

**FORM 51-101F1 STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION OF
PAINTED PONY PETROLEUM LTD.**

Part 1 Relevant Dates

Item 1.1 Date of Statement and Statement Information

This Statement of Reserves Data and Other Oil and Gas Information of Painted Pony Petroleum Ltd. ("**Painted Pony**" or the "**Corporation**") is dated April 28, 2009. The effective date of the information provided in this Statement is December 31, 2008 unless otherwise indicated. The information was prepared between December 31, 2008 and April 28, 2009.

Part 2 Disclosure of Reserves Data

Sproule Associates Limited ("**Sproule**") has prepared a report dated March 10, 2009 (the "**Sproule Report**"), in which it has evaluated as at December 31, 2008 the oil, natural gas and natural gas liquids reserves attributable to the principal properties of the Corporation.

The Sproule Report also presents the estimated net value of future revenue of Painted Pony's properties before and after taxes, at various discount rates. Assumptions and qualifications relating to costs and prices for future production and other matters are summarized in the notes to the following tables.

The extent and nature of all information supplied by Painted Pony and/or the operator of its properties, which may have included ownership data, well information, geological information, reservoir studies, timing and future production, gas sales contract information, current product prices, operating cost data, capital budget forecasts and future operating plans, have been relied upon by Sproule in preparing the Sproule Report and were accepted as represented without independent verification. In the absence of such information, Sproule relied, with the approval of Painted Pony, upon its opinion of reasonable practice in the industry. All information provided to Sproule was as at December 31, 2008 and, accordingly, certain of such information may not be representative of current conditions.

The definitions of the various categories of reserves and expenditures are those set out in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf to 1 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.

It should not be assumed that the present worth of estimated future net revenue represents the fair market value of the reserves. There is no assurance that the escalating price and cost assumptions contained in the Sproule Report will be attained and variances could be material. The reserve and revenue estimates set forth below are estimates only and the actual reserves and realized revenue may be greater or less than those calculated.

Item 2.1 Reserves Data - Forecast Prices and Costs

The following table discloses, in the aggregate, the Corporation's gross and net proved reserves and proved and probable reserves, estimated using forecast prices and costs, by product type. "Forecast prices and costs" means future prices and costs used by Sproule in the Sproule Report that are generally accepted as being a reasonable outlook of the future, or fixed or currently determinable future prices or costs to which the Corporation is bound.

Table 2.1.1
SUMMARY OF RESERVES AS OF DECEMBER 31, 2008
(Forecast Prices & Costs)⁽⁴⁾

Reserves Category	Light & Medium Oil		Heavy Oil		Natural Gas ⁽¹⁾		Natural Gas Liquids	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
	(Mbbbl)	(Mbbbl)	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)	(Mbbbl)	(Mbbbl)
PROVED								
Developed Producing	689.8	599.9	-	-	6,258	4,786	65.4	53.2
Developed Non-Producing	30.6	27.3	-	-	1,531	1,160	49.9	41.3
Undeveloped	482.4	421.0	-	-	560	435	38.1	32.5
Total Proved	1,202.7	1,048.2	-	-	8,349	6,381	153.3	127.0
PROBABLE	793.8	688.9	-	-	4,152	3,187	126.8	105.3
TOTAL PROVED & PROBABLE	1,996.6	1,737.1	-	-	12,501	9,568	280.2	232.3

Notes:

- (1) Estimates of Reserves of natural gas include associated gas and non-associated gas.
- (2) "Gross Reserves" are the Corporation's working interest share of the remaining reserves, before deduction of any royalties.
- (3) "Net Reserves" are the Corporation's working interest share of remaining reserves less all Crown, freehold, and overriding royalties and interests owned by others, plus royalty interest reserves.
- (4) May not add due to rounding.

The following table discloses, in the aggregate, the net present value of the Corporation's future net revenue attributable to the reserves categories in the previous table, estimated using forecast prices and costs, before and after deducting future income tax expenses, and calculated without discount and using discount rates of 5%, 10%, 15% and 20%. All properties are located onshore within Canada.

