

**FORM 45-106F6**  
**BRITISH COLUMBIA REPORT OF EXEMPT DISTRIBUTION**

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

**Issuer/underwriter information**

**Item 1: Issuer/underwriter name and contact information**

A. State the following:

- the full name of the issuer of the security distributed. Include the former name of the issuer if its name has changed since this report was last filed;
- the issuer's website address; and
- the address, telephone number and email address of the issuer's head office.

**Star Valley Drilling Ltd. (the "Issuer")**  
**Suite 1200, 444 – 5th Avenue S.W.**  
**Calgary, Alberta T2P 2T8**  
**(403) 767-3218**  
**Website: [www.svos.ca](http://www.svos.ca)**  
**Email: [frank@svos.ca](mailto:frank@svos.ca)**

B. If an underwriter is completing this report, state the following:

- the full name of the underwriter;
- the underwriter's website address; and
- the address, telephone number and email address of the underwriter's head office.

**N/A.**

**Item 2: Reporting issuer status**

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

**The Issuer is not a reporting issuer in any jurisdiction in Canada.**

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

**N/A.**

**Item 3: Issuer's industry**

Indicate the industry of the issuer by checking the appropriate box below.

- |   |  |
|---|--|
| <input type="checkbox"/> Bio-tech                       | Mining   |
| <input type="checkbox"/> Financial Services             | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production              |
| <input type="checkbox"/> mortgage investment companies  | <input checked="" type="checkbox"/> Oil and gas  |
| <input type="checkbox"/> Forestry                       | <input type="checkbox"/> Real estate             |
| <input type="checkbox"/> Hi-tech                        | <input type="checkbox"/> Utilities               |
| <input type="checkbox"/> Industrial                     | <input type="checkbox"/> Other (describe)        |

**Item 4: Insiders and promoters of non-reporting issuers**

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

<b>Information about directors, executive officers, control persons and promoters</b>			
Full name, municipality and country of principal residence	All positions held (e.g., director, executive officer, control person or promoter)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution (Canadian \$)
SVOS GROUP LTD. CALGARY, AB, CANADA	Insider	4,501,000 Common Shares	\$4,500,010.00
FRANK PIMISKERN CALGARY, AB, CANADA	Director and Executive Officer of the Issuer  Director and Executive Officer of the Insider	100,000 Subscription Receipts	\$100,000.00
PAUL COLBORNE CALGARY, AB, CANADA	Director of the Issuer  Director and Executive Officer of the Insider	Nil	N/A
RANDOLPH CHARRON CALGARY, AB, CANADA	Director of the Issuer	600,000 Common Shares <sup>(1)</sup>	\$600,000.00
NOEL LUMSDEN CALGARY, AB, CANADA	Executive Officer of the Issuer  Executive Officer of the Insider	Nil	N/A
ALEX HALAT CHESTERMERE, AB, CANADA	Executive Officer of the Issuer  Director and Executive Officer of the Insider	Nil	N/A
ROCH CURRIER LACOMBE, AB, CANADA	Executive Officer of the Issuer	200,000 Common Shares	\$200,000.00
ALAN JOCHELSON CALGARY, AB, CANADA	Director of the Insider	Nil	N/A
DAVID SAPUNJIS CALGARY, AB, CANADA	Director of the Insider	Nil	N/A
RYAN KNIEVEL CALGARY, AB, CANADA	Director of the Insider	Nil	N/A

(1) Randolph Charron's 600,000 Common Shares are held indirectly by Mr. Charron through Characo Corporation Ltd.

**Details of distribution****Item 5: Distribution date**

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

**December 18, 2015.**

**Item 6: Number and type of securities**

For each security distributed:

- describe the type of security;

**Subscription receipts ("Subscription Receipts") of the Issuer at CAD\$1.00 per Subscription Receipt.**

- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and

**10,550,000 Subscription Receipts. Each Subscription Receipt will entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, to receive one common share of the Issuer once certain conditions under the escrow agreement have been met.**

- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

**N/A.**

**Item 7: Geographical information about purchasers**

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) <sup>1</sup>	Total dollar value raised from purchasers in British Columbia (Canadian \$)
Alberta	40	1.00	5,375,000.00
Ontario	5	1.00	4,325,000.00
British Columbia	4	1.00	850,000.00
<b>Total number of purchasers</b>	<b>49</b>		
<b>Total dollar value of distribution in all jurisdictions (Canadian \$)</b>			<b>10,550,000.00</b>

