RESERVE AND ECONOMIC EVALUATION
OIL PROPERTY

BUZZARD AREA
SASKATCHEWAN

Prepared for

TITUS CAPITAL CORP.

September 1, 2012
(August 31, 2012)

October 1, 2012

Titus Capital Corp.
313, 515 West Pender Street
Vancouver, BC
V6B 6H5

Attention: Mr. Reza Mohammed

Dear Sir:

Re: Reserve and Economic Evaluation – Titus Capital Corp.
Buzzard Area, Saskatchewan (Lloydminster Pool) – September 1, 2012

In accordance with your authorization we have prepared a reserve and economic evaluation of an oil property located in Buzzard, Saskatchewan, for Titus Capital Corp. (the "Company") for an effective date of September 1, 2012 (as of August 31, 2012).

This evaluation has been carried out in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook ("COGEH") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy and Petroleum (Petroleum Society). The report has been prepared and/or supervised by a "Qualified Reserves Evaluator" as demonstrated on the accompanying Certificate of Qualification of the author(s).

The SCOPE OF REPORT contains the authorization and purpose of the report and describes the methodology and economic parameters used in the preparation of this report.

The EXECUTIVE SUMMARY contains the results of this reserve and economic evaluation presented in a form consistent with the requirements of Form 51-101 F1 Part 2, Item 2.1 (Forecast Prices and Costs). The Forecast Prices of our benchmark products are also presented.

The SUMMARY OF RESERVES AND ECONOMICS complements the Executive Summary, including values at the property level and the consolidated cash flows for each accumulating reserve category. The net present values presented in this report do not necessarily represent the fair market value of the reserves evaluated in this report. All monetary values presented in this report are expressed in terms of

The DISCUSSION contains a description of the interests and burdens, reserves and geology, production forecasts, product prices, capital and operating costs and a map of each major property. The economic results and cash flow forecasts (before income tax) are also presented on an entity and property summary level.

A REPRESENTATION LETTER from the Company, confirming that to the best of their knowledge all the information they provided for our use in the preparation of this report was complete and accurate as of the effective date, is enclosed following the Glossary.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be significant. We have no responsibility to update our report for events and circumstances which may have occurred since the preparation date of this report.

Prior to public disclosure of any information contained in this report, or our name as author, our written consent must be obtained, as to the information being disclosed and the manner in which it is presented. This report may not be reproduced, distributed or made available for use by any other party without our written consent and may not be reproduced for distribution at any time without the complete context of the report, unless otherwise reviewed and approved by us.

We consent to the submission of this report, in its entirety, to securities regulatory agencies and stock exchanges, by the Company.

It has been a pleasure to prepare this report and the opportunity to have been of service is appreciated.

Yours very truly,

Chapman Petroleum Engineering Ltd.

C.W. Chapman, P. Eng.,
President

M. Stromar, M.Sc., P. Eng.,
Associate

PERMIT TO PRACTICE
CHAPMAN PETROLEUM ENGINEERING LTD.
Signature
Date 10/1/12
PERMIT NUMBER: P 4201
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

ms/lml/5656

CERTIFICATE OF QUALIFICATION

I, C. W. CHAPMAN, P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 445, 708 – 11th Avenue S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta and a member of the Australasian Institute of Mining and Metallurgy.

2. THAT I graduated from the University of Alberta with a Bachelor of Science degree in Mechanical Engineering in 1971.

3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.

4. THAT I have in excess of 25 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.

5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Titus Capital Corp., dated October 1, 2012 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.

6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Titus Capital Corp. its participants or any affiliate thereof.

7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.

8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

C. W. Chapman, P.Eng.
President

PERMIT TO PRACTICE
CHAPMAN PETROLEUM ENGINEERING LTD.
Signature
Date 10/1/12
PERMIT NUMBER: P 4201
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

CERTIFICATE OF QUALIFICATION

I, MIRO STROMAR, M. Sc., P. Eng., Professional Engineer of the City of Calgary, Alberta, Canada, officing at Suite 445, 708 – 11th Avenue S.W., hereby certify:

1. THAT I am a registered Professional Engineer in the Province of Alberta.
2. THAT I graduated from the University of Zagreb with a Masters of Science degree in Chemical Engineering in 1974.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, petrophysics, operations, and evaluations during that time.
4. THAT I have in excess of 20 years in the conduct of evaluation and engineering studies relating to oil & gas fields in Canada and around the world.
5. THAT I participated directly in the evaluation of these assets and properties and preparation of this report for Titus Capital Corp., dated October 1, 2012 and the parameters and conditions employed in this evaluation were examined by me and adopted as representative and appropriate in establishing the value of these oil and gas properties according to the information available to date.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Titus Capital Corp., its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreements referred to in this report, or the chain of Title for the oil and gas properties discussed.
8. A personal field examination of these properties was considered to be unnecessary because the data available from the Company's records and public sources was satisfactory for our purposes.

M. Stromar, M.Sc., P. Eng.,
Associate

RESERVE AND ECONOMIC EVALUATION
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September 1, 2012
(August 31, 2012)

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SCOPE OF REPORT

Authorization

This evaluation has been authorized by Mr. Reza Mohammed, on behalf of Titus Capital Corp. The engineering analysis has been performed during the month of September 2012.

Purpose

The purpose of this report was to prepare a third party independent appraisal of the oil reserves being farmed-in by Titus Capital Corp. for the Company's financial planning.

