# LOON ENERGY CORPORATION
# 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 May 22, 2015.

The effective date is December 31, 2014.

The preparation date is May 12, 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 Loon Energy Corporation (the "**Company**") as evaluated by Chapman Petroleum Engineering Ltd. ("**Chapman**") as at December 31, 2014, and dated May 12, 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 DECEMBER 31, 2014

| | 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)] | 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** | **0** | **0** | **0** | **0** |
| **TOTAL PROBABLE**[(3)] | 12 | 12 | 34 | 34 | 0 | 0 | 0 | 0 |
| **TOTAL PROVED + PROBABLE**[(2)(3)] | **12** | **12** | **34** | **34** | **0** | **0** | **0** | **0** |

### SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2014

| | Net Present Values of Future Net Revenue | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Before Income Tax Discounted at | | | | | After Income Tax 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)] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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)] | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **TOTAL PROBABLE**[(3)] | 2,011 | 1,428 | 1,073 | 836 | 667 | 1,589 | 1,165 | 898 | 713 | 576 |
| **TOTAL PROVED + PROBABLE**[(2)(3)] | **2,011** | **1,428** | **1,073** | **836** | **667** | **1,589** | **1,165** | **898** | **713** | **576** |

## TOTAL FUTURE NET REVENUE (UNDISCOUNTED) BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2014

| | 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] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Proved Plus Probable[2][3] | 3,604 | 0 | 880 | 706 | 6 | 2,011 | (422) | 1,589 |

## FUTURE NET REVENUE BY PRODUCTION GROUP BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2014

| 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) | 0 |
| | 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) | 28 |
| | Heavy Oil (including solution gas and other by-products) | 1,045 |
| | 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 DECEMBER 31, 2014

| | Reserves | | | | | | Net Present Value (BIT) | Unit Values @ 10%/yr |
|---|---|---|---|---|---|---|---|---|
| | Oil | | Gas[9] | | NGL | | | |
| Reserve Group by Category | 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 | 0 |
| Developed Non-Producing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Undeveloped | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Proved** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0.00** |
| Probable | 12 | 12 | 0 | 0 | 0 | 0 | 28 | 2.33 |
| **Proved Plus Probable** | **12** | **12** | **0** | **0** | **0** | **0** | **28** | **2.33** |
| **Heavy Oil** | | | | | | | | |
| **Proved** | | | | | | | | |
| Developed Producing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Developed Non-Producing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Undeveloped | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Proved** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Probable | 34 | 34 | 0 | 0 | 0 | 0 | 1,045 | 30.74 |
| **Proved Plus Probable** | **34** | **34** | **0** | **0** | **0** | **0** | **1,045** | **30.74** |

**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 table details the benchmark reference prices for the regions in which the Company operated, as at December 31, 2014, 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.**
**CRUDE OIL**
**HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES**
**January 1, 2015**

| Date | WTI [1] $US/STB | Exchange Rate $US/$CDN |
|---|---|---|
| **HISTORICAL PRICES** | | |
| 2004 | 41.51 | 0.77 |
| 2005 | 56.64 | 0.83 |
| 2006 | 66.05 | 0.88 |
| 2007 | 72.34 | 0.94 |
| 2008 | 99.67 | 0.94 |
| 2009 | 61.95 | 0.88 |
| 2010 | 79.48 | 0.97 |
| 2011 | 94.88 | 1.01 |
| 2012 | 94.05 | 1.00 |
| 2013 | 97.98 | 0.97 |
| 2014 | 93.12 | 0.91 |
| **CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months)** | | |
| | 94.35 | 0.91 |
| **FORECAST PRICES** | | |
| 2015 | 65.00 | 0.88 |
| 2016 | 75.00 | 0.88 |
| 2017 | 81.00 | 0.88 |
| 2018 | 85.00 | 0.88 |
| 2019 | 90.00 | 0.88 |
| 2020 | 94.00 | 0.88 |
| 2021 | 96.00 | 0.88 |
| 2022 | 96.00 | 0.88 |
| 2023 | 97.92 | 0.88 |
| 2024 | 99.88 | 0.88 |
| 2025 | 101.88 | 0.88 |
| 2026 | 103.91 | 0.88 |
| 2027 | 105.99 | 0.88 |
| 2028 | 108.11 | 0.88 |
| 2029 | 110.27 | 0.88 |
| 2030 | 112.48 | 0.88 |
| **Constant thereafter** | | |

Notes: [1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.