Table 2.1.2
SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2008
(Forecast Prices & Costs) (M\$)

Reserves Category	Net Present Value (NPV) of Future Net Revenue (FNR) ⁽¹⁾⁽³⁾										
	Before Income Taxes Discounted at (%/year) ⁽²⁾					After Income Taxes Discounted at (%/year) ⁽²⁾					Future Net Value
	0	5	10	15	20	0	5	10	15	20	10%/yr (\$/boe)
PROVED											
Developed Producing	59,234	46,406	38,389	32,960	29,055	59,234	46,406	38,389	32,960	29,055	26.46
Developed Non-producing	9,081	6,624	5,176	4,238	3,587	9,081	6,624	5,176	4,238	3,587	19.76
Undeveloped	19,967	12,772	8,577	5,864	3,975	17,262	11,397	7,841	5,450	3,733	16.31
Total Proved	88,282	65,802	52,142	43,062	36,617	85,578	64,427	51,405	42,648	36,376	23.29
PROBABLE	66,041	38,759	25,912	18,702	14,143	46,446	26,946	17,906	12,871	9,692	19.55
TOTAL PROVED & PROBABLE	154,324	104,561	78,054	61,763	50,760	132,023	91,373	69,311	55,519	46,068	21.90

Notes:

- (1) NPV of FNR includes all resource income: sale of oil, gas, by-product reserves; processing of third party reserves; other income.
- (2) Income Taxes includes all resource income, appropriate income tax calculations and prior tax pools.
- (3) May not add due to rounding.

The following two tables provide additional information regarding the future net revenue attributable to total proved reserves and total proved and probable reserves outlined in the previous table.

This table discloses, in the aggregate, certain elements of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, estimated using forecast prices and costs, and calculated without discount. All properties are located in Canada.

Table 2.1.3
TOTAL FUTURE NET REVENUE (Undiscounted)
AS OF DECEMBER 31, 2008
(Forecast Prices & Costs) (M\$)⁽⁴⁾

RESERVES CATEGORY	Sales Revenue ⁽²⁾	Royalties ⁽³⁾	Operating Costs	Total Develop. Costs	Well Aband. Costs	BT Future Net Revenue ⁽¹⁾	Income Taxes	AT Future Net Revenue ⁽¹⁾
PROVED	184,986	28,198	51,887	12,925	3,680	88,282	2,705	85,578
PROVED & PROBABLE	317,947	48,257	87,286	22,195	5,856	154,324	22,300	132,023

Notes:

- (1) BT = Before Taxes and AT = After Taxes.
- (2) Sales Revenue includes all non-producing income.
- (3) Royalties includes any net profits interests paid, as well as the Saskatchewan Corporation Capital Tax Surcharge.
- (4) May not add due to rounding.

This table discloses, by production group, the net present value of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10% discount rate.

Table 2.1.4
NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCTION GROUP
AS OF DECEMBER 31, 2008
(Forecast Prices & Costs)

RESERVES CATEGORY	PRODUCTION GROUP	Future Net Revenue BT Discounted (10%/ Yr) (M\$) ⁽¹⁾	Unit Value BT Discounted (10%/ Yr) \$/boe ⁽²⁾
PROVED	Light & medium crude oil ⁽³⁾	34,464	28.71
	Heavy oil ⁽³⁾	-	-
	Natural gas ⁽⁴⁾	17,678	17.02
PROVED & PROBABLE	Light & medium crude oil ⁽³⁾	53,032	25.90
	Heavy oil ⁽³⁾	-	-
	Natural gas ⁽⁴⁾	25,021	16.50

Notes:

- (1) BT = Before Taxes.
- (2) Calculated as the Net Present Value before income taxes discounted at 10% per year divided by the net reserves volume.
- (3) Including solution gas and associated by-products.
- (4) Including associated by-products.

Part 3 Pricing Assumptions

Item 3.2 Forecast Prices Used in Estimates

The forecast reference prices used by Sproule in preparing the Corporation's reserves data are provided in the below table.