The values in this report do not include the value of the Company's undeveloped land holdings nor the tangible value of their interest in associated plant and well site facilities they may own.

Reserve Definitions

The following definitions, extracted from Section 5.4 of the Canadian Oil and Gas Evaluation Handbook, Volume 1 – Second Edition (COGEH-1) published by the Petroleum Society of CIM and the Calgary Chapter of the Society of Petroleum Evaluation Engineers (SPEE) as specified by NI 51-101 have been used in preparing this report. These definitions are compliant with the PRMS.

5.4 Definitions of Reserves

The following definitions and guidelines are designed to assist evaluators in making reserves estimates on a reasonably consistent basis, and assist users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

The guidelines outline

- General criteria for classifying reserves,
- Procedures and methods for estimating reserves,
- Confidence levels of individual entity and aggregate reserves estimates,
- Verification and testing of reserves estimates.

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable, and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgement combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions. The concepts are presented and discussed in greater detail within the guidelines of Section 5.5 of the Canadian Oil and Gas Evaluation Handbook, Volume 1 – Second Edition (COGEH-1).

The following definitions apply to both estimates of individual Reserves Entities and the aggregate of reserves for multiple entities.

5.4.1 Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on

- Analysis of drilling, geological, geophysical, and engineering data;
- The use of established technology;
- Specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates.

a. 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.

b. 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 + probable reserves.

c. 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 + probable + possible reserves.

Other criteria that must also be met for the categorization of reserves are provided in Section 5.5.4 of the Canadian Oil and Gas Evaluation Handbook, Volume 1 – Second Edition (COGEH-1).

5.4.2 Development and Production Status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories.

a. 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. The developed category may be subdivided into producing and non-producing.

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.

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.

b. Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., 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.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

5.4.3 Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Section 5.4.1 are applicable to "individual reserves entities," which refers to the lowest level at which reserves calculations are performed, and to "reported reserves," which refers to the highest level sum of individual entity estimates for which reserves estimates are presented. Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves,
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved + probable reserves,
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved + probable + possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates are prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5.5.3 of the Canadian Oil and Gas Evaluation Handbook, Volume 1 – Second Edition (COGEH-1).

Barrels of Oil Equivalent

If at any time in this report reference is made to "Barrels of Oil Equivalent" (BOE), the conversion used is 6 Mscf : 1 STB (6 Mcf : 1 bbl).

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head.

Sources of Information

Source of the data used in the preparation of this report are as follows:

i) Ownership and Burdens have been derived from the Company's land records and other information from the Company as required for clarification;

ii) Production data is acquired from public data sources, except for very recent data or certain wells which are provided directly by the Company;

iii) Well data is accessed from the Company's well files and from public data sources;

iv) Operating Costs are based on actual revenue and expense statements provided by the Company for established properties or from discussions with the Company and our experience in the area for new or non-producing properties;

v) Price differentials are derived from revenue statements, compared to actual posted prices for the appropriate benchmark price over a period of several months for established properties or from discussions with the Company and our experience in the area for new or non-producing properties;

vi) Timing of Development Plans and Capital estimates are normally determined by discussions with the Company together with our experience and judgment.

Product Prices

Chapman Petroleum Engineering Ltd. conducts continual surveillance and monitoring on a number of Benchmark product prices both locally and internationally. Based on historical data, current conditions and our view of the relevant political and economic trends, we independently prepare oil, gas and by-product price forecasts including predictions for the near term (first few years) with escalation thereafter for a maximum of 15 years, after which prices are held constant.

In establishing our forecasts we also consider input from operating companies, consulting firms, oil & gas marketing companies and financial institutions. Our forecasts are updated quarterly and the latest one prior to the effective date would generally be used. The forecast used for this report is presented in Table 5 in the Executive Summary.

The Benchmark Oil Par Price shown is the equivalent price of light sweet crude landed in Edmonton to that of the West Texas Intermediate crude (WTI) in Cushing, Oklahoma after adjustments for transportation and the prevailing dollar exchange rate ($US/$Can).

The gas price forecast has been generated for this report to reflect the average Gas Reference Price (GRP) which is the price on which Crown royalty calculations are based.

The gas prices under various types of contracts currently available, i.e. conventional, local discount and export contracts, have been predicted to follow the same trends. The initial oil and gas prices for each property have been adjusted in this report to reflect the relative actual prices being received or forecast to be received.

The Natural Gas Liquid (NGL) blended mix price has been established for each applicable property in this report based on the price and relative volumes of each NGL component of the gas stream recovered at the plant and wellhead for that property based on available plant and revenue data.

For properties where actual data is not available, an average blended mix price has been estimated based on a typical liquid composition assumed to be 40% propane, 30% butane and 30% pentanes plus.

Any prices quoted in the property discussions reflect fully adjusted prices for crude quality, transportation, gas heating value and specific contractual arrangements. In the case of delayed production the equivalent 2012 price for that production has been quoted.

Product Sales Arrangements

The Company does not have any "hedge" contracts in place at this time.

Royalties

A full provision for Crown royalties under the latest regulations and incentive programs for the applicable provinces have been included in this report. Likewise, Freehold royalties, mineral taxes, gross overriding royalties and any other burdens have been accounted for.

<u>Saskatchewan</u>

Oil and natural gas produced from Crown lands in Saskatchewan is subject to Crown royalties, which vary with production rate, product price, oil density and the date wells were drilled. There are several incentive programs for high cost wells and activity in certain areas of the province. Production from privately owned freehold lands are subject to a freehold production tax (FPT) in addition to the freehold royalty. The FPT varies depending on rate, price and drilling date in a similar manner to the Crown Royalties.

