in the preparation of the regulatory application.

## BIRCH MOUNTAIN LANDS

Our Birch Mountain Lands encompass 147 sections immediately adjacent to the substantial bitumen deposits of the Frontier Oil Sands Mine Project. Of these 147 sections, 105 sections are unexplored; providing SilverWillow with excellent upside potential.

Within the leases comprising the Birch Mountain Lands, a total of 25 core holes were drilled by SilverWillow's predecessors, UTS and SilverBirch, with 23 of the 25 encountering oil sands. Further, seven core holes drilled on the higher-elevation areas of the leases encountered oil sands with gross thicknesses between six metres and 30 metres. In 2012, we completed a desktop geological study of the Birch Mountains area, and finalized the planning of a 2D seismic acquisition program, which was conducted during the first quarter of 2013. Results from analysis of this data are expected in the third quarter of 2013 and will assist in identifying prospective exploration drilling locations for next winter. Additional exploration drilling and evaluation will be required to determine the extent of the resource and potential recovery methods. To date, no resource estimates have been attributed to these assets.

## OTHER EXPLORATION LANDS

Our other exploration lands (57,600 net acres) include the Jordan Lands (23,040 net acres) and three additional leases, 042, 043 and 044 (each 11,520 net acres). Jordan has resource potential, but no resource estimates have been attributed to these assets, and additional exploration drilling and evaluation will be required to determine the extent of the resource. Leases 042, 043 and 044 form a contiguous block and are located immediately east of, and adjacent to, the Audet Lands. However, surface access is not currently permitted as they are located in a wildland park, and there can be no certainty that access will be permitted in the future. There are five legacy wells that were completed on these lands in the 1970s with three of the wells indicating oil sands thickness equal to or greater than 20 metres.

# Audet – Developing a First Class Reservoir

## 1,845.9

MILLION BARRELS IN  
DISCOVERED RESOURCES

As at December 31, 2012, Discovered Petroleum Initially-In-Place<sup>(1)</sup> increased from 1,689.6 million barrels to 1,845.9 million barrels upon Sproule Unconventional Limited's independent evaluation of the bitumen resources attributable to our Audet Lands.

Sproule's evaluation was based on the results from the 2011 and 2012 drilling programs, and on the results of the thermal reservoir simulation and geomechanical evaluation work conducted by our independent engineering consultants. Furthermore, of the almost 1.85 billion barrels in discovered resources, Sproule assigned a best estimate of contingent resources<sup>(2)</sup> to the Audet Lands of 68.4 million barrels of recoverable bitumen in place. This independent evaluation of the potential within the Audet Lands supports our confidence in the integrity of the McMurray Formation shales as caprock and our ability to extract crude bitumen using SAGD production techniques.

Laboratory results from coring programs on the Audet Lands indicate a first-class reservoir. For the initial SAGD project area:

- Average net pay thicknesses estimated to be 24 metres, increasing to 40 metres in some locations
- Depths of oil sands ranging from 135 to 185 metres
- Average porosity of ~35%
- Average bitumen saturation of ~80%
- Permeabilities are predominantly in the range of 6 to 18 Darcys