Table 3.2
SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2008
(Forecast Prices & Costs)

Forecast Year	OIL		GAS		NGL	Inflation Rate ⁽²⁾ (%/Yr)	Exchange Rate ⁽³⁾ (\$US/\$Cdn)
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40° API Light Crude Oil (\$Cdn/bbl)	AECO Gas ⁽¹⁾ Price (\$Cdn/mcf)	Pentanes Plus FOB Field Gate (\$Cdn/bbl)			
2009	53.73	65.35	6.82	66.93		2.00	0.80
2010	63.41	72.78	7.56	74.54		2.00	0.85
2011	69.53	79.95	7.84	81.88		2.00	0.85
2012	79.59	86.57	8.38	88.66		2.00	0.90
2013	92.01	94.97	9.20	97.27		2.00	0.95
Thereafter ⁽⁵⁾							

Notes:

- (1) Summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
- (2) Inflation rates for forecasting prices and costs.
- (3) Exchange rates used to generate the benchmark reference prices in this table.
- (4) Product sales prices will reflect those reference prices with further adjustments for quality and transportation to point of sale.
- (5) Various escalation rates.

This price forecast is Sproule's standard price forecast effective December 31, 2008. Sproule is a qualified reserves evaluator under the definitions of NI 51-101 and is independent of the Corporation.

In 2008, the Corporation received a weighted average price of \$94.50 per barrel (before transportation, marketing fees and hedging) for its crude oil, \$8.59 per mcf for its natural gas, \$101.37 per barrel for condensate and \$44.06 per barrel for NGLs.

Part 4 Reconciliation of Changes In Reserves

Item 4.1 Reserves Reconciliation

The following table provides a reconciliation of the Corporation's gross reserves based on forecast prices and costs.

Table 4.1
RECONCILIATION OF CORPORATION GROSS RESERVES BY PRINCIPLE PRODUCT TYPE
(Forecast Prices & Costs)⁽¹⁾⁽²⁾⁽³⁾

Factors	Light & Medium Oil			Associated and Non-Associated Gas			Natural Gas Solution			Natural Gas Liquids		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (MMcft)	Probable (MMcft)	Proved Plus Probable (MMcft)	Proved (MMcft)	Probable (MMcft)	Proved Plus Probable (MMcft)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)
December 31, 2007	201.7	351.3	553.0	-	-	-	-	-	-	-	-	-
Extensions	1,103.0	650.2	1,753.2	-	-	-	527	552	1,079	85.7	96.6	182.4
Improved recovery	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	5,963	2,888	8,852	-	-	-	57.8	26.0	83.8
Discoveries	-	-	-	2,645	712	3,357	-	-	-	15.9	4.2	20.1
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Production	(141.3)	-	(141.3)	(787)	-	(787)	-	-	-	(6.1)	-	(6.1)
Technical revisions	39.4	(207.7)	(168.3)	-	-	-	-	-	-	-	-	-
December 31, 2008	1,202.8	793.8	1,996.6	7,821	3,600	11,422	527	552	1,079	153.3	126.8	280.2

Notes:

- (1) May not add due to rounding.
- (2) Using price forecasts as indicated in Item 3.2 of this report.
- (3) Gross reserves means the Corporation's working interest share of the remaining reserves, before deduction of any royalties.

Part 5 Additional Information Relating To Reserves Data

Item 5.1 Undeveloped Reserves

The following table discloses the Corporation's gross proved undeveloped reserves, all of which are attributable to properties in which the Corporation has an operated working interest position. All proved undeveloped reserves are attributable to acreage that offsets existing production and are determined as per NI 51-101 guidelines. The Corporation has plans for developing the proved undeveloped and the probable undeveloped reserves within the next two years.

Table 5.1.1
SUMMARY OF PROVED UNDEVELOPED RESERVES
(Forecast Prices & Costs)⁽³⁾

Year	Light & Medium Oil		Heavy Oil		Natural Gas ⁽²⁾		Natural Gas Liquids	
	First Attributed (Mbbl)	Cumulative at Year End ⁽¹⁾ (Mbbl)	First Attributed (Mbbl)	Cumulative at Year End ⁽¹⁾ (Mbbl)	First Attributed (MMcf)	Cumulative at Year End ⁽¹⁾ (MMcf)	First Attributed (Mbbl)	Cumulative at Year End ⁽¹⁾ (Mbbl)
2008	358.4	482.4	-	-	560.0	560.0	38.1	38.1
2007	124.0	124.0	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-

Notes:

- (1) Cumulative at year end is equal to the residual cumulative of previous year plus first attributed.
- (2) Includes associated gas and non-associated gas.
- (3) Gross reserves are the Corporation's working interest share of the remaining reserves, before deduction of any royalties.