Exploratory wells, deep vertical development wells and all horizontal wells drilled on or after October 1, 2002 are subject to a royalty of 2.5 percent (0 percent FPT) until certain volumes of oil (between 4,000 to 16,000 m^3) have been recovered.

The fourth tier royalties (and FPT) for wells drilled since October 1, 2002 are moderate and were designed to encourage oil and gas activity in Saskatchewan.

Maximum Saskatchewan Crown Royalties can approach 45 percent for high rate old oil or gas wells. In all other categories royalties will not exceed 35 percent.

Capital Expenditures and Operating Costs

Operating costs and capital expenditures have been based on historical experience and analogy where necessary and are expressed in current year dollars and escalated as follows:

2012	- No Escalation
2013-2027	- 2.0% per year
Thereafter	- No Escalation

Income Tax Parameters

Net cash flows after consideration of corporate income tax have been included in this report on a stand alone basis as the Company has no outstanding tax pools.

Future capital expenditures anticipated for this report are predominantly development costs, and have been included as tangible or intangible costs.

The Federal tax rates utilized in this report were 15.00% in 2012 and thereafter. The Saskatchewan tax rate utilized was 12% in all years.

Abandonment and Restoration

Abandonment and restoration costs, net of salvage, have been included in the cash flows for the final event of any particular well. The abandonment cost does not impact the economic limit and is included in the final year of production. For marginal wells nearing the end of their economic life, these costs may result in a negative net present value.

In this report, we have accounted for these costs for only the wells which are being evaluated and have not included other shut-in or suspended wells in the Company's inventory or their facilities and pipelines.

Environmental Liabilities

We have been advised by the Company that they are in material compliance with all Environmental Laws and do not have any Environmental Claims pending, as demonstrated in the Representation Letter attached.

Economics

The results of the before tax economic analysis, which are presented for each entity and property summary, are in a condensed form presented on one page for simplicity in analyzing the cash flows, however, if for any reason more extensive breakdown of the cash flow is required, a separate schedule can be provided showing the full derivation and breakdown of any or all of the columns on the summary page.

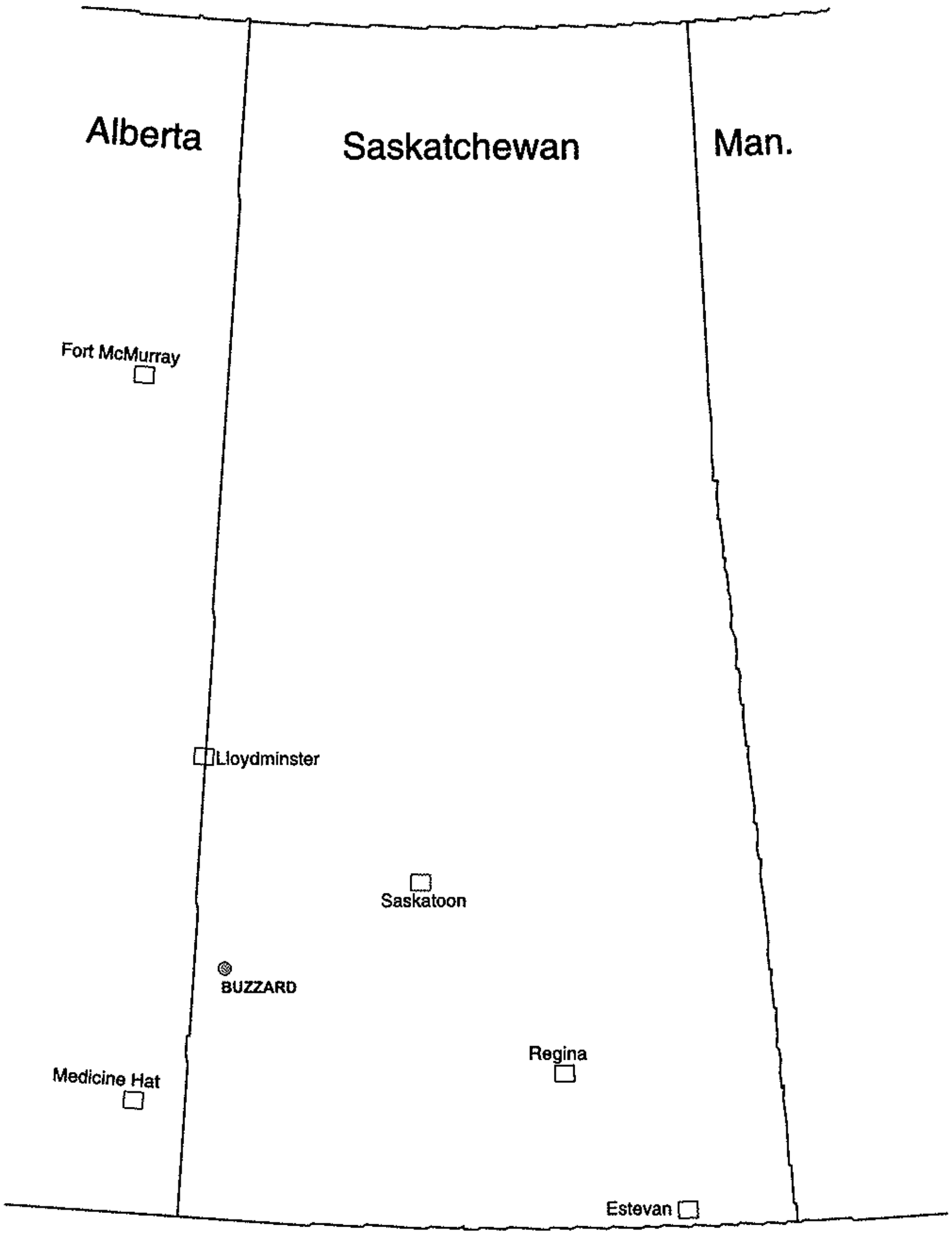
The economic presentation shows the gross property and company gross and net (before and after royalty) production of oil, gas and each NGL product along with the product prices adjusted for oil quality and heating value of gas. Oil prices also include the deduction for trucking costs where applicable for royalty deductions.