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

**Item 8: Information about purchasers***Instructions*

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus and Registration Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
ROBERT ZAGORSKY HOLDINGS INC. 212 PRESTWICK MANOR SE CALGARY AB T2Z 4S5  ROBERT ZAKORSKY 403-464-8115	N/A	75,000 Subscription Receipts	\$75,000.00	s. 2.3 of NI 45-106	2015-12-18
THE LOCKE STOCK AND BARREL COMPANY LTD. 30131 ROCKY BUTTE RD CALGARY AB T3R 1K4  CHARLES LOCKE 403-541-2100	N/A	200,000 Subscription Receipts	\$200,000.00	s. 2.3 of NI 45-106	2015-12-18
GSH VENTURES LTD. 755 CRESCENT RD NW CALGARY AB T2M 4S3  JAMES HOWE 403-210-3285	N/A	100,000 Subscription Receipts	\$100,000.00	s. 2.5 of NI 45-106	2015-12-18
PATRIOT OIL CORPORATION 1210 11 AVE SW SUITE 200 CALGARY AB T3C 0M4  SIMON ABBOTT 403-571-4477	N/A	100,000 Subscription Receipts	\$100,000.00	s. 2.5 of NI 45-106	2015-12-18
1303339 ALBERTA INC 2335 162 AVE SW UNIT 311 CALGARY AB T2Y 4S6  FAWAZ HAYMAR 403-519-6218	N/A	50,000 Subscription Receipts	\$50,000.00	s. 2.5 of NI 45-106	2015-12-18
EDGE CO FITNESS INC 7222 EDMONTON BLVD NW CALGARY AB T3A 2X7	N/A	250,000 Subscription Receipts	\$250,000.00	s. 2.3 of NI 45-106	2015-12-18

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
ROBERT LEACH 403-278-2499					
3RD-EYE OPTICS LTD 626 14 AVE SW UNIT 611 CALGARY AB T2R 0X4  RAJIV MANN 604-365-7600	N/A	25,000 Subscription Receipts	\$25,000.00	s. 2.5 of NI 45-106	2015-12-18
KAYLER HOLDINGS LTD 1200-444 5 AVE SW CALGARY AB T2P 2T8  JEFF MAGUS 403-767-3202	N/A	100,000 Subscription Receipts	\$100,000.00	s. 2.3 of NI 45-106	2015-12-18
EMRITA INVESTMENTS LTD 6632 LETHBRIDGE CRES SW CALGARY AB T3E 6A4  EMMA PATEL 403-266-1441	N/A	25,000 Subscription Receipts	\$25,000.00	s. 2.3 of NI 45-106	2015-12-18
VALLEYDENE CORP 20 EGLINTON AVE W SUITE 1903 TORONTO ON M4R 1K8  JOHN BARFORD 416-489-1598	N/A	500,000 Subscription Receipts	\$500,000.00	s. 73.3 of the <i>Securities Act</i> (Ontario)	2015-12-18
EDGEPOINT INVESTMENT 150 BLOOR STREET WEST, SUITE 500 TORONTO ON M5S 2X9  GEOFF MACDONALD 416-963-4236	R	1,750,000 Subscription Receipts	\$1,750,000	s. 73.3 of the <i>Securities Act</i> (Ontario)	2015-12-18
EDGEPOINT INVESTMENT 150 BLOOR STREET WEST, SUITE 500 TORONTO ON M5S 2X9  GEOFF MACDONALD 416-963-4236	R	1,750,000 Subscription Receipts	\$1,750,000	s. 73.3 of the <i>Securities Act</i> (Ontario)	2015-12-18
COBRA VENTURE CORPORATION 2489 BELLEVUE AVENUE WEST VANCOUVER BC V7V 1E1	N/A	350,000	\$350,000.00	s. 2.10 of NI 45-106	2015-12-18

<b>Information about non-individual purchasers</b>					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
DAN EVANS 604-922-2030					
PATHFINDER ASSET MANAGEMENT LIMITED 1320-885 WEST GEORGIA STREET VANCOUVER BC V6C 3E8  ROB BALLARD 604-682-7312	R	120,000	\$120,000.00	s. 2.3 of NI 45-106	2015-12-18
PATHFINDER ASSET MANAGEMENT LIMITED 1320-885 WEST GEORGIA STREET VANCOUVER BC V6C 3E8  ROB BALLARD 604-682-7312	R	180,000	\$180,000.00	s. 2.3 of NI 45-106	2015-12-18
PATHFINDER ASSET MANAGEMENT LIMITED 1320-885 WEST GEORGIA STREET VANCOUVER BC V6C 3E8  CHRISTIAN ANTHONY 604-682-7312	R	200,000	\$200,000.00	s. 2.3 of NI 45-106	2015-12-18

**Commissions and finder's fees****Item 9: Commissions and finder's fees***Instructions*

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
GMP Securities L.P. Suite 4800, 525 – 8th Avenue S.W. Calgary, Alberta T2P 1G1	R	633,000.00	N/A	N/A	N/A	633,000.00

## **Certificate**

On behalf of the issuer, I certify that the statements made in this report are true.

Date: December 29, 2015

Star Valley Drilling Ltd.  
Name of Issuer (please print)

Trevor Nawalkowski, Secretary, (403) 680-4552  
Print name, title and telephone number of person signing

(signed) "Trevor Nawalkowski"  
Signature

### **Item 10: Contact information**

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

**N/A.**

### **IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.**

#### **Notice - Collection and use of personal information**

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

**British Columbia Securities Commission**  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Telephone: (604) 899-6500  
Toll free across Canada: 1-800-373-6393  
Facsimile: (604) 899-6581