Table 5.1.2
SUMMARY OF PROBABLE UNDEVELOPED RESERVES
(Forecast Prices & Costs)⁽³⁾

Year	Light & Medium Oil		Heavy Oil		Natural Gas ⁽²⁾		Natural Gas Liquids	
	First Attributed (Mbbls)	Cumulative at Yr End ⁽¹⁾ (Mbbls)	First Attributed (Mbbls)	Cumulative at Yr End ⁽¹⁾ (Mbbls)	First Attributed (MMcf)	Cumulative at Yr End ⁽¹⁾ (MMcf)	First Attributed (Mbbls)	Cumulative at Yr End ⁽¹⁾ (Mbbls)
2008	207.9	518.6	-	-	352.0	352.0	38.4	38.4
2007	310.7	310.7	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-

Notes:

- (1) Cumulative at year end equal to the residual cumulative of previous year plus first attributed.
- (2) Includes associated gas and non-associated gas.
- (3) Gross reserves are the Corporation's working interest share of the remaining reserves, before deduction of any royalties.

Item 5.2 Significant Factors or Uncertainties

The main area of uncertainty is commodity price as the Corporation currently sells all production at spot market pricing and has no hedges presently in place.

The process of estimating oil and gas reserves is complex, requiring significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas processing and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and are evaluated by an independent engineering firm. As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in period end oil and gas prices and reservoir performance. Such revisions can be either positive or negative. The reserve estimates of the Corporation's oil reserves produced in this document are estimates only. There is no assurance or guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein.

Item 5.3 Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of future net revenue attributable to the Corporation's reserves.

Table 5.3
FUTURE DEVELOPMENT COSTS
Forecast Prices & Costs (M\$)⁽¹⁾⁽²⁾

Year	For Proved Reserves	For Proved & Probable Reserves
2009	12,739	21,401
2010	92	602
2011	94	94
2012	-	-
2013	-	-
2014	-	-
2015	-	99
Total Undiscounted	12,925	22,195
Total Discounted @ 10%/ Yr	12,289	21,162

Notes:

- (1) Future Development Costs shown are associated with booked reserves in the Sproule Report and do not necessarily represent the Corporation's full exploration and development budget.
- (2) May not add due to rounding.

The Corporation expects that the funds required for future development costs will be obtained from the combination of positive working capital, internally-generated cash flow, credit facilities and equity financing. There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the reserves attributed in the Sproule Report. Failure to develop those reserves would have a negative impact on future cash flow.

Interest and other costs of external funding are not included in the future development costs of the reserves or in the future net revenue estimates, and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation does not anticipate that interest or other funding costs would make development of any property uneconomic.

Part 6 Other Oil and Gas Information

Item 6.1 Oil and Gas Properties and Wells

The following is a description of the Corporation's principal properties on production or under development.

The Corporation commenced operations in June of 2007 following the completion of its initial public offering and private placement. At that time, the Corporation had two farm-in agreements in S.E. Saskatchewan and access to a seismic data base within N.E. British Columbia. The business plan was to explore for oil in Saskatchewan and utilize the seismic information in seeking gas in British Columbia.

During 2008, the Corporation expanded its operations in Saskatchewan through conventional drilling, farm-in agreements and crown land sales. In British Columbia, the Corporation purchased assets followed by drilling, re-completions and participation at land sales. All wells and operations are located onshore in Saskatchewan and British Columbia.

S.E. Saskatchewan

The Corporation's operations in Saskatchewan are located near the cities of Weyburn and Estevan. The area is prospective for light, sweet oil from the Bakken, Midale, Frobisher and Alida formations.

In 2007, the Corporation drilled a total of five (1.91 net) horizontal oil wells targeting the Bakken formation and one (0.5 net) vertical oil well targeting the Midale formation. Production of light oil commenced in August of 2007 and averaged 25 bbls/d. By the end of 2007, the Corporation had accumulated 295 net developed and 6,310 net undeveloped acres.

