MONTELLO RESOURCES LTD.
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 July 31, 2010.

The effective date is July 31, 2010.

The preparation date is November 30, 2010.

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 Montello Resources Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at July 31, 2010, and dated November 26, 2010 (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.

SUMMARY OF OIL AND GAS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS AT JULY 31, 2010

	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]	0	0	0	0	0	0	0	0
Developed Non-Producing[2][7]	22	17	0	0	36	34	3	3
Undeveloped[2][8]	0	0	0	0	0	0	0	0
TOTAL PROVED[2]	**22**	**17**	**0**	**0**	**36**	**34**	**3**	**3**
TOTAL PROBABLE[3]	51	37	0	0	81	75	7	7
TOTAL PROVED + PROBABLE[2][3]	**73**	**54**	**0**	**0**	**117**	**109**	**10**	**10**
TOTAL POSSIBLE[4]	35	28	0	0	57	53	5	5
TOTAL PROVED + PROBABLE + POSSIBLE	**108**	**82**	**0**	**0**	**174**	**162**	**15**	**14**

SUMMARY OF NET PRESENT VALUES
BASED ON FORECAST PRICES AND COSTS
AS AT JULY 31, 2010

	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]	0	0	0	0	0	0	0	0	0	0
Developed Non-Producing[2][7]	1,346	1,150	998	878	782	1,346	1,150	998	878	782
Undeveloped[2][8]	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED[2]	**1,346**	**1,150**	**998**	**878**	**782**	**1,346**	**1,150**	**998**	**878**	**782**
TOTAL PROBABLE[3]	2,909	2,250	1,803	1,486	1,250	2,909	2,250	1,803	1,486	1,250
TOTAL PROVED + PROBABLE[2][3]	**4,255**	**3,400**	**2,801**	**2,364**	**2,032**	**4,255**	**3,400**	**2,801**	**2,364**	**2,032**
TOTAL POSSIBLE[4]	1,936	1,565	1,288	1,074	908	1,936	1,565	1,288	1,074	908
TOTAL PROVED + PROBABLE + POSSIBLE	**6,191**	**4,965**	**4,089**	**3,438**	**2,940**	**6,191**	**4,965**	**4,089**	**3,438**	**2,940**

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) BASED ON FORECAST PRICES AND COSTS AS AT JULY 31, 2010

	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]	2,504	541	475	128	14	1,346	0	1,346
Total Proved Plus Probable[2][3]	8,449	1,985	1,570	604	36	4,255	0	4,255
Total Proved Plus Probable Plus Possible[4]	12,532	2,867	2,333	1,084	57	6,191	0	6,191

FUTURE NET REVENUE BY PRODUCTION GROUP BASED ON FORECAST PRICES AND COSTS AS AT JULY 31, 2009

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)	998
	Heavy Oil (including solution gas and other by-products)	0
	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)	2,801
	Heavy Oil (including solution gas and other by-products)	0
	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)	4,089
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0

OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT JULY 31, 2010

Reserve Group by Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr
	Oil		Gas[9]		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	
Light and Medium Oil								
Proved								
Developed Producing	0	0	0	0	0	0	0	N/A
Developed Non-Producing	22	17	36	34	3	3	998	58.43
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**22**	**17**	**36**	**34**	**3**	**3**	**998**	**58.43**
Probable	51	37	81	75	7	7	1,803	48.39
Proved Plus Probable	**73**	**54**	**117**	**109**	**10**	**10**	**2,801**	**51.55**
Possible	35	28	57	53	5	5	1,288	46.71
Proved + Probable + Possible	**108**	**82**	**174**	**162**	**15**	**14**	**4,089**	**49.92**
Heavy Oil								
Proved								
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	0	0	0	0	0	N/A
Total Proved	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Probable	0	0	0	0	0	0	0	N/A
Proved Plus Probable	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Possible	0	0	0	0	0	0	0	N/A
Proved + Probable + Possible	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Assoc & Non-Assoc Gas								
Proved								
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	0	0	0	0	0	N/A
Total Proved	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Probable	0	0	0	0	0	0	0	N/A
Proved Plus Probable	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Possible	0	0	0	0	0	0	0	N/A
Proved + Probable + Possible	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A

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 July 31, 2010, 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

CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
August 1, 2010

Date	WTI [1] $US/STB	Alberta Par Price [2] $CDN/STB	Alberta Heavy [3] $CDN/STB	Sask. Light [4] $CDN/STB	Sask. Heavy [5] $CDN/STB	B.C. Light [6] $CDN/STB	Bank of Canada Average Noon Exchange rate $US/$CDN
HISTORICAL PRICES							
1994	17.16	22.27	18.19	20.76	19.16	21.12	0.73
1995	18.41	25.11	19.76	22.77	20.57	23.85	0.73
1996	21.98	29.39	25.09	28.41	26.07	27.99	0.73
1997	20.59	27.90	21.15	26.52	23.73	26.32	0.72
1998	14.46	20.39	14.68	19.31	17.01	19.38	0.68
1999	19.21	27.88	23.71	27.23	25.65	27.42	0.67
2000	30.39	44.90	34.51	43.37	40.12	n/a	0.67
2001	25.98	39.66	25.41	35.57	31.84	n/a	0.65
2002	26.09	40.63	32.20	37.67	34.57	n/a	0.64
2003	30.84	43.57	32.65	40.13	37.64	n/a	0.72
2004	41.48	52.89	37.52	48.96	45.74	n/a	0.77
2005	56.62	69.16	43.25	62.04	56.53	n/a	0.83
2006	65.91	72.88	50.40	66.77	61.23	n/a	0.88
2007	70.61	75.57	53.17	71.42	64.55	n/a	0.94
2008	99.70	102.98	83.88	98.02	92.45	n/a	0.94
2009	61.64	68.91	58.48	65.15	63.48	n/a	0.88
2010 (7mos)	78.08	80.08	68.03	76.84	73.72	n/a	0.97
CONSTANT PRICES							
July 30, 2010 [7]	78.95	80.88	66.16	76.80	73.46	78.86	0.97
CURRENT YEAR FORECAST							
2010 (5 mos)	80.00	**83.21**	70.31	78.38	75.17	81.13	0.95
FUTURE FORECAST							
2011	83.00	**86.37**	72.98	81.36	78.02	84.21	0.95
2012	86.00	**89.53**	75.65	84.33	80.88	87.29	0.95
2013	90.00	**93.74**	79.21	88.30	84.68	91.39	0.95
2014	93.00	**96.89**	81.88	91.27	87.53	94.47	0.95
2015	96.00	**100.05**	84.54	94.25	90.39	97.55	0.95
2016	98.00	**102.16**	86.32	96.23	92.29	99.60	0.95
2017	100.00	**104.26**	88.10	98.22	94.19	101.66	0.95
2018	102.00	**106.37**	89.88	100.20	96.09	103.71	0.95
2019	104.04	**108.52**	91.70	102.22	98.03	105.80	0.95
2020	106.12	**110.71**	93.55	104.29	100.01	107.94	0.95
2021	108.24	**112.94**	95.43	106.39	102.03	110.12	0.95
2022	110.41	**115.22**	97.36	108.54	104.09	112.34	0.95
2023	112.62	**117.54**	99.32	110.73	106.19	114.60	0.95
2024	114.87	**119.91**	101.33	112.96	108.33	116.92	0.95
2025	117.17	**122.33**	103.37	115.24	110.51	119.27	0.95
Constant thereafter							

Notes:
[1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
[2] Equivalent price for Light Sweet Crude (D2/S2) landed in Edmonton, Alberta after exchange of 0.95US$/C$ from 2009 to 2025 during forecasting period and transportation differential of $1.00 CDN/STB.
[3] Bow River at Hardisty, Alberta (905 kg/m3, 2.1% sulphur).
[4] Light Sour Blend at Cromer, Saskatchewan (850 kg/m3, 1.2% sulphur).
[5] Midale at Cromer, Saskatchewan (880 kg/m3, 2.0% sulphur).
[6] B.C. Light at Taylor, British Columbia (825 kg/m3, 0.5% sulphur).
[7] July 30, 2010 is the last trading day of July 2010.

NATURAL GAS & BY-PRODUCTS
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
August 1, 2010