The second level includes the revenues, royalties, operating costs, processing income, abandonment costs, capital and cash flow of the property. Operating costs are presented for the gross property and the company share, split between variable and fixed costs, and the effective cost per BOE.

Net revenues are presented annually and as a net back in $/BOE @ 6 Mscf/STB. Revenue from custom processing of oil or gas is presented separately.

The third level of data presents the cumulative cash flow values (present worth) for various discount rates. Also, the net cash flow breakdown is presented. The project profitability criteria are summarized on the bottom right of the page. These data are not relevant in the case of corporate evaluations but are useful in assessing individual capital projects.

For corporate consolidations a second page is included, which repeats the before tax cash flow and presents the Taxable Income, Income Tax Payable, After Income Tax Cash Flows and net present values After Income Tax.



LEGEND

AREA OF INTEREST

- OIL
- GAS
- OIL & GAS

TITUS CAPITAL CORP.

JURISDICTIONAL MAP

SEP. 2012 **JOB No. 5656**

Chapman Petroleum Engineering Ltd.

EXECUTIVE SUMMARY

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Forecast Prices and Costs

Table 1

TITUS CAPITAL CORP.

Summary of Oil and Gas Reserves

September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

	Company Reserves							
	Light and Medium Oil		Heavy Oil		Natural Gas [1]		Natural Gas Liquids	
Reserves Category	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing	0	0	17	16	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**	**17**	**16**	**0**	**0**	**0**	**0**
PROBABLE	0	0	34	32	0	0	0	0
TOTAL PROVED PLUS PROBABLE	**0**	**0**	**51**	**48**	**0**	**0**	**0**	**0**

Reference: Item 2.1 (1) Form 51-101F1

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Includes associated, non-associated and solution gas where applicable.

Table 2

TITUS CAPITAL CORP.

Summary of Net Present Values
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Before Income Tax

	Net Present Values of Future Net Revenue				
	Discounted at				
Reserves Category	0 %/yr. M$	5 %/yr. M$	10 %/yr. M$	15 %/yr. M$	20 %/yr. M$
PROVED					
Developed Producing	638	568	506	453	407
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	**638**	**568**	**506**	**453**	**407**
PROBABLE	1,173	879	662	499	375
TOTAL PROVED PLUS PROBABLE	**1,811**	**1,447**	**1,168**	**952**	**782**

After Income Tax

	Net Present Values of Future Net Revenue				
	Discounted at				
Reserves Category	0 %/yr. M$	5 %/yr. M$	10 %/yr. M$	15 %/yr. M$	20 %/yr. M$
PROVED					
Developed Producing	452	406	364	327	295
Developed Non-Producing	0	0	0	0	0
Undeveloped	0	0	0	0	0
TOTAL PROVED	**452**	**406**	**364**	**327**	**295**
PROBABLE	853	621	450	321	223
TOTAL PROVED PLUS PROBABLE	**1,305**	**1,027**	**814**	**648**	**518**

Reference: Item 2.1 (2) Form 51-101F1

M$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 3

TITUS CAPITAL CORP.

Total Future Net Revenue (Undiscounted)

September 1, 2012

(as of August 30, 2012)

Forecast Prices and Costs

Reserve Category	Revenue M$	Royalties M$	Operating Costs M$	Development Costs M$	Well Abandonment Costs M$	Future Net Revenues BIT M$	Income Taxes M$	Future Net Revenues AIT M$
Total Proved	1,439	129	560	0	112	638	(186)	452
Proved Plus Probable	4,324	286	1,316	730	181	1,811	(506)	1,305

Reference: Item 2.1 (3)(b) NI 51-101F1

M$ means thousands of dollars

Notes: [1] After Income Tax is not available, because this report is based on an evaluation of certain properties owned by the company.

Table 4

TITUS CAPITAL CORP.

Future Net Revenue
By Production Group
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Reserve Category	Production Group	Future Net Revenue Before Income Taxes Discounted at 10%/yr. M$
Total Proved	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	506
	Natural Gas (including by-products but not solution gas)	0
Proved Plus Probable	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	1,168
	Natural Gas (including by-products but not solution gas)	0

Reference: Item 2.1 (3)(c) NI 51-101F1

M$ means thousands of dollars

Table 4A

TITUS CAPITAL CORP.