In 2008, the Corporation drilled one (0.3 net) salt water disposal well, 44 (17.4 net) horizontal oil wells, one (0.5 net) vertical oil well, and three (2.4 net) horizontal wells were dry (including one (1.0 net) stratigraphic well). By the end of 2008, the Corporation had accumulated 1,022 net developed and 52,989 net undeveloped acres. Operations are grouped into four main areas, based primarily on geographic proximity; Kisbey, Midale, Weyburn and Other.

a) Kisbey

The Kisbey area is located approximately 30 miles northeast of the city of Estevan, Saskatchewan. The Corporation acquired its interests in the Kisbey area through a January 2007 farm-in agreement.

In June 2007 the Corporation commenced drilling of the first horizontal Bakken oil well in Kisbey, paying 37.5% of the costs to earn a 26.25% working interest in a two gross section earning block. By December 31, 2007, the Corporation had drilled three (0.9 net) wells under the farmout agreement and had 479 gross (150 net) acres of developed land and 3,422 gross (937 net) acres of undeveloped land in the Kisbey area.

During 2008, the Corporation drilled 19 (4.2 net) horizontal oil wells and one (0.3 net) salt water disposal well in the Kisbey area. At December 31, 2008, the Corporation had 933 gross (223 net) acres of developed and 5,829 gross (1,533 net) acres of undeveloped land. Sales of light oil averaged 146 bbls/d in 2008.

b) Midale

The Midale area is located approximately 20 miles southeast of the city of Weyburn, Saskatchewan. The Corporation acquired its interests in the Midale area through a March 2007 Midale/Elcott farm-in agreement to evaluate potential oil from the Bakken zone. With each test well, the agreement provided for the earning of 100% of the farmor's working interest subject to a non-convertible gross overriding royalty and earning two gross sections of land. By December 31, 2007, the Corporation had drilled two (1.0 net) wells and had 211 gross (105 net) acres of developed land and 2,228 gross (1,024 net) acres of undeveloped land.

In January of 2008, the Corporation executed an additional farm-in agreement allowing access to 3,280 gross (2,904 net) acres in the Midale area. Under the terms of the agreement, the Corporation was to pay 60% of the costs to earn a 40% working interest in the lands and committed to drill four wells. In March of 2008, the Corporation executed a third Midale farm-in agreement allowing access to 13,280 gross (10,907 net) acres of lands, and committed to drill two gross (1.3 net) wells. By the end of 2008 the Corporation had satisfied all the drilling commitments under the farm-out agreements.

As of December 31, 2008, the Corporation had accumulated a working interest land position of 10,045 gross (4,062 net) undeveloped acres and 817 gross (357 net) developed acres. Seventeen gross (7.4 net) horizontal wells were drilled in 2008, of which one (0.4 net) well was abandoned and the balance were successful oil wells. Sales of light oil averaged 171 bbls/d in 2008. Two (2.0 net) wells were drilled during the first quarter of 2009.

c) Weyburn

The Weyburn area is located west of the Corporation's Midale area. During 2008, the Corporation acquired lands in the Weyburn area through land sales, farm-in wells and freehold leasing, searching for a new Bakken area. By the end of the year, the Corporation had 19,979 gross (19,114 net) acres of undeveloped land and 281 gross (197 net) acres of undeveloped land. In 2008, the Corporation drilled eight (5.4 net) wells targeting oil, of which one (0.5 net) well was a oil vertical well, one (1.0 net) was abandoned, and two (2.0 net) wells were shut in. Sales of light oil in 2008 averaged 61 bbls/d.

d) Other

The balance of the Corporation's operations in Saskatchewan are aggregated together as Other. The Other area at the end of 2008 had 29,447 gross (28,280 net) acres of undeveloped and 300 gross (245 net) acres of land. The Corporation accumulated these lands through land sales and freehold leasing. In 2008, three (2.25 net) wells were drilled for Frobisher targets.

Northeast British Columbia

The Corporation's operations in Northeast British Columbia are located north of Fort St. John along the Alaska Highway. The area is prospective for gas from the Montney, Halfway, Gething, Bluesky formations and Fort St. John Group.

On March 31, 2008, Painted Pony closed an acquisition of assets located in N.E. British Columbia. Subsequently, the Corporation participated in additional development of the conventional play types and evaluated unconventional plays.

