



**AVANTI ENERGY INC.  
STATEMENT OF RESERVES DATA  
AND OTHER OIL AND GAS INFORMATION  
(Form 51-101F1)**

***Part 1 – Date of Statement***

This statement of reserves data and other oil and gas information is dated April 17, 2018.

The effective date is March 31, 2018.

The preparation date is April 17, 2018.

## 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 Avanti Energy Inc. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at March 31, 2018 and dated April 16, 2018 (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 US dollars.

### SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2018

Reserves Category	Company Reserves <sup>(1)</sup>							
	Light and Medium Oil		Heavy Oil		Conventional Natural Gas <sup>(9)</sup>		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
<b>PROVED</b>								
Developed Producing <sup>(2)(6)</sup>	0	0	0	0	0	0	0	0
Developed Non-Producing <sup>(2)(7)</sup>	0	0	0	0	0	0	0	0
Undeveloped <sup>(2)(8)</sup>	0	0	0	0	24,401	19,722	0	0
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,401</b>	<b>19,722</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,052</b>	<b>3,274</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,453</b>	<b>22,996</b>	<b>0</b>	<b>0</b>

### SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31, 2018

Reserves Category	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
<b>PROVED</b>										
Developed Producing <sup>(2)(6)</sup>	0	0	0	0	0	0	0	0	0	0
Developed Non-Producing <sup>(2)(7)</sup>	0	0	0	0	0	0	0	0	0	0
Undeveloped <sup>(2)(8)</sup>	139,707	76,201	44,248	26,258	15,208	139,707	76,201	44,248	26,258	15,208
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>139,707</b>	<b>76,201</b>	<b>44,248</b>	<b>26,258</b>	<b>15,208</b>	<b>139,707</b>	<b>76,201</b>	<b>44,248</b>	<b>26,258</b>	<b>15,208</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>36,175</b>	<b>14,435</b>	<b>6,966</b>	<b>3,906</b>	<b>2,447</b>	<b>36,175</b>	<b>14,435</b>	<b>6,966</b>	<b>3,906</b>	<b>2,447</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>175,882</b>	<b>90,636</b>	<b>51,214</b>	<b>30,164</b>	<b>17,655</b>	<b>175,882</b>	<b>90,636</b>	<b>51,214</b>	<b>30,164</b>	<b>17,655</b>

**TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31,2018**

	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 <sup>(2)</sup>	245,068	46,947	28,047	27,636	2,731	139,707	0	139,707
Total Proved Plus Probable <sup>(2)(3)</sup>	297,888	57,063	34,321	27,636	2,987	175,882	0	175,882

**FUTURE NET REVENUE BY PRODUCT TYPE  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31,2018**

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year)
		(M\$)
Total Proved <sup>(2)</sup>	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	44,248
Total Proved Plus Probable <sup>(2)(3)</sup>	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	51,214

**OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCT TYPE  
BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 31,2018**

Product Type by Reserve Category	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr
	Oil		Gas <sup>(9)</sup>		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl		
<b>Conventional Natural Gas (Assoc &amp; Non-Assoc)</b>								
<b>Proved</b>								
Developed Producing	0	0	0	0	0	0	0	N/A
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	24,401	19,722	0	0	44,248	2.24
<b>Total Proved</b>	<b>0</b>	<b>0</b>	<b>24,401</b>	<b>19,722</b>	<b>0</b>	<b>0</b>	<b>44,248</b>	<b>2.24</b>
Probable	0	0	4,052	3,274	0	0	6,966	2.13
<b>Proved Plus Probable</b>	<b>0</b>	<b>0</b>	<b>28,453</b>	<b>22,996</b>	<b>0</b>	<b>0</b>	<b>51,214</b>	<b>2.23</b>

**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 tables detail the benchmark reference prices for the regions in which the Company operated, as at March 31, 2018, 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.