Date	GRP [1] $/MMBTU	GRP [1] $/GJ	AECO Spot Gas $/MMBTU	Sask. Gas [2] $/MMBTU	B.C. Gas [3] $/MMBTU	Propane [4] $/BBL	Butane [4] $/BBL	Pentanes Plus [4] $/BBL	NGL Mix [5] $/BBL
HISTORICAL PRICES	GRPM	GRPJ	AECO	SK G	BC G	C3	C4	C5	
1994	1.82	1.72	1.78	1.88	1.81	12.72	13.44	21.67	15.62
1995	1.31	1.24	1.08	1.35	1.29	14.38	13.97	24.11	17.18
1996	1.63	1.54	1.33	1.52	1.50	22.95	17.19	30.05	23.35
1997	1.97	1.87	1.67	1.84	1.80	17.73	19.07	30.90	22.08
1998	1.94	1.84	1.94	2.05	1.94	11.13	12.06	21.86	14.63
1999	2.48	2.35	2.82	2.83	2.51	15.93	18.01	27.73	20.09
2000	4.50	4.27	5.56	4.85	4.00	31.38	35.01	46.35	36.96
2001	5.41	5.12	5.44	5.48	6.12	31.27	30.27	44.98	35.08
2002	3.89	3.68	4.13	4.17	3.85	19.14	25.11	40.72	27.41
2003	6.14	5.81	7.03	6.47	6.45	28.85	32.15	44.23	34.46
2004	6.31	5.98	6.60	6.52	6.25	31.95	38.40	54.06	40.52
2005	8.31	7.87	8.82	8.58	8.31	38.03	46.31	69.32	49.90
2006	6.57	6.22	6.55	6.55	6.57	38.97	50.42	76.08	53.54
2007	6.21	5.88	6.47	6.45	6.21	40.47	49.76	75.96	53.90
2008	7.89	7.47	8.17	8.10	8.61	44.69	54.08	104.75	65.53
2009	3.85	3.65	3.99	4.05	6.12	19.68	21.04	67.64	34.48
2010 (7mos)	4.27	4.05	4.33	5.05	4.57	26.89	23.70	77.74	41.19
CONSTANT PRICES									
July 30, 2010 [6]	3.66 est.	3.46	3.81	3.80	3.99	13.82	19.88	79.33	35.29
CURRENT YEAR FORECAST									
2010 (5 mos)	4.38	4.15	**4.61**	4.54	4.60	36.66	43.04	83.06	**52.49**
FUTURE FORECAST									
2011	5.08	4.81	**5.39**	5.26	5.32	37.83	44.40	86.31	**54.34**
2012	5.60	5.30	**5.97**	5.80	5.86	38.99	45.76	89.56	**56.19**
2013	6.30	5.97	**6.74**	6.52	6.59	40.55	47.57	93.90	**58.66**
2014	6.80	6.44	**7.30**	7.03	7.11	41.72	48.92	97.15	**60.51**
2015	7.10	6.72	**7.63**	7.34	7.42	42.89	50.28	100.40	**62.36**
2016	7.30	6.91	**7.86**	7.55	7.63	43.67	51.19	102.57	**63.60**
2017	7.60	7.20	**8.19**	7.86	7.94	44.45	52.09	104.74	**64.83**
2018	7.80	7.39	**8.41**	8.06	8.15	45.23	53.00	106.91	**66.06**
2019	8.00	7.58	**8.63**	8.27	8.36	46.02	53.92	109.12	**67.32**
2020	8.30	7.86	**8.97**	8.58	8.67	46.83	54.86	111.38	**68.60**
2021	8.50	8.05	**9.19**	8.79	8.88	47.66	55.82	113.68	**69.91**
2022	8.70	8.24	**9.41**	8.99	9.09	48.50	56.80	116.03	**71.25**
2023	8.90	8.43	**9.63**	9.20	9.30	49.36	57.80	118.42	**72.61**
2024	9.00	8.52	**9.74**	9.30	9.40	50.24	58.82	120.86	**74.00**
2025 Constant thereafter	9.20	8.71	**9.97**	9.51	9.61	51.13	59.86	123.35	**75.42**

Notes:
[1] Alberta Gas Reference Price (GRP) represents the average of all system and direct (spot and firm) sales.
[2] Price paid at field delivery point.
[3] Price paid by CanWest net of raw gas gathering and processing charges but before deduction of field gathering and compression charges.
[4] Reference point is FOB Edmonton for fractionated product.
[5] Natural Gas Liquids blended mix price assuming typical liquid composition of 40% propane, 30% butane and 30% pentanes plus.
[6] July 30, 2010 is the last trading day of July 2010.

The Company had no oil, natural gas or NGL sales in this fiscal year.

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 July 31, 2010 against such reserves as at July 31, 2009 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 JULY 31, 2010

	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 Jul. 31, 2009	**34**	**43**	**77**	**0**	**77**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Production(Sales)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dispositions	(11)	(17)	(28)	0	(28)	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revisions to Previous Estimate															
Economic Factors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical	0	25	25	35	60	0	0	0	0	0	0	0	0	0	0
Improved Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At Jul. 31, 2010	**23**	**51**	**74**	**35**	**109**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The Company had no proved undeveloped reserves as at July 31, 2010 or in prior years.