At December 31, 2008, the Corporation had 146,919 gross (74,090 net) acres of undeveloped land and 42,403 gross (19,777 net) acres of developed land. In 2008, sales averaged 2,149 mcf/d and 17 boe/d of condensate and NGL's.

a) Conventional

The Corporation's conventional resource plays target production from the Bluesky, Gething and Halfway zones. In the period between the effective date of February 1, 2008 and the close date, two (0.5 net) gas wells were drilled. Subsequent to the close of the purchase, the Corporation participated in the drilling of two (1.0 net) vertical gas wells targeting the Bluesky zone and successfully recompleted one (1.0 net) gas well. In the first quarter of 2009, the Corporation participated in the drilling of one (0.5 net) gas well.

b) Montney

The Corporation has entered into two farm-out agreements allowing an oil and gas competitor to farm-in on portions of the Montney rights within the Cypress and Cameron areas. Under the terms of the agreements, four tests will be drilled on these land blocks in 2009.

The first well on the Cypress block commenced drilling at the end of 2008 and the second well on the Cameron block commenced drilling during the first quarter of 2009. Both agreements contain rolling option provisions whereby additional lands can be earned through conducting additional activities on the farm-out lands.

c) Buckingham/ Ft. St. John Shale

The Corporation participated in the experimental recompletion and tie-in of two Buckingham/ Fort St. John shale wells as part of a pilot program. The Corporation is in the very early stages of proving up the commercial viability of the project.

Table 6.1
LAND HOLDINGS INCLUDING PROPERTIES
WITH NO ATTRIBUTED RESERVES⁽¹⁾⁽²⁾⁽³⁾

	Wells		Developed Land		Undeveloped Land	
	Gross	Net	Gross Acres	Net Acres	Gross Acres	Net Acres
Saskatchewan						
Kisbey	23	5.4	933	223	5,829	1,533
Midale	20	8.6	817	357	10,045	4,062
Weyburn	8	5.4	281	197	19,979	19,114
Other	5	3.7	300	245	29,447	28,280
	56	23.1	2,331	1,022	65,300	52,989
British Columbia						
Blair	34	21.9	27,048	13,314	34,454	17,024
Cameron/Gundy	6	2.7	3,016	1,481	52,369	26,460
Cypress	10	4.3	7,250	3,165	37,379	13,058
Other	5	1.8	5,089	1,817	22,717	17,548
	55	30.7	42,403	19,777	146,919	74,090
TOTAL	111	53.8	44,734	20,799	212,219	127,078

Note:

- (1) Unproved Properties have no attributed reserves as of December 31, 2008.
- (2) Undeveloped acreage within properties where reserves have been booked as of December 31, 2008 has not been included.
- (3) May not add due to rounding.

Item 6.2 Properties with No Attributed Reserves

The following table sets forth information respecting the Corporation's undeveloped lands as at December 31, 2008.

Table 6.2
PROPERTIES WITH NO ATTRIBUTED RESERVES⁽¹⁾

LOCATION	Unproved Properties		2009 Expiring Net Acres
	Gross Acres	Net Acres	
Saskatchewan ⁽²⁾	65,300	52,989	979
British Columbia ⁽³⁾	146,919	74,090	18,769
TOTAL	212,219	127,078	19,748

Notes:

- (1) Unproved Properties have no attributed reserves as of December 31, 2008. Undeveloped acreage within properties where reserves have been booked as of December 31, 2008 has not been included.
- (2) Of the 979 net acres scheduled for expiry in 2009, the Corporation estimates 128 acres will be continued by planned drilling operations.
- (3) Of the 18,769 net acres:
 - a) 4,465 acres are held in expiring drilling licences. The Corporation will continue to hold an interest in these lands by virtue of their selection to lease for a term of 5 years.
 - b) 4,446 acres held in expiring 5 year leases will be the subject of a continuation submission to BC MEMPR. The Corporation will request continuation of these lands on the basis of a program of work intended to evaluate their potential productivity.
 - c) 213 acres held in an expiring 10 year lease will be continued for an additional year through the election by the Corporation to pay rentals at a higher rate for the continuation year.
 - d) 416 acres held by virtue of a program of work undertaken subsequent to their expiry last year. At expiry this year the Corporation expects these lands to be continued.
- (4) May not add due to rounding.

In 2007 and 2008, the Corporation executed farm-in agreements whereby the Corporation was committed to drill wells in Saskatchewan over various time periods. As at December 31, 2008 all drilling commitments were satisfied within the specified time periods. No drilling commitments currently remain.