Oil and Gas Reserves and Net Present Values
by Production Group
September 1, 2012
(as of August 30, 2012)

Forecast Prices and Costs

Reserve Group by Category	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr.
	Oil		Gas		NGL			
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	$/STB
Heavy Oil [1]								
Proved								
Developed Producing	17	16	0	0	0	0	506	31.63
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**17**	**16**	**0**	**0**	**0**	**0**	**506**	**31.63**
Probable	34	32	0	0	0	0	662	20.69
Proved Plus Probable	**51**	**48**	**0**	**0**	**0**	**0**	**1,168**	**24.33**

Reference: Item 2.1 (3)(c) NI 51-101F1

M$ means thousands of dollars

Columns may not add precisely due to accumulative rounding of values throughout the report.

Notes: [1] Includes solution gas.

Table 5
CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
September 1, 2012

Date	WTI [1] $US/STB	Alberta Par Price [2] $CDN/STB	Alberta Heavy [3] $CDN/STB	Sask. Light [4] $CDN/STB	Sask. Heavy [5] $CDN/STB	B.C. Light [6] $CDN/STB	Exchange Rate $US/$CDN
HISTORICAL PRICES							
2001	25.98	39.66	25.41	35.57	31.84	n/a	0.65
2002	26.09	40.63	32.20	37.67	34.57	n/a	0.64
2003	30.84	43.57	32.65	40.13	37.64	n/a	0.72
2004	41.48	52.89	37.52	48.96	45.74	n/a	0.77
2005	56.62	69.16	43.25	62.04	56.53	n/a	0.83
2006	65.91	72.88	50.40	66.77	61.23	n/a	0.88
2007	72.35	75.57	53.17	71.42	64.55	n/a	0.94
2008	99.70	102.98	83.88	98.02	92.45	n/a	0.94
2009	61.64	76.77	53.04	72.56	64.37	n/a	0.88
2010	79.42	80.56	66.58	77.02	72.79	n/a	0.97
2011	95.03	102.45	77.43	92.42	83.44	n/a	1.01
2012 (8mos)	96.39	93.42	74.68	84.78	78.00	n/a	1.00
CONSTANT PRICES (The first-day-of-the-month price for the preceding 12 months)							
	94.39	95.81	76.24	88.59	83.81	93.41	0.99
FORECAST PRICES							
2012	88.00	94.42	71.76	84.98	76.48	92.06	0.99
2013	92.00	98.22	74.64	88.39	79.55	95.76	0.99
2014	96.00	102.01	77.53	91.81	82.63	99.46	0.99
2015	100.00	105.80	80.41	95.22	85.70	103.16	0.99
2016	102.00	107.70	81.85	96.93	87.23	105.00	0.99
2017	102.00	107.70	81.85	96.93	87.23	105.00	0.99
2018	104.04	109.63	83.32	98.67	88.80	106.89	0.99
2019	106.12	111.60	84.82	100.44	90.40	108.81	0.99
2020	108.24	113.61	86.35	102.25	92.03	110.77	0.99
2021	110.41	115.67	87.91	104.10	93.69	112.78	0.99
2022	112.62	117.76	89.50	105.98	95.39	114.82	0.99
2023	114.87	119.90	91.12	107.91	97.12	116.90	0.99
2024	117.17	122.07	92.78	109.87	98.88	119.02	0.99
2025	119.51	124.29	94.46	111.87	100.68	121.19	0.99
2026	121.90	126.56	96.19	113.90	102.51	123.40	0.99
2027	124.34	128.87	97.94	115.98	104.39	125.65	0.99
Constant thereafter							

Notes:
[1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
[2] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
[3] Western Canada Select
[4] Light Sour Blend at Cromer, Saskatchewan (850 kg/m3, 1.2% sulphur).
[5] Midale at Cromer, Saskatchewan (880 kg/m3, 2.0% sulphur).
[6] B.C. Light at Taylor, British Columbia (825 kg/m3, 0.5% sulphur).

BUZZARD AREA

SASKATCHEWAN

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Discussion

Individual Cash Flows
<u>Probable Undeveloped</u>
d) 6-16-47-26 W3M, Lloydminster
e) 3 Wells Sec. 20-47-26 W3M, Lloydminster

Figure 4: Production History and Forecast – Company Share

BUZZARD AREA
SASKATCHEWAN
DISCUSSION

Ownership

The Company has entered into a farm-in agreement with Prevail Energy Ltd. covering 2,280 acres of land in this area, which contains eight producing oil wells plus a number of shut-in and/or suspended wells, as shown on the map, Figure 1.

Under the terms of the agreement the Company will pay the first $750,000 of Prevail costs towards an exploitation program including well reactivations and the drilling of an infill location, to earn a 30 percent working interest in the entire property. The Company will earn its 30 percent working interest directly in any reactivations and the total property will be earned upon completing the $750,000 total expenditure.

Production is subject to either Crown or freehold royalties, and in one case, a gross overriding royalty.

A detailed description of the lands, working interests and royalty burdens is presented in Table 1.

Geology

The Lloydminster Sand is a clastic unit of Lower Cretaceous age and is part of the Mannville Group. It was formed within a shoreline to shallow shelf environment. In this area, the Lloydminster Sand is approximately 10 m. thick.

Reserves

Total gross remaining proved developed producing heavy oil reserves of 80 MSTB have been estimated for the Lloydminster zone based on decline analysis of the past production performance of the currently producing wells.

Additional probable reserves of 117 MSTB have been estimated for the same Lloydminster zone based on analogy to the producing wells as follows:

32 MSTB have been assigned for the same eight wells in anticipation of a lesser decline than in the proved case.

45 MSTB are expected to be recovered from three currently shut-in wells following a successful workover of the three wells.