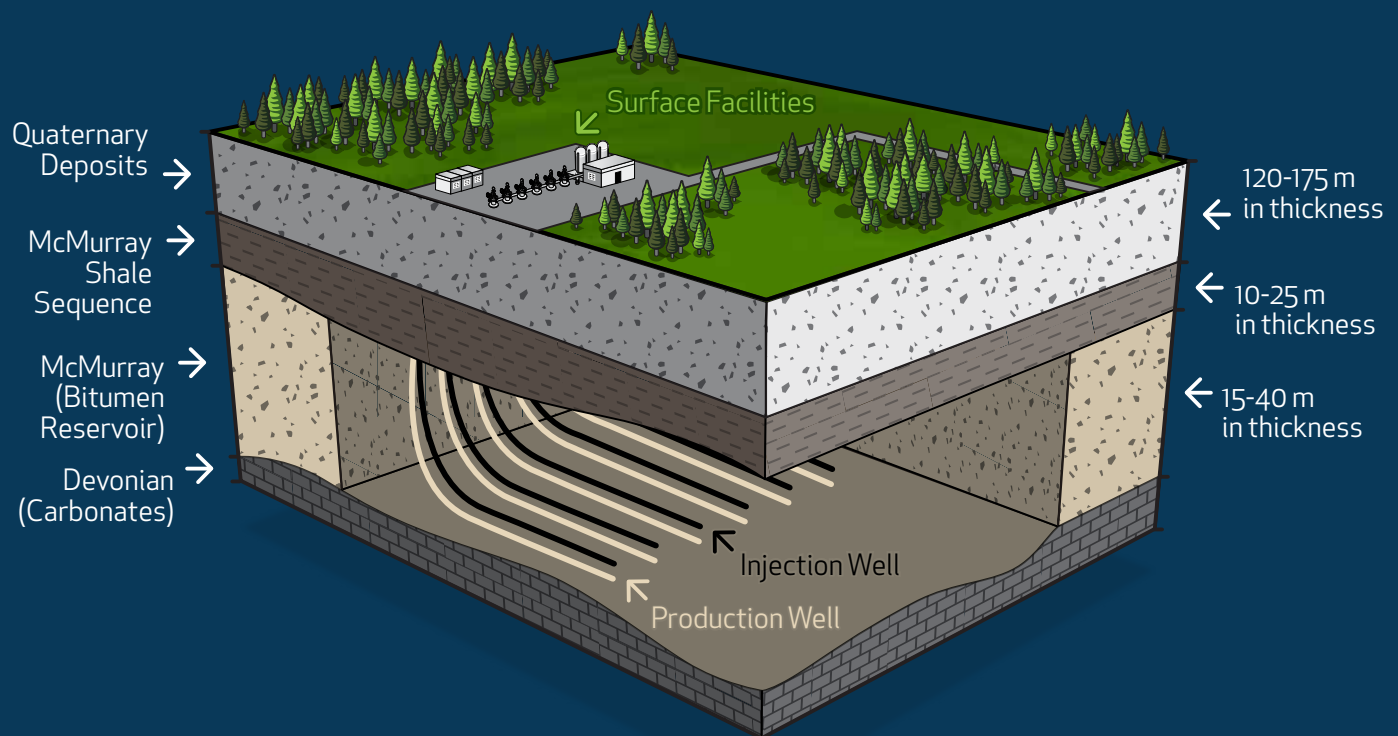
### Contingent Bitumen Resources Audet Lands, Athabasca Oil Sands Region, Alberta As of December 31, 2012

	Developable-Original-Bitumen-In-Place (MMBbls)	Contingent Bitumen Resources (MMBbls)	Recovery Factor (%)
<b>Low Estimate</b>	58.1	29.0	49.9
<b>Best Estimate</b>	123.6	68.4	55.3
<b>High Estimate</b>	311.5	173.9	55.8

<sup>(1)</sup> Discovered Petroleum Initially-In-Place (equivalent to Discovered Resources) is defined in the Canadian Oil and Gas Evaluation Handbook ("COGEH") as published by the Society of Petroleum Evaluation Engineers (Calgary Chapter) as that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially-in-place includes production, reserves, and contingent resources; the remainder is unrecoverable.

<sup>(2)</sup> Contingent Resources are defined in COGEH as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as "contingent resources" the estimated discovered recoverable quantities associated with a project in the early project stage. The volumes listed in the chart above entitled, "Contingent Bitumen Resources" refer to potentially recoverable volumes of bitumen resources. The volumes of contingent bitumen resources in the above chart are presented in millions of barrels at stock tank conditions. There is no certainty that it will be commercially viable to produce any portion of the contingent bitumen resources.

# Audet cross-section



INDEPENDENT EVALUATION OF THE POTENTIAL WITHIN THE AUDET LANDS SUPPORTS OUR CONFIDENCE IN THE INTEGRITY OF THE McMURRAY SHALE SEQUENCE AS CAPROCK AND OUR ABILITY TO EXTRACT BITUMEN USING SAGD PRODUCTION TECHNIQUES.