<b>Natural Gas</b>			
<b>HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES</b>			
<b>April 1, 2018</b>			
<b>Date</b>	<b>Henry Hub Gas[1] \$US/MMBTU</b>	<b>Europe Gas[2] \$US/Mcf</b>	<b>Italy Gas[3] \$US/Mcf</b>
<b>HISTORICAL PRICES</b>			
2004	5.91	4.28	N/A
2005	8.92	6.33	N/A
2006	6.75	8.47	N/A
2007	6.97	8.56	N/A
2008	8.98	13.41	N/A
2009	3.94	8.71	N/A
2010	4.39	8.80	N/A
2011	3.99	10.42	N/A
2012	2.70	11.48	N/A
2013	3.84	11.80	N/A
2014	4.36	10.10	N/A
2015	2.69	7.30	N/A
2016	3.31	4.56	N/A
2017	3.85	5.65	N/A
<b>FORECAST PRICE</b>			
2018	4.19	5.70	<b>7.41</b>
2019	4.44	5.80	<b>7.54</b>
2020	4.69	6.00	<b>7.80</b>
2021	4.84	6.20	<b>8.06</b>
2022	5.00	6.40	<b>8.32</b>
2023	5.16	6.50	<b>8.45</b>
2024	5.34	6.70	<b>8.71</b>
2025	5.52	6.90	<b>8.97</b>
2026	5.60	6.70	<b>8.71</b>
2027	5.67	7.00	<b>9.10</b>
2028	5.75	7.32	<b>9.52</b>
2029	5.83	7.65	<b>9.95</b>
2030	5.92	8.00	<b>10.40</b>
2031	6.00	8.36	<b>10.87</b>
2032	6.09	8.74	<b>11.36</b>
2033	6.21	9.14	<b>11.88</b>
<b>Escalated 2% thereafter</b>			

Notes: [1] Henry Hub Spot is natural gas traded on the New York Mercantile Exchange (NYMEX).

[2] Europe gas price forecast comes from World Bank Forecast.

- [3] Report price, calculated based on World Bank Forecast with 1.3 adjustment factor based on the CMI Energia forecast price.

#### **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 March 31, 2018 against such reserves as at March 31, 2017 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 MARCH 31, 2018**

	Light and Medium Oil			Heavy Oil			Conventional Natural Gas (Associated and Non-Associated)		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At March 31, 2017	-	-	-	-	-	-	24,401	4,052	28,453
Production(Sales)	-	-	-	-	-	-	0	0	0
Acquisitions	-	-	-	-	-	-	0	0	0
Dispositions	-	-	-	-	-	-	0	0	0
Discoveries	-	-	-	-	-	-	0	0	0
Extensions & Improved Recovery	-	-	-	-	-	-	0	0	0
Economic Factors	-	-	-	-	-	-	0	0	0
Technical Revisions	-	-	-	-	-	-	0	0	0
At March 31, 2018	-	-	-	-	-	-	24,401	4,052	28,453

#### **Part 5 – Additional Information Relating to Reserves Data**

##### **Undeveloped Reserves**

The following table sets forth the volumes of proved undeveloped net 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 (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Aggregate prior to 2016	-	-	65,448	272
2016	-	-	0	0
2017	-	-	283	0
2018	-	-	0	0

The following table sets forth the volumes of probable undeveloped net 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 (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Aggregate prior to 2016	-	-	10,870	45
2016	-	-	0	0

	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
2017	-	-	46	0
2018	-	-	0	0

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

#### Proved Undeveloped Reserves

The Company's proved undeveloped reserves are assigned to be developed with two re-entries and two new drills. The two existing wells, MP1 and MP2, will be put on production in 2018 and the two vertical locations are expected to be drilled, tested and completed in 2021.