And finally, 40 MSTB of probable undeveloped heavy oil reserves were assigned to a future infill location at 5-16-47-26 W3M.

A detailed description of the reserves is presented in Table 2.

Production

Total production from the area's eight wells currently averages 60 STB/d and is expected to gradually decline to each well's economic limit.

The non-producing wells scheduled for reactivation are expected to commence production at rates listed in Table 2.

Production history graphs are shown on Figures 2a through 2i for the proved case and Figure 3 for the proved plus probable case.

Product Prices

An average 2012 oil price of $74.48/STB has been utilized for this property.

Capital Expenditures

Total development capital expenditures of $750,000 have been estimated, as detailed in Table 3a.

Total abandonment and restoration liabilities of $516,000 ($143.400 net to the Company) have been anticipated as presented in Table 3b.

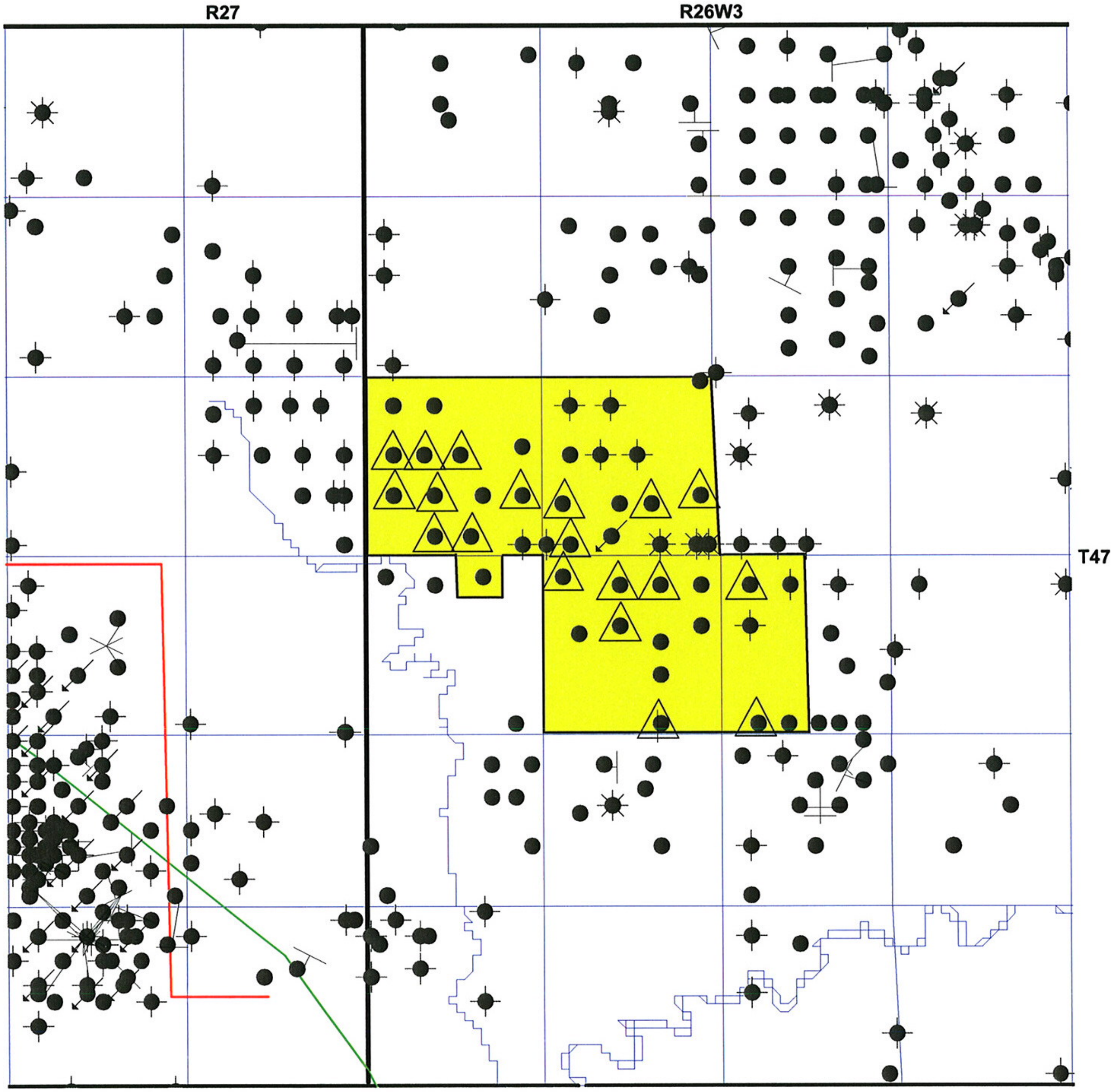
Operating Costs

Operating costs of $2,000 per well per month plus a $9.00/STB have been utilized.

Economics

An economic summary is presented in Table 4, and the results of our economic analysis are presented in Tables 4a through 4e.

The Company's total historical production together with our proved producing and proved plus probable forecast is presented on Figure 4.