*Schematic cross-section  
not to scale*

#### **Quaternary Deposits –**

Thick sequence of glacial deposits comprising sands and gravel, interbedded with low permeability muddy till and clay.

#### **McMurray Shale Sequence –**

Laterally extensive McMurray shales and tidal flat deposits capable of providing steam containment during the SAGD process.

#### **McMurray Bitumen Reservoir –**

Excellent quality coarse grained reservoir with high permeability, porosity, and bitumen saturations throughout.

#### **Devonian (Carbonates) –**

Carbonates underlying oil sands

# Financials

WE HAVE ADEQUATE FINANCING IN PLACE TO COVER ALL OUR APPROVED BUDGETED PRIORITIES TO THE END OF 2013.

AS ONE OF THE FEW REMAINING PURE PLAY OIL SANDS OPPORTUNITIES, SILVERWILLOW PROVIDES A UNIQUE INVESTMENT OPPORTUNITY. OUR MANAGEMENT TEAM HAS A HISTORY OF CREATING VALUE.

## STATEMENT OF FINANCIAL POSITION

(Stated in millions of dollars)

December 31, 2012

Assets		CDN (\$MM's)
<b>Current Assets</b>	Cash and cash equivalents	26.5
	Accounts receivable and prepaid expenses	0.4
<b>Total Current Assets</b>		<b>26.9</b>
<b>Exploration and Evaluation Assets</b>		99.1
<b>Property and Equipment</b>		0.2
<b>Deferred Taxes</b>		0.5
<b>Total Assets</b>		<b>126.7</b>
<b>Liabilities &amp; Shareholders' Equity</b>		
<b>Current Liabilities</b>	Account payable and accrued liabilities	1.9
	Flow-through share premium liability	0.6
	<b>Total Liabilities</b>	<b>2.5</b>
<b>Shareholders' Equity</b>	Common shares	125.4
	Contributed surplus	1.0
	Deficit	(2.2)
	<b>Total Shareholders' Equity</b>	<b>124.2</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>126.7</b>

These audited financial statements have been prepared in accordance with International Accounting Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This abbreviated statement of financial position, needs to be read in conjunction with SilverWillow's year-end financial statements and accompanying notes released April 17, 2013.

We have adequate financing in place to cover all our approved budgeted priorities, including progressing our Audet Lands towards commercial production through the preparation of a DBM for a bitumen production facility, and preparation and submission of a regulatory application.

In order to fund activities, beyond the end of 2013, additional financing will be required. Activities include managing the Audet application through to approval, as well as exploration on the Birch Mountain Lands in early 2014, contingent upon results from the recently completed seismic program in this area.

Oil sands development requires a significant amount of capital. We will need to raise additional equity and seek partnerships to move into commercial development. At the same time, we will continue to consider additional strategic opportunities in the oil sands and heavy oil industry that we believe will yield value to shareholders.

# Corporate Governance

## **Donald R. Ingram, FCMA, Chairman of the Board**

Mr. Ingram was most recently Senior Vice President, Midstream and Refined Products with Husky Energy Inc. He has over 30 years of experience in heavy oil refining, upgrading, marketing, trading, logistics, pipelines, and mergers and acquisitions. He is a Certified Management Accountant (CMA) and was appointed a Fellow of the Society of Management Accountants of Canada in 1999. He also serves as a director of Gibson Energy Inc.

## **Gregory A. Boland, Director**

Mr. Boland has extensive experience in management, investment and financing. He is the President and Chief Executive Officer of West Face Capital Inc., a Toronto based money managing firm. He also serves as a director of Connacher Oil & Gas Limited and Maple Leaf Foods Inc.

## **Bonnie D. DuPont, Chair of the Governance and Compensation Committee**

Ms. DuPont retired from Enbridge Inc. in 2010 with 30 years in the executive role overseeing Corporate Resources. She sits on the boards of the Bank of Canada, NAV Canada, Bird Construction, and the University of Calgary.

