

**ZENITH ENERGY 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 24, 2015.

The effective date is March 31, 2015.

The preparation date is July 24, 2015.

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 Zenith Energy Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at March 31, 2015, and dated July 24, 2015 (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, 2015

Reserves Category	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
Argentina								
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾	224	204	0	0	0	0	0	0
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	224	204	0	0	0	0	0	0
TOTAL PROBABLE⁽³⁾	633	576	0	0	0	0	0	0
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	857	780	0	0	0	0	0	0

Reserves Category	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
Italy								
PROVED								
Developed Producing	0	0	0	0	179	179	1	1
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	0	0	0	0	179	179	1	1
TOTAL PROBABLE⁽³⁾	0	0	0	0	7,331	7,331	102	102
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	0	0	0	0	7,510	7,510	103	103

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

Net Present Values of Future Net Revenue

Argentina	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.
Reserves Category	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	8,056	7,375	6,793	6,294	5,863	8,056	7,375	6,793	6,294	5,863
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	8,056	7,375	6,793	6,294	5,863	8,056	7,375	6,793	6,294	5,863
TOTAL PROBABLE⁽³⁾	23,773	17,509	13,360	10,504	8,467	23,773	17,509	13,360	10,504	8,467
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	31,829	24,884	20,153	16,798	14,330	31,829	24,884	20,153	16,798	14,330

Net Present Values of Future Net Revenue

Italy	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.
Reserves Category	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	859	821	786	756	728	859	821	786	756	728
Developed Non-Producing ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁸⁾	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	859	821	786	756	728	859	821	786	756	728
TOTAL PROBABLE⁽³⁾	72,624	32,664	18,802	12,578	9,209	72,624	32,664	18,802	12,578	9,209
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	73,483	33,485	19,588	13,334	9,937	73,483	33,485	19,588	13,334	9,937

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
AS AT MARCH 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)
Argentina								
Total Proved ⁽²⁾	13,647	1,228	3,444	0	919	8,056	0	8,056
Total Proved Plus Probable ⁽²⁾⁽³⁾	52,276	4,705	13,440	566	1,735	31,829	0	31,829
Italy								
Total Proved ⁽²⁾	1,709	0	726	0	124	859	0	859
Total Proved Plus Probable ⁽²⁾⁽³⁾	94,050	0	18,877	1,530	160	73,483	0	73,483

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

Argentina Reserve Group by Category	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr
	Oil		Gas ⁽⁹⁾		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl		
Light and Medium Oil								
Proved								
Developed Producing	224	204	0	0	0	0	6,793	33.30
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	224	204	0	0	0	0	6,793	33.30
Probable	633	576	0	0	0	0	13,360	23.19
Proved Plus Probable	857	780	0	0	0	0	20,154	25.84

Italy Reserve Group by Category	Reserves						Net Present Value (BIT) 10% M\$	Unit Values @ 10%/yr
	Oil		Gas ⁽⁹⁾		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl		
Assoc & Non-Assoc Gas								
Proved								
Developed Producing	0	0	179	179	1	1	786	4.39
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	179	179	1	1	786	4.39
Probable	0	0	7,331	7,331	102	102	18,802	2.56
Proved Plus Probable	0	0	7,510	7,510	103	103	19,587	2.61

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

Argentina 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)	6,793
	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)	20,154
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	0
		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)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	786
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	19,587

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, 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.
International Price - Crude Oil & Natural Gas
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2015

Date	WTI [1] \$US/STB	Brent Spot (ICE)[2] \$US/STB	Argentinean Oil [3] \$US/STB
HISTORICAL PRICES			
2004	41.48	38.03	N/A
2005	56.62	55.28	N/A
2006	65.91	66.09	N/A
2007	72.35	72.74	N/A
2008	99.70	98.33	N/A
2009	61.64	62.52	N/A
2010	79.42	80.22	N/A
2011	95.03	109.67	N/A
2012	94.16	108.75	N/A
2013	97.93	108.68	N/A
2014	93.12	99.43	N/A
2015 3 mos	45.58	54.08	59.64

CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)

82.27	88.40	61.00
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Constant thereafter

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
 - [2] The Brent Spot price is estimated based on historic data.
 - [3] Argentinean oil price data was provided by client.