LEGEND

WELL SYMBOLS

- LOCATION OR DRILLING
- SUSPENDED
- DRY & ABANDONED
- OIL
- GAS
- WATER SOURCE
- WATER DISP
- OBSERVATION
- INJECTION
- SUSPENDED OIL
- SUSPENDED GAS
- SUSP WATER DISP
- SUSP INJECTION
- SUSP WATER SOURCE
- ABANDONED OIL
- ABANDONED GAS
- ABD WATER SOURCE
- ABD WATER DISP
- ABD INJECTION
- INJ PREV GAS

PIPELINES

- Crude Oil
- Natural Gas
- Oil Well Effluent
- Sour Natural Gas
- Water
- HVP/LVP
- Other Types

COMPANY OWNERSHIP

- Well of Interest
- Company Lands

TITUS CAPITAL CORP.

BUZZARD AREA

SASKATCHEWAN

LAND AND WELL MAP

SEP. 2012 JOB No. 5656 FIGURE No. 1

Chapman Petroleum Engineering Ltd.

Table 1

Schedule of Lands, Interests and Royalty Burdens
September 1, 2012

TITUS CAPITAL CORP.
Buzzard, Saskatchewan

			Appraised Interest		Royalty Burdens	
Description	**Rights Owned**	**Gross Acres**	**Working %**	**Royalty %**	**Basic %**	**Overriding %**
Twp 47Rge 26 W3M						
Sec W/2 16		320	30.0000 (1)	-	CROWN	-
Well 4-16			15.0000 (1)		CROWN	-
Well 6-16			100.0000 (2)			
Sec E/2 17		320	30.0000 (1)		FH-15	-
Well 2-17			12.0000 (1)		FH-15	-
Sec W/2 17		320	30.0000 (1)		FH-15	5.0000
Sec 18 lsd 15		40	30.0000 (1)	-	CROWN	-
Sec N/2 19		320	30.0000 (1)		FH-18	
Sec SW/4 19		160	30.0000 (1)		FH-15	
Sec EW/4 19		160	30.0000 (1)		FH-20	
Sec 20		640	30.0000 (1) 100.0000 (2)		CROWN	

General Notes : (1) After farm-in Working interest.
(2) Capital interest

Table 2

Summary of Reserves
September 1, 2012

Buzzard, Saskatchewan

Description			Current or Initial Rate STB/d	API Gravity (Deg)	Ultimate ROIP (MSTB)	Cumulative Production (MSTB)	Remaining ROIP (MSTB)	Reference
Heavy Oil								
Proved Developed Producing								
8 Wells	Buzzard Lloydminster		60		986	906	80	Figure 2a
Total Proved Developed Producing			**60**		**986**	**906**	**80**	
Probable Developed								
8 Wells	Buzzard Lloydminster	(incr.)			32	0	32	Figure 3
1-20-47-26W3M	Buzzard Lloydminster		15		52	37	15	Analogy
4-20-47-26W3M	Buzzard Lloydminster		15		40	25	15	Analogy
8-20-47-26W3M	Buzzard Lloydminster		15		60	45	15	Analogy
Probable Undeveloped								
6-16-47-26W3M	Buzzard Lloydminster		25		40	0	40	Analogy
Total Probable					**224**	**107**	**117**	
Total Proved Plus Probable					**1,210**	**1,013**	**197**	