In 2008, the Corporation entered into two farm-out agreements in British Columbia, whereby an industry company committed to drill up to four wells by the end of 2008. Under the terms of the farm-outs, the Corporation will retain a working interest in these wells upon their drilling and completion by the industry partner.

Item 6.3 Forward Contracts

As of December 31, 2008, the Corporation had not entered into financial or physical hedges in respect of commodity prices or foreign exchange contracts or any other similar forward sale contracts.

Item 6.4 Additional Information Concerning Abandonment and Restoration Costs

Table 6.4.1
ABANDONMENT & RECLAMATION COSTS⁽¹⁾
(Forecast Prices & Costs) (M\$)

	Total Proved		Total Proved Plus Probable	
	Undiscounted	Discounted at 10%	Undiscounted	Discounted at 10%
Portion deducted in estimating future net revenue	1,719	380	2,292	301

For purposes of the consolidated financial statements, as at December 31, 2008 the Corporation estimated the total future asset retirement obligation to be \$6.2 million. The total future asset retirement obligation (“ARO”) was estimated based on the Corporation’s net ownership interest in all wells, the estimated costs to abandon and reclaim the wells, the estimated rate of inflation, and the estimated timing of the costs to be incurred in future periods.

Well abandonment estimates are based upon individual well characteristics and location, and lease reclamation estimates are based on geographic location.

Table 6.4.2
ASSET RETIREMENT OBLIGATIONS (“ARO”)

	ARO Undiscounted (M\$)	ARO discounted at 10% (M\$)	Estimated net ARO expected to be paid in the next 3 years (M\$)	Estimated number of net wells for which costs are expected to be incurred
Total estimated in the financial statements	6,217	1,766	nil	52.32

Item 6.5 Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2008. Tax payable beyond 2008 will become a function of commodity prices, production volumes and capital expenditures. The Corporation does not expect to pay cash income taxes, based on the reserves disclosed herein, and projected capital expenditures and active tax planning until 2010 or later.

Item 6.6 Costs Incurred

The following table summarizes certain expenditures for the Corporation for the year ending December 31, 2008.

Table 6.6
PROPERTY ACQUISITION/DISPOSITION COSTS AND CAPITAL EXPENDITURES⁽¹⁾
FOR THE YEAR ENDED DECEMBER 31, 2008

	Amount (M\$)
Property Acquisition	
Proved	17,091
Unproved	4,000
Capital Expenditures	
Land Purchases	8,076
Exploration Costs	8,374
Development Costs	33,475
TOTAL	71,016

Note:

- (1) Capital expenditures in this table exclude expenditures such as furniture and office equipment (\$138M) and asset retirement costs (\$1,560M).

Item 6.7 Exploration and Development Activities

The following table sets forth the number of gross and net wells completed by the Corporation during the year ended December 31, 2008.

Table 6.7
OIL AND GAS WELL ACTIVITY IN YEAR 2008⁽¹⁾

Wells	Well Activity	
	Gross⁽²⁾	Net⁽³⁾
Development		
Gas	2	1.0
Oil	41	14.9
Service	1	0.3
Dry	1	1.0
Total	45	17.2
Exploratory		
Gas	-	-
Oil	4	3.0
Service	-	-
Dry	2	1.4
Total	6	4.4
TOTAL	51	21.6

Notes:

- (1) Results of Development and Exploratory activities during the financial year ended December 31, 2008; includes a salt water disposal well and a stratigraphic well.
- (2) "Gross" wells means the number of wells in which the Corporation has a working interest or a royalty interest that may be converted to a working interest.
- (3) "Net" wells means the aggregate number of wells obtained by multiplying each gross well by the Corporation's revenue percentage working interest therein.

Item 6.8 Production Estimates

The following table summarizes the Corporation's estimated future average daily production volumes for 2008 for each product type:

Table 6.8.1
SUMMARY OF PRODUCTION ESTIMATES BY PRODUCTION GROUP
GROSS PROVED AND GROSS PROBABLE RESERVES FOR 2009

RESERVES CATEGORY	Forecast Prices & Costs Net Daily Production ⁽²⁾	
	Gross Proved	Gross Probable
Saskatchewan		
Light & medium oil (bbls/d)	648	235
British Columbia		
Associated & non-associated gas (Mcf/d)	4,085	230
Natural gas liquids (bbls/d)	67	23
TOTAL⁽¹⁾ (boe/d)	1,396	296

Notes:

- (1) Barrels of oil equivalent (boe) have been reported based on natural gas conversion of 6 Mcf:1 bbl.
- (2) Net production is the Corporation's working interest before all royalty deductions.