The Company had no production in year 2014 and thus no price data is available for 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 December 31, 2014 against such reserves as at December 31, 2013 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 DECEMBER 31, 2014**

| | Light and Medium Oil | | | Heavy Oil | | | Associated and Non-Associated Gas | | |
|---|---|---|---|---|---|---|---|---|---|
| | Proved (Mbbl) | Probable (Mbbl) | Proved Plus Probable (Mbbl) | Proved (Mbbl) | Probable (Mbbl) | Proved Plus Probable (Mbbl) | Proved (MMscf) | Probable (MMscf) | Proved Plus Probable (MMscf) |
| At Dec 31, 2013 | **0** | **11** | **11** | **0** | **31** | **31** | **-** | **-** | **-** |
| Production(Sales) | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| Dispositions | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| Discoveries | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| Extensions & Improved Recovery | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| Economic Factors | 0 | 1 | 1 | 0 | 3 | 3 | **-** | **-** | **-** |
| Technical Revisions | 0 | 0 | 0 | 0 | 0 | 0 | **-** | **-** | **-** |
| At Dec 31, 2014 | **0** | **12** | **12** | **0** | **34** | **34** | **-** | **-** | **-** |

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

Proved Undeveloped Reserves

The Company had no proved undeveloped reserve as at December 31, 2014 or in prior years.

Probable Undeveloped Reserves

The following table sets forth the volumes of probable undeveloped net 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 2011 | 10 | - | - | - |
| 2012 | 1 | - | - | - |
| 2013 | 0 | - | - | - |
| 2014 | 1 | - | - | - |

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

The Company's Probable Undeveloped reserves are based on mapping and applying reservoir parameters from the existing well to the offsetting drilling location. The Company intends to develop these reserves within one year.

### *Significant Factors or Uncertainties*

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

### *Future Development Costs*

The following table shows the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

| | **Total Proved Estimated Using Forecast Prices and Costs (Undiscounted)** ($M) | **Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)** ($M) |
|---|---|---|
| 2015 | - | 706 |
| 2016 | - | - |
| 2017 | - | - |
| 2018 | - | - |
| 2019 | - | - |
| Total for five years | - | 706 |
| Remainder | - | - |
| Total for all years | - | 706 |

## *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 December 31, 2014:

| | **Oil** | | **Natural Gas** | |
|---|---|---|---|---|
| | **Gross[(1)]** | **Net[(1)]** | **Gross[(1)]** | **Net[(1)]** |
| Colombia | | | | |
| Producing | - | - | - | - |
| Non-producing | 2 | 0.2 | - | - |

All of the Company's wells are located onshore in the Republic of Colombia.

### *Properties with No Attributed Reserves*

The only property of the Company as of December 31, 2014 is the Buganviles Association Contract in Colombia. The Company owns no other properties and, accordingly, does not have any properties to which no reserves have been attributed.

### *Forward Contracts*

Currently, the Company has no forward contracts.

### *Additional Information Concerning Abandonment and Reclamation Costs*

The Company expects to have costs relating to 0.2 net wells. 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) |
|---|---|---|---|---|
| 2013 | - | - | - | - |
| 2014 | - | - | - | - |
| 2015 | - | - | - | - |
| Total for three years | - | - | - | - |
| Remainder | - | - | 6 | 2 |
| Total for all years | | | 6 | 2 |

### *Tax Horizon*

The Company is expected to become taxable in 2018 and thereafter under the probable cash flow 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 December 31, 2014

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

***Exploration and Development Activities***

The following table sets forth the number of exploratory and development wells which the Company completed during its 2014 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 | 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 (12 mo.)

**TOTAL PROVED RESERVES**

| AREA | Light and Medium Oil (Mbbl) | Heavy Oil (Mbbl) | Natural Gas (MMscf) | Natural Gas Liquids (Mbbl) |
|---|---|---|---|---|
| Colombia | - | - | - | - |
| **Total for all areas** | **-** | **-** | **-** | **-** |

**TOTAL PROVED PLUS PROBABLE RESERVES**

| AREA | Light and Medium Oil (Mbbl) | Heavy Oil (Mbbl) | Natural Gas (MMscf) | Natural Gas Liquids (Mbbl) |
|---|---|---|---|---|
| Colombia | 1.4 | 2.8 | - | - |
| **Total for all areas** | **1.4** | **2.8** | **-** | **-** |

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 March 31, 2014 | Three Months Ended June 30, 2014 | Three Months Ended Sept. 31, 2014 | Three Months Ended Dec. 31, 2014 |
|---|---|---|---|---|
| **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) | 0 | 0 | 0 | 0 |
| **Netback Received** | | | | |
| Light and Medium Oil ($/Bbl) | 0 | 0 | 0 | 0 |
| Natural Gas ($/Mscf) | 0 | 0 | 0 | 0 |

## 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 |