SAHARA ENERGY LTD.
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION
(Form 51-101F1)

Year ended December 31, 2015

ABBREVIATIONS

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
boe	barrels of oil equivalent	Mcf/d	thousand cubic feet per day
Mbbls	thousand barrels	MMcf/d	million cubic feet per day
MMbbls	million barrels	MMbtu	million British Thermal Units
bbls/d	barrels per day	Bcf	billion cubic feet
boe/d	barrels of oil equivalent per day	GJ	gigajoule
NGLs	natural gas liquids		
STB	stock tank barrels		

Other

AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale
AIT	after income tax
BIT	before income tax
BOE/d	barrel of oil equivalent per day
BOE	barrel of oil equivalent
m^3	cubic metres
MBOE	1,000 barrels of oil equivalent
M$	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVERSIONS

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	m^3	28.174
thousand m^3	Mcf	35.494
bbls	m^3	0.159
m^3	Bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

CONVENTIONS

Certain terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. All dollar amounts set forth in this Statement are in Canadian dollars, except where otherwise indicated.

NOTES REGARDING RESERVES

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

DEFINITIONS

Unless as otherwise provided in this Statement, the abbreviations and terms set forth below shall have the following meanings:

"**Cdn**" means Canadian;

"**COGE Handbook**" means the "Canadian Oil and Gas Evaluation Handbook" prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time;

"**Chapman**" means Chapman Petroleum Engineering Ltd.;

"**Chapman Report**" means the independent reserves assessment and evaluation of the oil and gas properties of Sahara prepared by Chapman on January 22, 2016 with an effective date of December 31, 2015;

"**Developed Non-Producing Reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown;

"**Developed Producing Reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**Developed Reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**exploratory well**" means a well that is not a development well, a service well or a stratigraphic test well;

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a);

"**future net revenue**" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using forecast prices and costs and, at the option of Sahara, constant prices and costs;

"**Gross**" means:

(a) in relation to Sahara's interest in production or reserves, its "company gross reserves", which is Sahara's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Sahara;

(b) in relation to wells, the total number of wells in which Sahara has an interest; and

(c) in relation to properties, the total area of properties in which Sahara has an interest;

"**Net**" means:

(a) in relation to Sahara's interest in production or reserves, Sahara's working interest (operating or non-operating) share after deduction of royalty obligations, plus Sahara's royalty interests in production or reserves;

(b) in relation to Sahara's interest in wells, the number of wells obtained by aggregating Sahara's working interest in each of its gross wells; and

(c) in relation to Sahara's interest in a property, the total area in which Sahara has an interest multiplied by the working interest owned by Sahara;

"**NGL**" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons;

"**NI 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"**operating costs**" or "**production costs**" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities;

"**Probable Reserves**" are those additional reserves that are less certain to be recovered than Proved Reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved Reserves plus Probable Reserves;

"**production**" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract NGLs) and field storage of oil and gas;

"**Proved Reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves;

"**reserves**" are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable, and must be disclosed. Reserves are classified according to the degree of certainty associated with the estimates;

"**reservoir**" means a porous and permeable subsurface rock formation containing a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is individual and is characterized by a single pressure system;

"**Sahara**" or the "**Company**" means Sahara Energy Ltd.;

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion;

"**Statement**" means this statement of reserves data and other oil and gas information; and

"**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as:

(a) "exploratory type" if not drilled into a proved property; or

(b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells";

"**Undeveloped Reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Statement may constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "will", "should", "could", "potential", "continue" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this Statement may include but are not limited to statements regarding the business strategy and objectives of Sahara, reserve quantities and the discounted present value of future net cash flows from such reserves, net revenue, future production levels, exploration plans, development plans, capacity quantities, supply, acquisition and disposition plans and the timing thereof, operating and other costs, royalty rates and crude oil and natural gas prices.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this Statement, assumptions have been made regarding, among other things:

- the ability to obtain equipment, services and supplies in a timely manner to carry out activities;
- the ability to market oil and natural gas successfully to current and new customers;
- the timing and costs of pipeline, terminal and storage facility construction and expansion and the ability to secure adequate product transportation;
- the timely receipt of required regulatory approvals;
- the ability to obtain financing on acceptable terms;
- currency, exchange and interest rates;
- government regulation, including in relation to the areas of taxation, royalty rates and environmental protection;
- future oil and gas prices.