Table 6.8.2
SUMMARY OF PRODUCTION ESTIMATES⁽¹⁾⁽³⁾
GROSS PROVED RESERVES BY FIELD FOR 2009

	Light & Medium Oil (bbl/d)	Heavy Oil (bbls/d)	Natural Gas ⁽²⁾ (Mcf/d)	Natural Gas Liquids (bbl/d)
Saskatchewan				
Kisbey	230	-	88	15
Midale	416	-	118	20
Other	3	-	1	-
British Columbia				
Blair	-	-	2,212	21
Cameron/Gundy	-	-	1,470	9
Cypress	-	-	187	-
Other	-	-	9	-
Total	648	-	4,085	67

Notes:

- (1) Daily production is taken from the Sproule Report.
- (2) Natural gas includes associated gas and non-associated sales gas volumes.
- (3) May not add due to rounding.

Table 6.8.3
SUMMARY OF PRODUCTION ESTIMATES⁽¹⁾⁽³⁾
GROSS PROBABLE RESERVES BY FIELD FOR 2009

	Light & Medium Oil (bbl/d)	Heavy Oil (bbls/d)	Natural Gas ⁽²⁾ (Mcf/d)	Natural Gas Liquids (bbl/d)
Saskatchewan				
Kisbey	28	-	19	4
Midale	207	-	101	18
Other	-	-	-	-
British Columbia				
Blair	-	-	90	1
Cameron/Gundy	-	-	8	-
Cypress	-	-	11	-
Other	-	-	1	-
Total	235	-	230	23

Notes:

- (1) Daily production is taken from the Sproule Report.
- (2) Natural gas includes associated gas and non-associated sales gas volumes.
- (3) May not add due to rounding.

Item 6.9 Production History

The following table summarizes the Corporation's average daily production volumes, before deduction of royalties, for the financial year ended December 31, 2008.

Table 6.9.1
Production History - Year Ended December 31, 2008

Product Type Yearly Quarter	Production Volume ⁽¹⁾	Average Per Unit of Volume (\$/bbl, \$/mcf)			
		Price	Royalties	Costs ⁽²⁾	Netbacks
Light and Medium Oil (bbls/d)					
1st Quarter	148	100.50	16.77	14.13	69.60
2nd Quarter	316	125.20	21.07	12.93	91.20
3rd Quarter	457	118.34	19.96	10.56	87.82
4th Quarter	620	60.01	10.37	13.56	36.08
Natural Gas (MMcf/d)					
1st Quarter	-	-	-	-	-
2nd Quarter	2.7	10.66	1.69	3.15	5.82
3rd Quarter	2.7	8.11	1.26	3.02	3.83
4th Quarter	3.2	7.26	0.67	3.28	3.31
Condensate and Natural Gas Liquids (bbls/d)					
1st Quarter	-	-	-	-	-
2nd Quarter	21	107.75	20.86	25.93	60.96
3rd Quarter	24	99.43	20.39	21.69	57.35
4th Quarter	22	51.68	12.18	20.51	18.99

Notes:

- (1) Production volumes reflect the Corporation's share of average daily production volume, before deduction of royalties.
- (2) Production costs include transportation costs and production operating costs.

The following table summarizes the Corporation's production volumes during the year ended December 31, 2008 for each field including those comprising in excess of 20% of production and in total by product type.

Table 6.9.2
Production History by Major Field – Year ended December 31, 2008

	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas (Mcf/d)	Condensate and Natural Gas Liquids (bbl/d)
Saskatchewan				
Kisbey	146	-	-	-
Midale	171	-	-	-
Weyburn	61	-	-	-
Other	8	-	-	-
British Columbia				
Blair	-	-	1,422	13
Cameron/Gundy	-	-	516	4
Cypress	-	-	211	-
TOTAL	386	-	2,149	17