STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Adira Energy Ltd. and its subsidiaries, ("**Adira**" or the "**Company**") are in the business of exploring for oil and natural gas and the development and exploitation of any significant reserves that are found. As of the December 31, 2011, the Company has not discovered any oil and gas reserves and therefore has no related future net review.

Date of Statement

This statement of reserves data and other oil and gas information is dated December 31, 2011.

The effective date is December 31, 2011.

The preparation date is April 26, 2012.

Oil and Gas Properties

The Company has been granted the following petroleum licenses from the State of Israel:

Gabriella License

The Gabriella License covers 97,000 acres (392 square kilometers ("**sq. km**")) and is approximately 10 kilometers ("**km**") offshore Israel between Netanya and Ashdod. The Gabriella License was issued on July 15, 2009 to the Company (100%) for an initial three year period and may be renewed for a further four year period with a further renewal option of two years in the case of a reserve discovery. On February 23, 2012, the Company received approval from the Petroleum Commissioner of Israel (the "**Commissioner**") to update the expiration of the Gabriella License to February 28, 2013. Thereafter, a lease (30-50 years) can be sought if a "discovery" (as defined in the Israeli Petroleum Law 5712 & 1952 and the regulations promulgated thereunder ("**Israeli Petroleum Law**")) is made.

In January 2010, the Company, through its subsidiary Adira Energy Israel Ltd. ("**Adira Israel**"), entered into an agreement with Modi'in Energy – Limited Partnership ("**MELP**") and Modi'in Energy Management (1992) Ltd. ("**MEGP**") whereby the Company transferred 70% of the participation interests in the Gabriella License to MELP. In addition, in January 2010, a subsidiary of Brownstone Energy Inc. (formerly Brownstone Ventures Inc.) ("**Brownstone**") exercised its option to purchase 15% of the participation interests in the Gabriella License, which interests the Company understands have not been registered in the name of Brownstone with the Ministry of Energy and Water (Israel) (formerly the Ministry of National Infrastructure) (the "**Ministry**"). Pursuant to an agreement dated July 7, 2011 between Adira Israel and Brownstone, Adira Israel confirmed to Brownstone that it is holding 15% of the participation interests in the Gabriella License on Brownstone's behalf. The Company is currently the operator of this Gabriella License.

In addition to its 15% of the remaining participation interests in the Gabriella License, Adira Israel also has an option to require MELP to sell 15% of the participation interests in the Gabriella License at any time until the earlier of six months after a discovery or the end of the license period, including all renewals, which 15% will be deducted out of the 70% of the participation interest held by MELP. As at the date hereof, Adira Israel's option has not been registered with the Ministry.

The Company's pro rata share of exploration expenditures, being 15% of the costs up to the first US$8 million of expenditures have been paid by MELP. The Company previously received a monthly fee of $12,500 from MELP, which payments ended on February 1, 2012. In addition, the Company is entitled to receive: (a) 4.25% of the 7.5% management fees payable by MELP to MEGP; and (b) a royalty in the aggregate amount of 4.5% (2.25% from each of MELP and MEGP) from any resources extracted from the Gabriella License until MELP recovers the pro rata exploration expenditures incurred by it on behalf of the Company, after which time the royalty increases to an aggregate of 10.5% (5.25% from each of MELP and MEGP).

On the Gabriella License and Yitzhak License, Western Geco, a business segment of Schlumberger Limited, has completed a dual azimuth 511 sq. km and 129 sq. km 3D survey, respectively, which will help define the anticipated oil targets on both licenses.

The following work program must be completed in order to maintain the Gabriella License:

1. filing a prospect to MNI for the first well which shall include a description of the geological background, the targets for drilling and the petroleum systems related thereto, as well as a geological forecast and engineering planning of the proposed drilling by June 1, 2012;
2. signing a drilling agreement with a drilling contractor by July 1, 2012;
3. commencement of drilling by December 1, 2012;
4. preparation of a summary report to MNI of the drilling activity, and transfer of all of the findings, including tests, samples, pits (if taken), electrical logs and results of tests (if performed) within three months from completion of the drilling; and
5. submission to MNI of a work plan for continuation of the work in the license within four months from completion of the drilling.