CHAPMAN PETROLEUM ENGINEERING LTD.
International Price - Crude Oil & Natural Gas
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

April 1, 2015

Date	Canadian NGL [1] C\$/STB	Torrente Cigno NGL [2] \$/US/STB	Henry Hub Gas[3] \$/US/Mcf	Torrente Cigno Gas[5] \$/US/Mcf	Misano Adriatico Gas[4] \$/US/Mcf	Masseria Acquasalsa Gas[4] \$/US/Mcf	Lucera Gas[4] \$/US/Mcf	San Mauro Gas[4] \$/US/Mcf	San Andrea Gas[4] \$/US/Mcf
HISTORICAL PRICES									
2004	40.52	N/A	5.91	N/A	N/A	N/A	N/A	N/A	N/A
2005	49.90	N/A	8.92	N/A	N/A	N/A	N/A	N/A	N/A
2006	53.54	N/A	6.75	N/A	N/A	N/A	N/A	N/A	N/A
2007	70.45	N/A	6.97	N/A	N/A	N/A	N/A	N/A	N/A
2008	77.47	N/A	8.98	N/A	N/A	N/A	N/A	N/A	N/A
2009	50.39	N/A	3.94	N/A	N/A	N/A	N/A	N/A	N/A
2010	58.41	N/A	4.39	N/A	N/A	N/A	N/A	N/A	N/A
2011	70.51	N/A	3.99	N/A	N/A	N/A	N/A	N/A	N/A
2012	67.18	N/A	2.70	N/A	N/A	N/A	N/A	N/A	N/A
2013	77.68	135.52	3.84	7.10	14.89	11.44	11.44	11.44	13.68
2014	69.90	97.09	4.36	9.70	10.42	9.70	9.70	9.70	12.07
2015	3 mos	31.80	N/A	3.56	9.58	8.47	9.58	9.58	10.93
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)									
	51.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FORECAST PRICE									
2015	9 mos	40.98	84.49	2.84	8.52	9.24	8.52	8.52	10.89
2016		50.66	94.17	3.34	9.02	9.74	9.02	9.02	11.39
2017		55.13	98.64	3.64	9.32	10.04	9.32	9.32	11.69
2018		58.86	102.37	3.94	9.62	10.34	9.62	9.62	11.99
2019		61.09	104.60	4.24	9.92	10.64	9.92	9.92	12.29
2020		64.07	107.58	4.44	10.12	10.84	10.12	10.12	12.49
2021		67.05	110.56	4.64	10.32	11.04	10.32	10.32	12.69
2022		67.80	111.31	4.84	10.52	11.24	10.52	10.52	12.89
2023		69.15	112.66	5.04	10.72	11.44	10.72	10.72	13.09
2024		70.53	114.04	5.09	10.77	11.49	10.77	10.77	13.14
2025		71.94	115.45	5.20	10.88	11.60	10.88	10.88	13.25
2026		73.38	116.89	5.30	10.98	11.70	10.98	10.98	13.35
2027		74.85	118.36	5.41	11.09	11.81	11.09	11.09	13.46
2028		76.35	119.86	5.52	11.20	11.92	11.20	11.20	13.57
2029		77.88	121.39	5.64	11.32	12.04	11.32	11.32	13.69
2030		79.43	122.94	5.75	11.43	12.15	11.43	11.43	13.80

Constant thereafter

- Notes:
- [1] Canadian NGL blended mix price assuming typical liquid composition of 40% propane, 30% butane and 30% pentanes plus.
 - [2] Torrente Cigno NGL price forecast is based on Chapman Canadian NGL forecast plus difference of actually received in T.C. in 2013.
 - [3] Henry Hub is natural gas futures contracts traded on the New York Mercantile Exchange (NYMEX).
 - [4] Italy gas price forecast is based on Chapman Henry Hub forecast plus difference of actually received in Italy field in 2013.
 - [5] Torrente Cigno price reflects an estimate of contribution from electrical generation revenue.

The Company's weighted average prices received this fiscal year are: \$12.58/Mscf for natural gas and \$59.64/STB for condensate.

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, 2015 against such reserves as at March 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 MARCH 31, 2015**

	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbb)	Probable (Mbb)	Proved Plus Probable (Mbb)	Proved (Mbb)	Probable (Mbb)	Proved Plus Probable (Mbb)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
	At March 31, 2014	187	619	806	0	0	0	0	0
Production(Sales)	(53)	0	(53)	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	90	14	104	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0	0	0	0
At March 31, 2015	224	633	857	0	0	0	0	0	0

	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbb)	Probable (Mbb)	Proved Plus Probable (Mbb)	Proved (Mbb)	Probable (Mbb)	Proved Plus Probable (Mbb)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
	At March 31, 2013	0	0	0	0	0	0	374	7,287
Production(Sales)	0	0	0	0	0	0	(150)	0	(150)
Acquisitions	0	0	0	0	0	0	0	0	0
Dispositions	0	0	0	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0	0	0	0
Extensions & Improved Recovery	0	0	0	0	0	0	0	0	0
Economic Factors	0	0	0	0	0	0	(40)	41	1
Technical Revisions	0	0	0	0	0	0	(5)	3	(2)
At March 31, 2014	0	0	0	0	0	0	179	7331	7510

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The Company had no proved undeveloped reserve as at March 31, 2015 or in prior years.