## **Howard J. Lutley, P. Eng., Director, President & Chief Executive Officer**

Mr. Lutley serves as an Executive Board Member in addition to his duties as SilverWillow's President & Chief Executive Officer. His extended biography can be reviewed in the Management Team section of this annual report.

## **Timothy A. McGaw, Director**

Mr. McGaw has been President of Douglas Telecommunications Inc., a private management company since 1991. He has a degree in Taxation from Golden Gate University as well as an undergraduate degree from Humboldt State University.

## **Douglas H. Mitchell, C.M., A.O.E., Q.C., Director**

Mr. Mitchell is National Co-Chairman of Borden Ladner Gervais LLP and specializes in corporate and commercial law. He is a director of Northern Property Real Estate Investment Trust, EPCOR Utilities Inc., Altalink Management Ltd. and NorSer Co Inc. and several community organizations. Mr. Mitchell received his LL.B. from the University of British Columbia.

## **Glen D. Roane, Chair of the Audit, Reserves and HSE Committee**

Mr. Roane had a notable career in the Canadian financial services industry during his employment with TD Bank, Burns Fry Limited and Lancaster Financial Inc. He currently serves as corporate director of Enerplus Corporation, Badger Daylighting Ltd., Logan International Inc., and GBC North American Growth Fund Inc.

## **William Watson, Director**

Mr. Watson was Chief Operating Officer of Husky Energy Inc.'s South East Asia Business Unit until his recent retirement. His career has spanned 35 years where he built upon his expertise in the areas of engineering, project management, and in situ oil sands development. He also serves as a director of Oando Energy Resources Inc.

**THE SILVERWILLOW BOARD OF DIRECTORS IS RESPONSIBLE FOR THE STEWARDSHIP OF THE COMPANY, FOR THE GOVERNANCE AND ASSETS OF THE COMPANY'S AFFAIRS, AND FOR ENSURING THAT SILVERWILLOW MAINTAINS SOUND INTERNAL CONTROLS AND SYSTEMS FOR RISK MANAGEMENT.**

# Corporate Responsibility

Oil sands development projects require long-term strategies. SilverWillow directs sustainable development through adaptive management, integrated environmental planning and accountability at all levels of operations and management. We use technological innovation, community consultation, impact mitigation and regional participation to build shareholder value while respecting the environment, addressing the concerns of our neighbors and providing for future energy needs.

**Responsible Resource Development.** Protecting the land, water and air is a top priority. SilverWillow's responsible resource development focuses on stringent environmental and health and safety standards. In our exploration operations we apply best practices by using minimum disturbance winter exploration methods. An example of this is where we use specialized equipment to build low-impact seismic lines resulting in seismic cut lines that are virtually invisible. Our in situ projects will be developed with the most innovative technologies for bitumen extraction. Efficient water and energy usage, state-of-the art technologies to reduce greenhouse gas emissions associated with oil sands production and progressive reclamation to minimize our exploration footprint are all part of our operational culture of responsible resource development.

**Stakeholder Relations.** An essential part of the SilverWillow business strategy is to promote activities that are welcome and understood by the members of the communities in which we operate. Recognizing protocols and culture, we establish and maintain constructive dialogue and engage in continuous consultation to better understand and address stakeholder concerns and to identify ways in which we can work together to support each other's goals and objectives.

Our long-term success will be measured, in part, by our ability to make a strong and positive impact on those who have a stake in our projects through sustainable development, employment opportunities and long-term regional benefits from oil sands development. We hold the unwavering belief that strong, transparent relationships based on mutual respect create effective partnerships. Such collaborative cooperation guides our responsibility to balance the need for energy development with the needs of communities and stakeholders.

**Constructive Community Engagement.** Our commitment to the long-term development of oil sands assets includes development of local and regional economies. It is not enough to simply isolate our impact and minimize our operational footprint. Our business model requires that we embrace the social, economic and cultural fabric of surrounding communities.