Yitzhak License

The Yitzhak License covers 31,555 acres (127.7 sq. km) and is located approximately 17 km offshore Israel between Hadera and Netanya, directly to the north of and contiguous to the Gabriella License. The Yitzhak License was issued in October 2009 to Adira Energy (85% working interest) and Brownstone (15% working interest, which interest has been registered with the Ministry) for an initial three year period and may be renewed upon fulfillment of certain conditions for a further four year period with a further renewal option of two years in the case of a reserve discovery. On February 23, 2012, the Company received approval from the Commissioner to update the expiration of the Yitzhak License to February 28, 2013. Thereafter, a lease (30-50 years) can be sought if a "discovery" (as defined in the Israeli Petroleum Law) is made.

On January 10, 2012, the Company announced that it received approval from the Commissioner for the farm-out of an aggregate of 25% of its interest in the Yitzhak License to two new partners, 5% to AGR Group ASA ("**AGR**") and 20% to Ellomay Oil and Gas 2011 LP, a limited partnership ("**Ellomay**") whose general partner is a wholly-owned subsidiary of Ellomay Capital Ltd. ("**Ellomay Capital**"). Accordingly, as at the date hereof, the Company continues to have a 60% interest in the Yitzhak License, Brownstone has a 15% working interest in the license, AGR has a 5% working interest in the license and Ellomay has a 20% working interest in the license. The Company and AGR Petroleum Services Holdings AS are currently the co-operators of the Yitzhak License. The Company, Brownstone, AGR and Ellomay are currently negotiating a joint operator agreement to regulate their commercial relationship in respect of the Yitzhak License.

The farm-out agreement between the Company and AGR dated November 29, 2011 (the "**AGR Farm-Out Agreement**") provides, among other things, that: (a) AGR's 5% working interest is to be carried by the remaining holders of the Yitzhak License through the exploration period; (b) AGR will pay the Company a 3% overriding royalty interest ("**ORRI**") on AGR's share of revenues from sold petroleum, until repayment of AGR's expenditures in the work program and 4.5% ORRI from that date forward; (c) AGR will be designated lead operator in accordance with Israeli regulations defining "Operator", with the continued involvement of the Company as co-operator; and (d) AGR has been appointed as engineering services contractor on the Yitzhak License with continued involvement of the Company as part of the core professional team led by AGR.

The farm-out agreement between the Company and Ellomay dated November 29, 2011 (the "**Ellomay Farm-Out Agreement**") provides, among other things, that: (a) Ellomay will reimburse the Company for its proportionate share of the costs incurred by the Company on the Yitzhak License, plus interest at LIBOR plus 1%; and (b) Ellomay will also pay the Company a 3% ORRI on Ellomay's share of revenues from sold petroleum, until repayment of Ellomay's expenditures in the work program and 4.5% ORRI from that date forward.

The following work program must be completed in order to maintain the Yitzhak License:

1. submission of a first drilling prospect to MNI which includes a description of the geological background, the drilling targets and the petroleum systems related thereto, as well as a geological forecast and engineering planning of the proposed drilling by June 1, 2012;
2. signing of a drilling agreement with a drilling contractor by July 1, 2012;
3. commencement of drilling by December 1, 2012;
4. preparation of a summary report to MNI of the drilling activity, and transfer of all of the findings, including tests, samples, pits (if taken), electrical logs and results of tests (if performed) within three months from completion of the drilling; and
5. submission to MNI of a work plan for continuation of the work in the license within four months from completion of the drilling.