Although Sahara believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Sahara cannot give assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Sahara and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- changes in laws affecting Sahara, including laws relating to taxation, royalty regimes and environmental protection in the jurisdictions in which Sahara operates;
- the ability of management to execute its business plan;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- the ability to enter into or renew leases;

- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- uncertainties as to the availability and cost of financing;
- the ability to add production and reserves through development and exploration activities;
- general economic and business conditions;
- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- risks associated with any existing and/or potential future law suits and regulatory actions; and
- other risks and uncertainties described elsewhere in this Statement or in Sahara's other filings with Canadian securities regulatory authorities.

The forward-looking statements and information contained in this Statement speak only as of the date of this Statement. Except as expressly required by applicable securities laws, Sahara does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this Statement are expressly qualified by this cautionary statement.

Part 1 – Date of Statement

This statement of reserves data and other oil and gas information is dated January 22, 2016.

The effective date is December 31, 2015

The preparation date is January 22, 2016.

Part 2 – Disclosure of Reserves Data

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Sahara Energy Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at December 31, 2015 and dated January 22, 2016 (the "Chapman Report"). Chapman is an independent qualified reserves evaluator and auditor.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

All monetary values presented in this document are expressed in terms of Canadian dollars.

The tables summarize the data contained in the Chapman Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The Chapman Report is based on certain factual data supplied by the Company and Chapman's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Company's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Company to Chapman and accepted without any further investigation. Chapman accepted this data as presented and neither title searches nor field inspections were conducted.

All of Sahara's reserves are in Canada, and specifically, in the provinces of Alberta and Saskatchewan. Sahara's Report of Management and Directors on Oil and Gas Disclosure the Report on Reserves Data by Chapman are attached as Schedule "A" and Schedule "B", respectively, hereto.

SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2015

	Company Reserves(1)							
	Light and Medium Oil		Heavy Oil		Natural Gas(9)		Natural Gas Liquids	
Reserves Category	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing(2)(6)	6	6	9	9	0	0	0	0
Developed Non-Producing(2)(7)	0	0	6	5	0	0	0	0
Undeveloped(2)(8)	0	0	17	14	0	0	0	0
TOTAL PROVED(2)	**6**	**6**	**32**	**29**	**0**	**0**	**0**	**0**
TOTAL PROBABLE(3)	3	2	617	535	0	0	0	0
TOTAL PROVED + PROBABLE(2)(3)	**9**	**8**	**650**	**564**	**0**	**0**	**0**	**0**
TOTAL POSSIBLE(4)	0	0	**179**	**159**	**0**	**0**	**0**	**0**
TOTAL PROVED + PROBABLE + POSSIBLE	**9**	**8**	**829**	**723**	**0**	**0**	**0**	**0**

*** Numbers in the above table may not exactly add due to rounding**

SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2015

	Net Present Values of Future Net Revenue									
	Before Income Tax Discounted at					After Income Tax Discounted at				
Reserves Category	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M	0%/yr $M	5%/yr. $M	10%/yr. $M	15%/yr. $M	20%/yr. $M
PROVED										
Developed Producing(2)(6)	162	142	127	114	105	162	142	127	114	105
Developed Non-Producing(2)(7)	52	50	47	44	42	52	50	47	44	42
Undeveloped(2)(8)	130	89	59	36	20	130	89	59	36	20
TOTAL PROVED(2)	**344**	**281**	**232**	**195**	**166**	**344**	**281**	**232**	**195**	**166**
TOTAL PROBABLE(3)	7,137	5,190	3,872	2,951	2,287	7,137	5,190	3,872	2,951	2,287
TOTAL PROVED + PROBABLE(2)(3)	**7,481**	**5,471**	**4,105**	**3,146**	**2,453**	**7,481**	**5,471**	**4,105**	**3,146**	**2,453**
TOTAL POSSIBLE(4)	1,944	1,093	576	257	59	1,944	1,093	576	257	59
TOTAL PROVED + PROBABLE + POSSIBLE	**9,425**	**6,564**	**4,681**	**3,404**	**2,512**	**9,425**	**6,564**	**4,681**	**3,404**	**2,512**