Our procurement policies and procedures facilitate broad-based competition with fair and equal treatment of the business community. We engage local services, companies and contractors, and employ qualified local personnel that provide fair and reasonable goods and services required for our in situ oil sands projects. With these partnerships, we are advancing our projects to commercial development through cost-effective practices that offer direct and indirect economic benefit to surrounding communities.

SilverWillow and its predecessor companies has a track-record of engagement with the communities located near our activity areas. Our team has hosted town hall information meetings for residents of Fort McKay and Fort Chipewyan to collaborate and receive community feedback on the company's development plans. We have provided site visits of our exploration operations and detailed the impact of our extraction processes and organized tours of exploration programs and pilot plants. We supported the Fort McKay Metis in establishing their new administration building through the donation of furniture, computers and electronics.

**Scholarships.** Access to affordable education is a vital element in successful communities. SilverWillow supports youth development and education by annually awarding three students a bursary to further their studies at Keyano College in Fort McMurray.

# Management Positions

Howard J. Lutley, President & Chief Executive Officer, leads the Corporation's executive team and is responsible for maximizing the value growth opportunities for SilverWillow shareholders. Mr. Lutley was President & Chief Executive Officer and Board Member of SilverBirch from 2010 to 2012. He also served as Vice President, Mining and Extraction of UTS from 2004 to July 2010. He has over 30 years of extensive domestic and international surface and underground mining experience. He has led a number of start-up energy and investment companies and is the former President and CEO of Norwest Corporation, a global mining and energy consulting company. He has a B.Sc. in Mining Engineering from the University of London and a M.Sc. in Mineral Engineering from the University of Alberta. Mr. Lutley is a member of the Association of Professional Engineers, Geoscientists of Alberta and a Fellow at the Canadian Institute of Mining and Metallurgy.



**Howard Lutley, P.Eng**  
President and  
Chief Executive Officer

Michael Stevens, Vice President & Chief Financial Officer, is a Chartered Financial Analyst with 10 years of experience in the oil and gas industry. He has been an integral member of SilverWillow's senior team in his previous position as Vice President, Finance. Since 2004, Mr. Stevens succeeded in roles of increasing responsibility with both of SilverWillow's predecessor companies as Senior Manager of Finance and Investor Relations at SilverBirch and as Manager, Financial Analysis with UTS. Prior to joining UTS, he was a Treasury Analyst with Enbridge Inc., after holding the position of Commercial Account Manager with HSBC Bank Canada. Mr. Stevens obtained a Bachelor of Commerce degree with distinction from the University of Calgary in 1999, became a Chartered Financial Analyst in 2004, and is currently a CMA candidate.



**Michael L. Stevens**  
Vice President and  
Chief Financial Officer

Phil Aldred, Vice President, Resources, has over 30 years of experience in the oil and gas industry. He was Vice President, Resources for SilverBirch following his role as Exploration Manager with UTS from 2006 to 2010, responsible for the planning and execution of UTS' exploration field programs. Prior to joining UTS, Mr. Aldred was involved in natural gas and SAGD oil sands resource development with EnCana Corporation, and held various technical roles with Amoco and Dome Petroleum. He holds a Bachelor of Science degree in physics from Imperial College of Science and Technology and a Master of Science in electrical engineering from the University of Manchester Institute of Science and Technology. He is a member of the Canadian Society of Exploration Geophysicists.



**Philip Aldred**  
Vice President, Resources

Cam Bateman, Vice President, Projects, has 30 years of experience in resource development and reclamation planning; project licensing and permitting; environmental impact assessment, monitoring and mitigation; stakeholder relations and land acquisition and administration. He was Vice President, Projects for SilverBirch and prior to that role he was the General Manager of Health, Safety & Environment and Stakeholder Affairs at UTS from 2007 to 2010. Mr. Bateman previously managed mine planning and regulatory functions for TransAlta Utilities Corporation. He holds a B. Sc. in Forestry and an M. Sc. in Soil Science from the University of Alberta and is a Registered Professional Forester, a Professional Agrologist, and a member of the Canadian Institute of Mining.



**Cam Bateman**  
Vice President, Projects



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