Samuel License

The Samuel License covers 88,708 acres (361 sq. km) and is located approximately 17 km offshore Israel adjacent to the shoreline between the City of Ashkelon in the South and Palmachim in the North. The Samuel License was issued on August 1, 2010 to Adira GeoGlobal Ltd. ("**Adira GeoGlobal**") (30% interest), GeoGlobal Resources (India) Inc. ("**GGRI**") (30% interest), Adira Oil Technologies Ltd. ("**Adira Oil**") (23.25% interest), Pinetree Capital Ltd. (10% interest) and Brownstone (6.75% interest) for an initial three year period and may be renewed for a further four year period and a further renewal option of two years in the case of a reserve discovery. Thereafter, a lease (30-50 years) can be sought if a "discovery" (as defined in the Israeli Petroleum Law) is made. The Company's net interest in the Samuel License is 41.25%, of which 23.25% is held through its 100% owned Canadian subsidiary Adira Oil and 18% of which is held through its 60% held subsidiary Adira GeoGlobal.

On April 4, 2012, GGRI announced that Emanuelle Energy Ltd., a wholly-owned subsidiary of The Israel Land Development - Energy Ltd., had given notice that it elects to exercise its participating option interest of 7.128% in the Samuel License. GGRI's interest would therefore decrease to 22.872%

The exploration and extraction activity in the Samuel License is performed in the framework of a joint operating agreement (the "**JOA**") between GGRI, Adira GeoGlobal, Adira Oil, Brownstone and Pinetree, whereby Adira GeoGlobal is the operator of the Samuel License. In accordance with the JOA, the Company is entitled to receive one-half of an aggregate operating fee equal to 7.5% of the cumulative direct costs incurred in connection with operating the Samuel License and one-half of 3% ORRI.

Pursuant to an option agreement between GGRI and the holders of the Myra and Sara Licenses (as hereinafter defined), the holders of the Myra and Sara Licenses are entitled to acquire up to a 20% interest in the Samuel License, contingent on the Myra and Sara Option (as hereinafter defined).

In March 2011, a contract with ARIS Nefterazvedka LLC., a Russian geophysical contractor specializing in Ocean Bottom Deployed Cables ("**OBC**"), was signed for a system which provides high resolution recording of targets with little impact with surface traffic. The OBC system provides an excellent quality survey for shallow transient zones. The Survey was completed on July 31, 2011 and the Company has engaged GX Technology EAME Ltd. to commence the processing of the 3D data which the Company currently expects will be completed during the second quarter of 2012.

The following work program must be completed in order to maintain the Samuel License:

1. submission of a first drilling prospect to MNI which includes a description of the geological background, the drilling targets and the petroleum system/s related thereto, as well as a geological forecast and engineering planning of the proposed drilling by June 1, 2012;
2. execution of a contract with a drilling contractor by July 1, 2012;
3. commencement of performance of first drilling by October 1, 2012;
4. preparation of a summary report to MNI of the drilling activity, and transfer of all of the findings, including tests, samples, pits (if taken), electrical logs and results of tests (if performed) within three months from completion of the drilling; and
5. submission of a work plan to MNI for continuation of the work on the license within four months from completion of the drilling.

Myra and Sara Licenses

The Company also has an option (the "**Myra and Sara Option**") to acquire up to a 5% participating interest in each of two deep water licenses offshore Israel, namely the Myra License and the Sara License (collectively, the "**Myra and Sara Licenses**"). The Myra and Sara Licenses are located offshore Israel approximately 60 km west of the City of Hadera. These license areas total 800 sq. km. In August 2010, the Company announced that it has signed a definitive co-operation agreement with GeoGlobal Resources Inc., and its wholly-owned subsidiary, GGRI (together, "**GGR**") confirming the terms whereby GGR has agreed to assign an option it has to acquire up to a 5% participating interest in the Myra and Sara Licenses, to the Company.