*** Numbers in the above table may not exactly add due to rounding**

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

	Revenue ($M)	Royalties ($M)	Operating Costs ($M)	Development Costs ($M)	Abandonment and Reclamation Costs ($M)	Future Net Revenue Before Income Taxes ($M)	Income Taxes ($M)	Future Net Revenue After Income Taxes ($M)
Total Proved(2)	2,116	218	1,207	170	175	344	0	344
Total Proved Plus Probable(2)(3)	35,340	4,544	17,683	4,536	1,095	7,481	0	7,481
Total Proved Plus Probable Plus Possible(4)	46,460	5,758	23,554	6,305	1,419	9,425	0	9,425

*** Numbers in the above table may not exactly add due to rounding**

FUTURE NET REVENUE BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ($M)
Total Proved(2)	Light and Medium Oil (including solution gas and other by-products)	124
	Heavy Oil (including solution gas and other by-products)	108
	Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable(2)(3)	Light and Medium Oil (including solution gas and other by-products)	166
	Heavy Oil (including solution gas and other by-products)	3,969
	Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable Plus Possible(4)	Light and Medium Oil (including solution gas and other by-products)	166
	Heavy Oil (including solution gas and other by-products)	4,515
	Natural Gas (including by-products but not solution gas)	0

*** Numbers in the above table may not exactly add due to rounding**

OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

	Reserves						Net Present	Unit Values
	Oil		Gas(9)		NGL		Value (BIT)	@ 10%/yr
Reserve Group by Category	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	$/BOE
Light and Medium Oil								
Proved								
Developed Producing	6	6	0	0	0	0	124	21
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**6**	**6**	**0**	**0**	**0**	**0**	**124**	**21**
Probable	3	2	0	0	0	0	42	17
Proved Plus Probable	**9**	**8**	**0**	**0**	**0**	**0**	**166**	**20**
Possible	0	0	0	0	0	0	0	N/A
Proved + Probable + Possible	**9**	**8**	**0**	**0**	**0**	**0**	**166**	**20**
Heavy Oil								
Proved								
Developed Producing	9	9	0	0	0	0	2	0
Developed Non-Producing	6	5	0	0	0	0	47	9
Undeveloped	17	14	0	0	0	0	59	4
Total Proved	**32**	**29**	**0**	**0**	**0**	**0**	**108**	**4**
Probable	617	535	0	0	0	0	3,831	7
Proved Plus Probable	**650**	**564**	**0**	**0**	**0**	**0**	**3,939**	**7**
Possible	179	159	0	0	0	0	576	4
Proved + Probable + Possible	**829**	**723**	**0**	**0**	**0**	**0**	**4,515**	**6**

*** Numbers in the above table may not exactly add due to rounding**

Notes:

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
4. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
5. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from know accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. Includes associated, non-associated and solution gas where applicable.

Part 3 - Pricing Assumptions

The following table detail the benchmark reference prices for the regions in which the Company operated, as at December 31, 2015, reflected in the reserves data disclosed above under "Part 2 – Disclosure of Reserves Data". The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. There will be adjustments to field prices from the benchmarks below

CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
January 1, 2015

Date	WTI (1) $US/STB	Brent Spot (ICE)(2) $US/STB	AB Synthetic Crude Price (3) $CDN/STB	Western Canada Select (4) $CDN/STB	Exchange Rate $US/$CDN
HISTORICAL PRICES					
2009	61.95	61.74	76.77	53.04	0.88
2010	79.48	79.61	80.56	66.58	0.97
2011	94.88	111.26	102.45	77.43	1.01
2012	94.05	111.63	92.56	71.70	1.00
2013	97.98	108.56	100.17	75.76	0.97
2014	93.12	99.43	101.07	82.07	0.91
2015	48.69	53.32	62.17	46.23	0.78
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)					
	50.18	55.14	64.30	46.65	0.79
FORECAST PRICES					
2016	45.00	49.05	60.81	45.00	0.74
2017	55.00	59.95	70.51	52.18	0.78
2018	65.00	70.85	80.25	59.38	0.81
2019	70.00	76.30	84.34	62.41	0.83
2020	75.00	81.75	88.24	65.29	0.85
2021	78.00	85.02	91.76	67.91	0.85
2022	81.00	88.29	95.29	70.52	0.85
2023	85.00	92.65	100.00	74.00	0.85
2024	86.70	94.50	102.00	75.48	0.85
2025	88.43	96.39	104.04	76.99	0.85
2026	90.20	98.32	106.12	78.53	0.85
2027	92.01	100.29	108.24	80.10	0.85
2028	93.85	102.29	110.41	81.70	0.85
2029	95.72	104.34	112.62	83.34	0.85
2030	97.64	106.43	114.87	85.00	0.85
2031	99.59	108.55	117.17	86.70	0.85
Constant thereafter					

Notes:
1. West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
2. The Brent Spot price is estimated based on historic data.
3. Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude (34API) landed in Edmonton.
4. Western Canada Select (20.5API), spot price for B.C., Alberta, Saskatchewan, and Manitoba.

The Company's weighted average prices received this fiscal year are: $52.06/STB for light oil and $33.75/STB for heavy oil.

Part 4 – Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the changes in the Company's gross reserves as at December 31, 2015 against such reserves as at December 31, 2014 based on the forecast price and cost assumptions:

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2015

	Light and Medium Oil					Heavy Oil					Associated and Non-Associated Gas				
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Possible (Mbbl)	Gross Proved Plus Probable Plus Possible (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Possible (Mbbl)	Gross Proved Plus Probable Plus Possible (Mbbl)	Gross Proved (MMscf)	Gross Probable (MMscf)	Gross Proved Plus Probable (MMscf)	Gross Possible (MMscf)	Gross Proved Plus Probable Plus Possible (MMscf)
At December 31, 2014	**3**	**1**	**4**	**0**	**4**	**28**	**606**	**635**	**177**	**811**	**0**	**0**	**0**	**0**	**0**
Production (Sales)	(1)	0	(1)	0	(1)	(1)	0	(1)	0	(1)	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Factors	4	2	6	0	6	5	11	16	2	18	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At December 31, 2015	**6**	**3**	**9**	**0**	**9**	**32**	**617**	**650**	**179**	**829**	**0**	**0**	**0**	**0**	**0**

*** Numbers in the above table may not exactly add due to rounding**

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped gross reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time:

	Light and Medium Oil (Mbbl)	**Heavy Oil (Mbbl)**	**Natural Gas (MMscf)**	**Natural Gas Liquids (Mbbl)**
Aggregate prior to 2013	0	0	0	0
2013	0	18	0	0
2014	0	15	0	0
2015	0	17	0	0

The following table sets forth the volumes of probable undeveloped gross reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time:

	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Aggregate prior to 2013	0	19	0	0
2013	0	274	0	0
2014	0	374	0	0
2015	0	374	0	0

The following table sets forth the volumes of possible undeveloped reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before such time:

	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Aggregate prior to 2013	0	0	0	0
2013	0	24	0	0
2014	0	177	0	0
2015	0	179	0	0

The following discussion generally describes the basis on which the Company attributes probable and possible undeveloped reserves and its plans for developing those undeveloped reserves.

Probable Undeveloped Reserves

The Company's probable undeveloped reserves are assigned to three drilling locations in Bodo developed pool, three drilling locations in Lloydminster developed pool, and one location and one re-entry well incremental in Lushburn within a mapped and partially developed oil pool. These reserves are to be developed in 2016, 2017 and 2018.

Possible Undeveloped Reserves

The Company's Possible Undeveloped reserves are the same only larger volumes as the Probable Undeveloped reserves and the same comments apply.

Significant Factors or Uncertainties

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

Future Development Costs

The following table shows the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) ($M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) ($M)
2016	0	1,300
2017	170	1,139
2018	0	2,050
2019	0	0
2020	0	0
Total for five years	170	4,489
Remainder	0	48

The Company has been successful in raising its required capital through equity financings and plans to continue to do so for the development costs specified above. The effect of the costs of the expected funding would have no impact on the revenues or reserves currently being reported.