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 (Mbb)	Heavy Oil (Mbb)	Natural Gas (MMscf)	Natural Gas Liquids (Mbb)
Aggregate prior to 2013	0	0	0	0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0

Italy	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	0	0	0
2014	0	0	0	0
2015	0	0	7,233	102

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 7,233 MMscf natural gas in Torente Cigno Gas Concession is expected to be drilled in 2016 as a horizontal well in location Masseria Vincelli 2 and it is expected to produce at a much higher rate of 2,000 Mscf/D.

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)		Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)	
	(\$M)		(\$M)	
Argentina				
2015	0		0	
2016	0		306	
2017	0		260	
2018	0		0	
2019	0		0	
Total for five years	0		566	
Remainder	0		0	
Total for all years	0		566	
	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)		Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)	
	(\$M)		(\$M)	
Italy				
2015	0		0	
2016	0		1,530	
2017	0		0	
2018	0		0	
2019	0		0	
Total for five years	0		1,530	
Remainder	0		0	
Total for all years	0		1,530	

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, 2015:

	Oil		Natural Gas	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
Argentina				
Producing	12	12	0	0
Non-producing	15	15	0	0
Italy				
Producing	0	0	7	2.39
Non-producing	0	0	1	0.45

All of the Company's oil wells are located onshore in two oil fields, Alberto and Don Ernesto, Chubut Province of Argentina. There are 12 producing oil wells and 15 currently suspended wells, for which well workovers are planned.

All of the Company's gas wells are located onshore in six concession of Italy: Lucera, Masseria Acquasalsa, Misno Adriatico, San Andrea, San Mauro, and Torrente Cigno. Each concession has one producing well except Lucera concession, which has 2 producing well and 1 suspended well. Masseria Acquasalsa concession has no remaining reserves. There is an additional horizontal location in Torrente Cigno concession, which is expected to be drilled in 2016.

Properties with No Attributed Reserves

The Company has no properties with no attributed reserves.

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 29.84 net wells, including the location to be drilled. All costs 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)
Argentina				
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
Total for three years	0	0	0	0
Remainder	919	460	1735	429
Total for all years	919	460	1735	429
Italy				
2015	0	0	0	0
2016	26	23	0	0
2017	0	0	27	22
Total for three years	26	23	27	22
Remainder	98	67	133	64
Total for all years	124	90	160	86

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, 2015.

Argentina

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0	0	929

Italy

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0	0	241

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:

Argentina

	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	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

Italy

	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	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

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 2015 (9 mos.):

Argentina

AREA	TOTAL PROVED RESERVES			
	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberto and Don Ernesto field	43	0	0	0
Total for all areas	43	0	0	0

AREA	TOTAL PROVED PLUS PROBABLE RESERVES			
	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Alberto and Don Ernesto field	44	0	0	0
Total for all areas	44	0	0	0

Italy

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Lucera Concession	0	0	16	0
Misano Adriatico Concession	0	0	9	0
San Mauro Concession	0	0	9	0
Torrente Cigno Concession	0	0	40	0.1
Total for all areas	0	0	74	0.1

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Lucera Concession	0	0	16	0
Misano Adriatico Concession	0	0	9	0
San Mauro Concession	0	0	9	0
Torrente Cigno Concession	0	0	46	0.1
Total for all areas	0	0	80	0.1

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, 2014	Three Months Ended September 30, 2014	Three Months Ended December 31, 2014	Three Months Ended March 31, 2015
Average Daily Production				
Light and Medium Oil (Bbl/d)	141	108	174	123
Natural Gas (Mscf/d)	410	423	386	401
Average Net Prices Received				
Light and Medium Oil (\$/Bbl)	73.08	74.47	74.91	74.66
Natural Gas (\$/boe)	6.88	7.80	7.99	6.46
Royalties				
Light and Medium Oil (\$/Bbl)	6.00	7.71	7.29	6.72
Natural Gas (\$/boe)	-	-	-	-
Production Costs				
Light and Medium Oil (\$/Bbl)	32.29	41.73	26.67	16.36
Natural Gas (\$/boe)	3.46	2.70	1.97	1.97
Netback Received				
Light and Medium Oil (\$/Bbl)	34.79	25.03	40.95	51.58
Natural Gas (\$/boe)	3.42	5.10	6.02	4.49

ABBREVIATIONS AND CONVERSION

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

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mscf	thousand standard cubic feet
Bbls	barrels	MMscf	million standard cubic feet
Mbbls	thousand barrels	Mscf/d	thousand standard cubic feet per day
MMbbls	million barrels	MMscf/d	million standard cubic feet per day
MSTB	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bscf	billion standard cubic feet
NGLs	natural gas liquids	GJ	gigajoule
STB	stock tank barrels of oil		
STB/d	stock tank barrels of oil per day		
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		