The Myra and Sara Licenses are each subject to a separate joint operating agreement among the holders of the participating interests in the respective licenses (collectively, the "**M&S Operating Agreements**"). The M&S Operating Agreements govern the operations with respect to the exploration work on the Myra and Sara Licenses, and the acquisition or transfer of any interests in these licenses. As a condition to the exercise of the Myra and Sara Option, the Company will be required to become a signatory to the M&S Operating Agreements, which will require (i) the approval of existing signatories to the M&S Operating Agreements, and (ii) the approval of the Commissioner. Upon the exercise of the Myra and Sara Option, and upon receipt of the required approvals, the Company will be required to pay US$1.2 million in one lump sum payment to certain parties of the M&S Operating Agreements. Additionally, the Company will be expected to pay its pro rata share of expenditures, pursuant to the M&S Operating Agreements.

In addition, under the terms of a cooperation agreement in respect of the Sara, Myra, Michal and Samuel Licenses between GGR, GGRI and Adira (the "**Cooperation Agreement**"), the parties agreed, among other things, that upon receipt of the approval of the partners in the Myra and Sara Licenses to transfer the Myra and Sara Option to the Company, and following registration of the Company as the owner of the rights under the option with the Ministry, the following provisions will apply in relation to the Samuel License: (a) in the event the partners in the Myra and Sara Licenses would be interested in exercising the first option for a 12.5% interest in the Samuel License or the second option for an additional 7.5% interest in the Samuel License, the respective interests of the Company and GGR in the Samuel License would be diluted proportionately, and (b) GGR and the Company would act to increase the level of the participation interests of GGR in the Samuel License by 3%, with appropriate dilution of the level of participation rights of Adira Oil, such that the rate of the holdings in the Samuel License would be: GGR – 45% (from 42%); Adira – 38.25% (from 41.25%); Brownstone – 6.75%; and Pinetree – 10%.

On November 30, 2011, one of the partners in the Myra and Sara Licenses, an existing signatory to the M&S Operating Agreements, announced that an agreement had been reached with GGR in which GGR would transfer the required funds in order to exercise its 5% option. On December 6, 2011, two of the partners in the Myra and Sara Licenses announced that GGR did not transfer the funds required and therefore the option had expired. On December 8, 2011, GGR reported that the Myra and Sara Option expired due to failure of the Company to meet the conditions of the Myra and Sara Option. On December 8, 2011, the Company notified GGR that it believes the Myra and Sara Option is valid and exercisable. Accordingly, there is no assurance that the Company will be able to exercise the Myra and Sara Option.

The Company does not currently consider the Myra and Sara Option material to its operations.

The Company had the following licenses or options to licenses that were relinquished during 2011:

- The Eitan License No. 356 covered 31,060 acres (125.7 sq. km.) in the Hula Valley located in Northern Israel. The Eitan License was issued in December 2008 for an initial three year period and was subject to renewal upon fulfillment of certain conditions for a further four year period. Between 2008 and 2011, the Company carried on exploration activities in the area of the Eitan License in accordance with the work plan that was approved by the Commissioner at the Ministry, appointed pursuant to the Israeli Petroleum Law.

  The Company commenced drilling our first new well in the Eitan License in January 2011. In November 2011, following a review and further analysis by the Company's geoscientists, in consultation with outside consultants, the Company concluded that commercial quantities of hydrocarbons were not present in the Eitan License well. Accordingly, no further drilling was planned on the Eitan License well.

On December 15, 2011, following the Company's determination that the continuation of exploration activities on the Eitan License would not lead to an economically viable project for the Company, the Company announced that it had notified the Ministry that it was relinquishing the license.

- Notera License - The Company had a right to farm into 70% of the Notera License which is approximately 19,000 acres and contiguous and directly to the south of the Eitan License. In July 2011, the Company waived its right to farm into the Notera license. The Company has therefore terminated all agreements with Coalbed Gas Hachula Ltd., an Israeli based coalbed methane development company, relating to the Notera License.

Significant Factors or Uncertainties

Oil and gas exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that expenditures by the Company will result in new discoveries of oil or natural gas in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the increasing demand for drilling rigs, supplies and services; the inherent uncertainties of drilling in unknown formations; the costs associated with encountering various drilling conditions such as over pressured zones; tools lost in the hole; changes in joint venture participants, farm-ins and joint venture partners; and changes in drilling plans.