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at December 31, 2015:

	Oil		Natural Gas	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**
Alberta Area				
Producing	6	3.6	0	0
Non-producing	2	2	0	0
Saskatchewan Area				
Producing	0	0	0	0
Non-producing	14	5.2	0	0

Notes:
1. Total number of wells in which the Company has a working interest.
2. Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.

All of the Company's wells are located onshore in the Alberta and Saskatchewan.

Properties with No Attributed Reserves

The Company has an interest in some land or shut-in wells in Alberta and Saskatchewan, for which the Company has no developed plans and which are not included in the evaluation.

Forward Contracts

Currently, the Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The estimated abandonment and restoration costs used by Chapman are based on the AER Directive 11, which details the typical costs of abandonment and reclamation by well type in each specific geographic region.

The Company expects to have costs relating to 15.5 net wells, including locations to be drilled. The following table reflects only the costs of the evaluated wells have been included in the Chapman report.

FUTURE ABANDONMENT AND RESTORATION COSTS

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) ($M)	Total Proved Estimated Using Forecast Prices and Costs (10% Discounted) ($M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) ($M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted) ($M)
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
Total for three years	0	0	0	0
Remainder	175	81	1095	457
Total for all years	175	81	1095	457

Note: The Company will have 9.3 additional net wells to abandon which were not assigned reserves in the report. Timing is not known.

Tax Horizon

The Company is not expected to become taxable under the proved plus probable cash flows forecast. The company is expected to become taxable under the proved plus probable plus possible cash flows forecast in this report.

Costs Incurred

The following table summarizes the capital expenditures made by the Company on oil and natural gas properties for the year ended December 31, 2015:

Property Acquisition Costs ($M)		**Exploration Costs ($M)**	**Development Costs ($M)**
Proved Properties	**Unproved Properties**		
Nil	$12	Nil	$118

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Company completed during its 2015 financial year:

	Exploratory Wells		**Development Wells**	
	Gross(1)	**Net(2)**	**Gross(1)**	**Net(2)**
Oil Wells	0	0	2 (3)	2
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	2	2

Notes:
1 Total number of wells in which the Company has a working interest.
2. Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.
3. Drilling and completion activities for two oil development wells occurred in the latter part of 2014 and early party of 2015. Equipping and tie-in will occur when oil prices improve.

Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2016 (12 mos.):

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberta	0.8	2.1	0	0
Saskatchewan	0	1.1	0	0
Total for all areas	**0.8**	**3.2**	**0**	**0**

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberta	0.8	52.4	0	0
Saskatchewan	0	2.2	0	0
Total for all areas	**0.8**	**54.6**	**0**	**0**

These values are gross to Company's working interest before the deduction of royalties payable to others.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

	Three Months Ended Mar 31, 2015	Three Months Ended Jun 31, 2015	Three Months Ended Sep 31, 2015	Three Months Ended Dec 31, 2015
Average Daily Production				
Light and Medium Oil (Bbl/d)	3	3	1	4
Heavy Oil (Bbl/d)	0	0	15	4
Natural Gas (Mscf/d)	0	0	0	0
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	40.38	56.77	69.98	52.28
Heavy Oil ($/Bbl)	0	0	36.47	22.32
Natural Gas ($/Mscf)	0	0	0	0
Royalties				
Light and Medium Oil ($/Bbl)	3.07	4.23	2.04	1.50
Heavy Oil ($/Bbl)	0	0	1.50	2.72
Natural Gas ($/Mscf)	0	0	0	0
Production Costs				
Light and Medium Oil ($/Bbl)	103.35	121.32	142.42	97.35
Heavy Oil ($/Bbl)	0	0	30.30	81.11
Natural Gas ($/Mscf)	0	0	0	0
Netback Received				
Light and Medium Oil ($/Bbl)	(66.04)	(68.78)	(74.48)	(46.56)
Heavy Oil ($/Bbl)	0	0	4.67	(61.51)
Natural Gas ($/Mscf)	0	0	0	0