#### Probable Undeveloped Reserves

The Company's probable undeveloped reserves are based on an increased recovery factor as the proved 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\$)
2018	24,197	24,197
2019	0	0
2020	0	0
2021	3,439	3,439
2022	0	0
Total for five years	27,636	27,636
Remainder	0	0
Total for all years	27,636	27,636

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 March 31, 2018:

	Oil		Conventional Natural Gas	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
Colle Santo Gas Concession				
Producing	0	0	0	0
Non-producing	0	0	2	0.67

[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 Abruzzo, Italy. All the Company's reserves are natural gas with negligible gas liquids. The existing wells are planned to be produced in 2018.

### **Properties with No Attributed Reserves**

The Company has no properties with no attributed reserves.

### **Forward Contracts**

Currently, the Company has no forward contracts.

### **Tax Horizon**

The Company is not expected to become taxable under the proved plus probable 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 March 31, 2018.

Property Acquisition Costs (M\$)		Exploration Costs (M\$)	Development Costs (M\$)
Proved Properties	Unproved Properties		
0	0	0	0

The Company has no exploration costs on the property.

### **Exploration and Development Activities**

The following table sets forth the number of exploratory and development wells which the Company completed during its 2018 financial year:

	<b>Exploratory Wells</b>		<b>Development Wells</b>	
	<b>Gross<sup>(1)</sup></b>	<b>Net<sup>(2)</sup></b>	<b>Gross<sup>(1)</sup></b>	<b>Net<sup>(2)</sup></b>
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
<b>Total Completed Wells</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

[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.

The Company did not drill or develop any additional reserves in the fiscal year.

### **Production Estimates**

The following table sets forth the volume of production estimated by Chapman for the first year of production (12 month period between December 1, 2018 and November 30, 2019).

<b>TOTAL PROVED RESERVES</b>				
<b>AREA</b>	<b>Light and Medium Oil (Mbbl)</b>	<b>Heavy Oil (Mbbl)</b>	<b>Conventional Natural Gas (MMscf)</b>	<b>Natural Gas Liquids (Mbbl)</b>
Colle Santo Gas Concession	0	0	1,187	0
<b>Total for all areas</b>	<b>0</b>	<b>0</b>	<b>1,187</b>	<b>0</b>

<b>TOTAL PROVED PLUS PROBABLE RESERVES</b>				
<b>AREA</b>	<b>Light and Medium Oil (Mbbl)</b>	<b>Heavy Oil (Mbbl)</b>	<b>Conventional Natural Gas (MMscf)</b>	<b>Natural Gas Liquids (Mbbl)</b>
Colle Santo Gas Concession	0	0	1,195	0
<b>Total for all areas</b>	<b>0</b>	<b>0</b>	<b>1,195</b>	<b>0</b>

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 June 30, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2017	Three Months Ended March 31, 2018
<b>Average Daily Production</b>				
Light and Medium Oil (Bbl/d)	0	0	0	0
Conventional Natural Gas (Mscf/d)	0	0	0	0
<b>Average Net Prices Received</b>				
Light and Medium Oil (\$/Bbl)	0	0	0	0
Conventional Natural Gas (\$/Mscf)	0	0	0	0
<b>Royalties</b>				
Light and Medium Oil (\$/Bbl)	0	0	0	0
Conventional Natural Gas (\$/Mscf)	0	0	0	0
<b>Production Costs</b>				
Light and Medium Oil (\$/Bbl)	0	0	0	0
Conventional Natural Gas (\$/Mscf)	0	0	0	0
<b>Netback Received</b>				
Light and Medium Oil (\$/Bbl)	0	0	0	0
Conventional Natural Gas (\$/Mscf)	0	0	0	0

## PRODUCTION VOLUMES IN 2017

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Colle Santo Gas Concession	0	0	0	0
<b>Total for all areas</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## APPENDIX A

### Part 7 – Disclosure of Prospective Resources Data

An estimate of risked net present value of future net revenue of prospective resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes prospective resources that are considered too uncertain with respect to the chance of discovery and development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized. The prospective resources have been evaluated subject to Sections 5.9 and 5.17 of NI 51 -101.

