

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Passport Energy Ltd (the "Issuer", the "Company", or "Passport").

Trading Symbol: PPO

Number of Outstanding Listed Securities: 66,980,321

Date: Month of December 2011

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

In the second quarter the Company's first development well, Hardy S HZ 1A4-16-4B4-09-004-21W2, was completed utilizing a 28-stage multi fracture stimulation and placed on production on September 8th, 2011. With this well the Company has earned a 25% working interest in 2 ¼ sections from surface to basement.

Following an initial 14 day clean up and optimization phase and, based on information provided by the operator, Eternal Energy Corp (Eternal), the 1A4-16 well produced an average gross daily oil rate of approximately 164 barrels per day of 38 degree API oil from September 22nd to October 5th, 2011. During this period, the well produced at a stabilized average measured oil cut of approximately 30% (of total produced fluid) and maintained a high stable fluid level.

The well was shut in on October 6th due to wet weather and to facilitate a clean out of the horizontal leg. Operations took longer than expected due to the lack of service rig availability and weather conditions. The well was placed back on production in early November.

Given the well's higher than expected productive rate, the current surface and down hole equipment configuration is insufficient to allow the well to produce at a consistent high rate for extended periods of time. As a result, the well is currently producing at a stabilized average gross daily oil rate of approximately 120 barrels per day (with an average oil cut of approximately 30% of total produced fluid).

With current production rates lower than the wells maximum productive capability the operator is currently reviewing the well's equipment configuration and is considering upgrading the production equipment to allow the well to produce at a higher rate.

The Company has also executed a Farm-in and Option Agreement with a large independent Canadian oil and gas company covering 34 sections of land in close proximity to its Hardy property. The agreement provides for Passport, as operator (50%) and its partner, Eternal (50%) to pay 100% of the drilling and completion costs of two Bakken horizontal wells to earn a 100% BPO interest (50% each) and a 65% APO interest (32.5% each) in ten contiguous sections (5 sections per well) from surface to the base of the Three Forks zone, subject to the payment of Crown royalties and GORRs. Passport and Eternal have the option to drill five additional rolling option wells to earn the same interest in the balance of the unearned 34 sections.

Passport expects that drilling of the first well will commence sometime in the first quarter of 2012, subject to rig availability. The drilling of the second commitment well will be commenced within 60 days of rig release of the first well. The drilling of the first of the five option wells shall be commenced within 90 days of rig release of the second commitment well and each successive well shall be commenced within 90 days of rig release of the preceding option well until all option wells are drilled or the option to drill has expired.

The gross estimated costs of drilling and casing, completing or abandoning a 3500 metre (measured depth) Bakken horizontal well in Hardy is approximately \$3,200,000.

2. Provide a general overview and discussion of the activities of management.

During the month, in addition to the activities described above, management met to discuss ongoing corporate affairs, including financing opportunities and potential land acquisitions. Management continues to explore additional natural resources property acquisition opportunities in the oil and gas sector.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

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The Company also announced the expansion of the Hardy Bakken core area following the December 05, 2011 Saskatchewan land sale. The company was successful in its bid to acquire 7 gross (6.25 net sections) in close proximity to its existing acreage in the Hardy area. Within these 7 sections, 6 were purchased at 100% working interest and 1 at 25% working interest (with the company's area partner, Eternal Energy, at 75%). This brings the total number of sections that Passport has an interest in to 46.75 (gross) or 18.7 (net) within the core area.

4. Describe the acquisition of new customers or loss of customers.

This is not applicable to the Issuer.

- 5. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.**

This is not applicable to the Issuer.

- 6. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.**

The Issuer did not hire, terminate or lay off any employees in the month, other than as outlined below.

- 7. Report on any labor disputes and resolutions of those disputes if applicable.**

There were no labor disputes in the month.

- 8. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.**

There were no legal proceedings to which the Issuer became a party in the month.

- 9. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.**

Other than in the normal course of business, the Issuer did not incur any indebtedness during the month.

- 10. Provide details of any securities issued and options or warrants granted.**

No securities, options, or warrants were granted in the month, other than as outlined below.

On December 13, 2011, the Company announced that it has granted an aggregate of 2,050,000 stock options to certain directors, officers and consultants of the Company. The options have a term of five years and an exercise price of \$0.185 per share.

On December 20, 2011, a director surrendered to the Company 450,000 options with an exercise a price of \$0.34.

On December 31, 2011, the Company issued 423,763 shares to management to settle \$70,000 of accrued management and other consulting fees pursuant to management consulting contracts for the quarter ended December 31, 2011. The shares were issued at the 5-trading day weighted average prior to December 31, 2011, which was \$0.1652 per share.

- 11. Provide details of any loans to or by Related Persons.**

There were no loans to or from any related person during the month.

12. Provide details of any changes in directors, officers or committee members.

There were no changes to directors, officers, or committee members this month, other than as outlined below.

13. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Exploration in the natural resource sector is a speculative venture. There is no certainty that expenditure on exploration and development will result in the discovery of economic reserves.

The Issuer's viability and potential success lie in its ability to develop, permit, exploit, and generate revenue out of oil and gas properties. Revenues, profitability, and cash flow from any future exploration operations involving the Issuer will be influenced by oil and gas prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Issuer's control.

The Issuer has limited financial resources and there is no assurance that additional funding will be available to it for acquire natural resource properties and explore them. There can be no assurance that the Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration of its property interests with the possible dilution or loss of such interests.

A full description of the trends and risk factors which may impact the Issuer are disclosed in the Issuer's amended and restated prospectus dated April 8, 2008 and in the Form 2A-Listing Statement dated June 16, 2008.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated January 6, 2012

“Christopher Gulka”
Christopher Gulka

Chief Financial Officer/Director
Official Capacity

<i>Issuer Details</i> Name of Issuer Passport Energy Ltd.	For Month End December	Date of Report YY/MM/DD 12/01/06
Issuer Address Suite #420, 600 - 6th Avenue SW		
City/Province/Postal Code Calgary, AB, T2P 0S5	Issuer Fax No. 403-930-4065	Issuer Telephone No. 403-930-4060
Contact Name Christopher Gulka	Contact Position CFO/Director	Contact Telephone No. 403-930-4066
Contact Email Address cgulka@passportenergy.com	Web Site Address www.passportenergy.com	