The following table sets forth the volumes of probable undeveloped Company gross reserves that were 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 2008	38	0	278	7
2008	0	0	895	25
2009	0	0	0	0
2010	25	0	40	4

The following table sets forth the volumes of possible undeveloped reserves that were 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 2008	0	0	0	0
2008	0	0	0	0
2009	0	0	0	0
2010	35	0	57	5

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 generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production where commercial production is considered to be probable but is less certain than required for the assignment of proved reserves. Two proposed drilling locations adjacent to the well 01-11-04-29 W4, scheduled to be drilled within two years, have been assigned probable undeveloped reserves.

Possible Undeveloped Reserves

The Company's possible undeveloped reserves are located in the same formations and structure in the Pincher Creek field as the proved developed and probable undeveloped reserves attributed to the 01-11 well and probable locations. The possible undeveloped reserves have been attributed to 3 proposed locations to be drilled in 2012. These locations offset the probable undeveloped locations.

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.

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks include, but are not limited to: the risks associated with the oil and gas industry, commodity prices and exchange rates; industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated with the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. Competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources are additional risks the Company faces in this market. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward looking statements and accordingly, no assurance can be given that any events anticipated by the forward looking statements will transpire or occur, if any of them do, what benefits the Company can derive from. The reader is cautioned not to place undue reliance on this forward looking information.

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)
2010	0	0
2011	128	284
2012	0	320
2013	0	0
2014	0	0
Total for five years	128	604
Remainder	0	0
Total for all years	128	604

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 July 31, 2010:

	Oil		Natural Gas	
	Gross[1]	Net[1]	Gross[1]	Net[1]
Pincher Creek Area, Alberta				
Producing	0	0	0	0
Non-producing	1	0.25	0	0
Tennessee, USA				
Producing	0	0	0	0
Non-producing	5	1.65	0	0

All of the Company's wells are onshore in or near active oil fields in Alberta, Canada and Tennessee, USA and are suspended, pending further evaluation, completion or construction of a pipeline.

Properties with No Attributed Reserves

The Company holds an average interest of approximately 33% in 5 wells in the Morgan County area of Tennessee. One of these wells is considered an oil/condensate discovery well and has been tested but needs to be fractured. The same zone exists in all the other 4 wells along with a gas zone in the Chattonooga shales. The Company intends to test this zone in the near future.

Although the discovery well produced over 300 barrels of oil it was never put on continuous production. The Company intends to fracture this zone and conduct a long term production test. At this time, reserves have not been attributed to this property.

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 AEUB 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 1.9 net wells, including 5 wells in Tennessee to which no reserves have been assigned. Only abandonment costs relating to the Pincher Creek well to which reserves have been assigned are 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)
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0
Total for three years	0	0	0	0
Remainder	14	5	36	11
Total for all years	14	5	36	11

Tax Horizon

The Company is not expected to become taxable under the proved, the proved plus probable or the proved plus probable plus possible cash flow forecasts 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 July 31, 2010.

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

The Company also had exploration costs of $0.

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Company completed during its 2010 financial year:

	Exploratory Wells		Development Wells	
	Gross[1]	Net[1]	Gross[1]	Net[1]
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	1	0.3
Dry Holes	0	0	0	0
Total Completed Wells	**0**	**0**	**1**	**0.3**

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 2010 (5 mo.):

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Pincher Creek, Alberta	0	0	0	0
Total for all areas	**0**	**0**	**0**	**0**

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Pincher Creek, Alberta	0	0	0	0
Total for all areas	**0**	**0**	**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 November 30, 2008	Three Months Ended January 31, 2009	Three Months Ended April 30, 2009	Three Months Ended July 31, 2009
Average Daily Production				
Light and Medium Oil (Bbl/d)	0	0	0	0
Natural Gas (Mscf/d)	0	0	0	0
Average Net Prices Received				
Light and Medium Oil ($/Bbl)	0	0	0	0
Natural Gas ($/Mscf)	0	0	0	0
Royalties				
Light and Medium Oil ($/Bbl)	0	0	0	0
Natural Gas ($/Mscf)	0	0	0	0
Production Costs				
Light and Medium Oil ($/Bbl)	0	0	0	0
Natural Gas ($/Mscf)				
Netback Received				
Light and Medium Oil ($/Bbl)	0	0	0	0
Natural Gas ($/Mscf)				

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^3	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