#### Vallecupa Field, Italy

The Company holds a 33.34 percent working interest in an 8,827 acre lease that contains the Vallecupa feature covering 2,217 acres. The lease will expire in 2021 unless there is activity.

#### SUMMARY OF OIL AND GAS PROSPECTIVE RESOURCES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31,2018

Resource Category	Company Prospective Resources <sup>(1)</sup>							
	Light and Medium Oil		Bitumen		Natural Gas <sup>(9)</sup>		Natural Gas Liquids	
	Gross MST	Net MST	Gross MST	Net MST	Gross	Net	Gross	Net
	B	B	B	B	MMscf	MMscf	Mbbl	Mbbl
<b>Total Prospect Best Estimate</b> <sup>(2)</sup>	0	0	0	0	19,25	15,56	0	0
<b>Total Prospect Low Estimate</b> <sup>(3)</sup>	0	0	0	0	17,77	14,36	0	0
<b>Total Prospect High Estimate</b> <sup>(4)</sup>	0	0	0	0	20,74	16,75	0	0
<b>Arithmetic Average Before Risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,25</b>	<b>15,56</b>	<b>0</b>	<b>0</b>
<b>Arithmetic Average After Risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,622</b>	<b>3,735</b>	<b>0</b>	<b>0</b>

#### SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT MARCH 31,2018

Resource Category	Net Present Values of Future Net Revenue				
	Before Income Tax				
	Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
M\$	M\$	M\$	M\$	M\$	
<b>Total Prospect Best Estimate</b> <sup>(2)</sup>	167,960	64,192	30,489	16,605	9,866
<b>Total Prospect Low Estimate</b> <sup>(3)</sup>	156,666	56,807	26,079	13,865	8,080
<b>Total Prospect High Estimate</b> <sup>(4)</sup>	179,606	71,348	34,751	19,264	11,608
<b>Arithmetic Average Before Risk</b>	<b>168,077</b>	<b>64,116</b>	<b>30,440</b>	<b>16,578</b>	<b>9,851</b>
<b>Arithmetic Average After Risk</b>	<b>39,107</b>	<b>14,157</b>	<b>6,074</b>	<b>2,748</b>	<b>1,133</b>

**Notes:**

1. "Gross Prospective Resources" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company. "Net Prospective Resources" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in Prospective Resources.
2. "Best Estimate" is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
3. "Low Estimate" is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
4. "High Estimate" is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

*The Chance of Commercial Success has been estimated to be 24 percent consisting of a 34 percent probability of geological success and a 70 percent probability of successful development, if discovered.*

*The forecast prices and costs used in the evaluation of prospective resources are identical to the values presented in Part 3 Pricing assumptions of the reserves section of this letter.*

*This evaluation was prepared by an independent qualified reserves evaluator and auditor in accordance with the COGE Handbook.*

*Positive factors relevant to the estimate include the fact that there are proved reserves in the neighbouring Colle Santo field across a fault to the south, and the fact that the Vallecupa feature is an extension of the Colle Santo field geology..*

*The possible negative factor is that Vallecupa may be compartmentalized from its many fault lines.*

*The cost to achieve commercial production is expected to be \$5,408,000.*

*There is no certainty that any portions of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*

## ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

### Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
MSTB	1,000 stock tank barrels
Bbls/d	barrels per day
NGLs	natural gas liquids
STB	stock tank barrels of oil
STB/d	stock tank barrels of oil per day

### Natural Gas

Mscf	thousand standard cubic feet
MMscf	million standard cubic feet
Mscf/d	thousand standard cubic feet per day
MMscf/d	million standard cubic feet per day
MMBTU	million British Thermal Units
Bscf	billion standard cubic feet
GJ	gigajoule

### Other

AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.
BIT	Before Income Tax
AIT	After Income Tax
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mscf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mscf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/d	barrel of oil equivalent per day
m <sup>3</sup>	cubic metres
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