Oil and gas prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil and gas prices, leading to a reduction in the value of the Company's reserves, if any are found in the future. The Company may also elect not to produce from certain wells at lower prices.

The Company may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated from operations will be available or sufficient to meet these requirements or for other corporate purposes or if debt or equity financing is available, that it will be on terms acceptable to the Company.

The Company actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other natural gas and oil companies, many of which have significantly greater financial resources than the Company. Competitors include major integrated natural gas and oil companies and numerous other independent natural gas and oil companies and individual producers and operators.

To the extent that the Company is not the operator of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators.

Future Development Costs

The Company is not expecting to incur any future development costs with respect to its assets.

Wells

The Company does not have any producing or non-producing wells as at December 31, 2011.

Properties with No Attributed Reserves

The following table sets out the Company's land position with no attributed reserves effective December 31, 2011.

Property (License)	Location	Undeveloped Acreage		Developed Acreage	
		Gross(1)	**Net**(2)	**Gross**(1)	**Net**(2)
Gabriella	Israel, offshore	97,000	14,550(3)	0	0
Yitzhak	Israel, offshore	31,555	26,822(4)	0	0
Samuel	Israel, offshore	88,708	33,931(5)	0	0
Myra	Israel, offshore	97,853	0(6)	0	0
Sara	Israel, offshore	99,830	0(6)	0	0

Notes:

(1) "Gross" means the total number of acres in which the Company has a working interest or a right to earn an interest.

(2) "Net" means the sum of the products obtained by multiplying the number of gross acres by the Company's percentage working interest therein.

(3) The Company has a minimum working interest of 15% in the Gabriella License.

(4) The Company has an 60% working interest in the Yizhak License.

(5) The Company holds a combined minimum interest of 41.25% in the Samuel License held through the Company's subsidiaries Adira Oil Technologies Ltd. (100% owned) and Adira GeoGlobal Ltd. (60% owned).

(6) The Company signed a co-operation agreement with GGR of which GGR agreed to assign to the Company its option to acquire an additional 5% participating interest in each of the Myra and Sara Licenses.

Additional Information Concerning Abandonment and Reclamation Costs

As of December 31, 2011, the Company expects to incur abandonment or reclamation costs of approximately $200,000 in respect of three work-overs and one new well on the Eitan License within the next fiscal year. The costs are based on proposals received from two suppliers. The work is expected to commence in Q2 of 2012.

The Company will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. Ongoing environmental obligations are expected to be funded out of cash flow.

Tax Horizon

The Company does not currently earn significant revenues, and therefore, has incurred tax losses since inception. The Company pays an insignificant amount of income tax within an Israeli subsidiary.

Costs Incurred

The following table summarizes the estimated capital expenditures made by the Company on its licenses, and their related properties, for the most recent fiscal year ended December 31, 2011.

Property (License)	**Location**	**Property (License) Acquisition Costs (US Dollars in thousands)**	**Other Costs (US Dollars in thousands)**	
			Exploration Costs	**Development Costs**
Eitan	Israel	$3	$784	-
Gabriella	Israel, offshore	$7	$13	-
Yitzhak	Israel, offshore	$2	$433	-
Samuel	Israel, offshore	$7	$3,163	-
Myra	Israel, offshore	-	-	-
Sara	Israel, offshore	-	-	-
Notera	Israel	-	-	-

Exploration and Development Activities

For the fiscal year ended December 31, 2011, exploration expenses amounted to $4,759 thousand as compared to $1,485 thousand for the year ended December 31, 2010. The increase in exploration expenses is as a result of the Company having completed the work program on the Eitan License compared with minimal exploration activities in the 2010. In 2011, the Company completed the 3D seismic data acquisition on its offshore licenses (Gabriella, Yitzhak and Samuel). In late 2010 the company had just began its exploration expenses on Gabriella and Yitzhak.

Production Estimates

The Company does not anticipate having any production for fiscal 2012.

Production History

The Company does not have any production history.

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