PRODUCTION HISTORY

Proved Developed Producing

TOTAL PROPERTY

Field: BUZZARD
Formation: BUZZARD LLOYDMINSTER

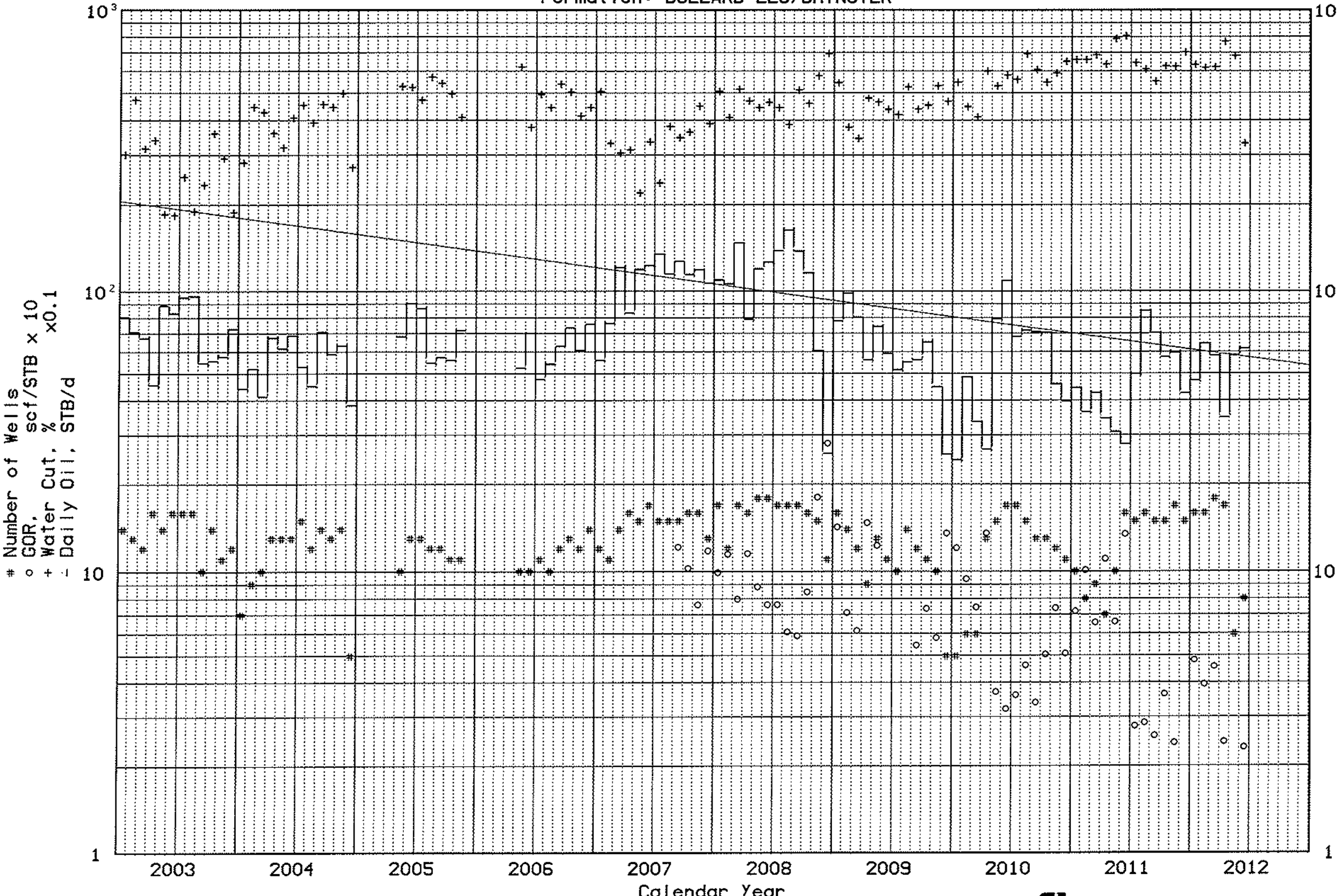


Figure 2a

Chapman Petroleum Engineering Ltd.

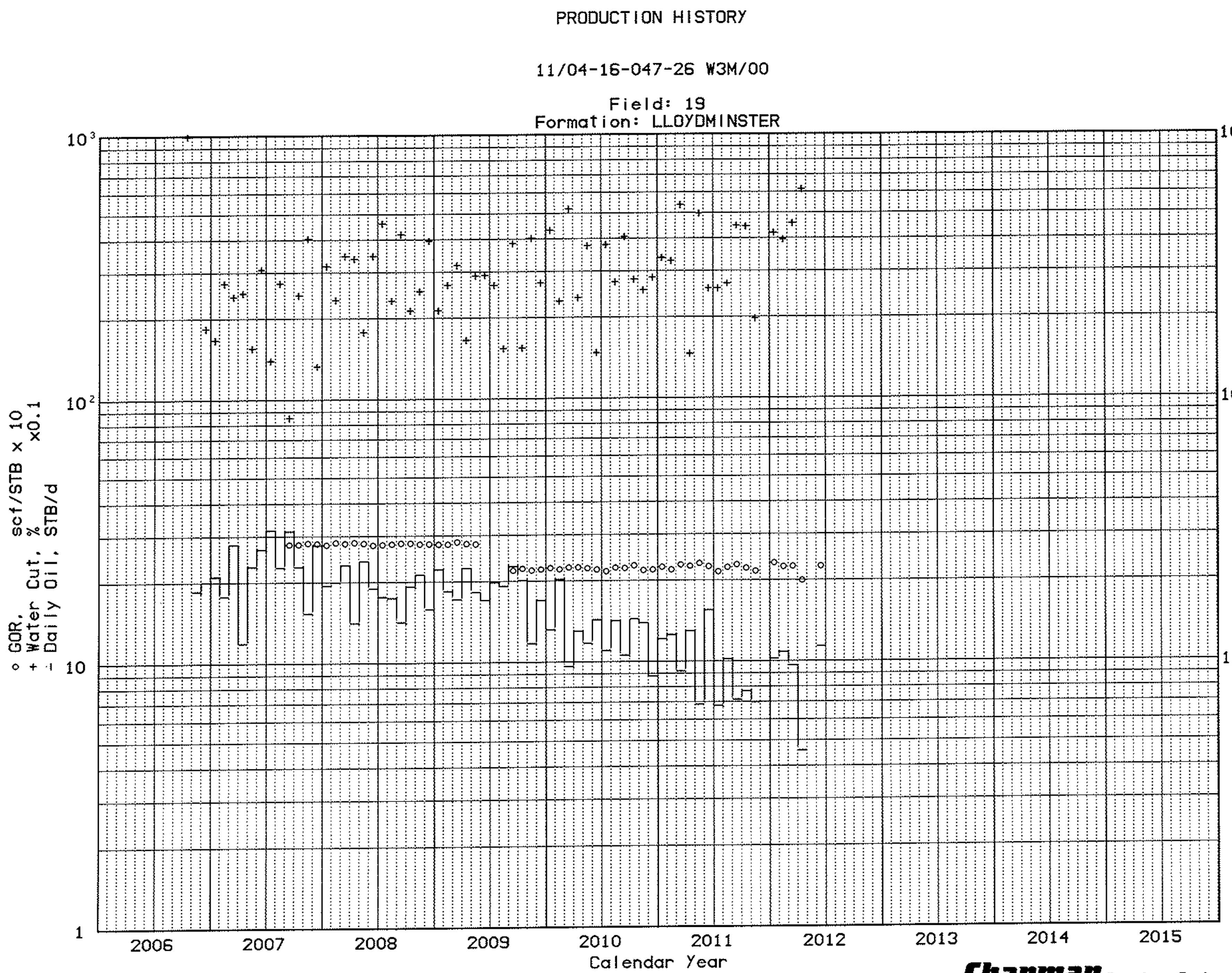
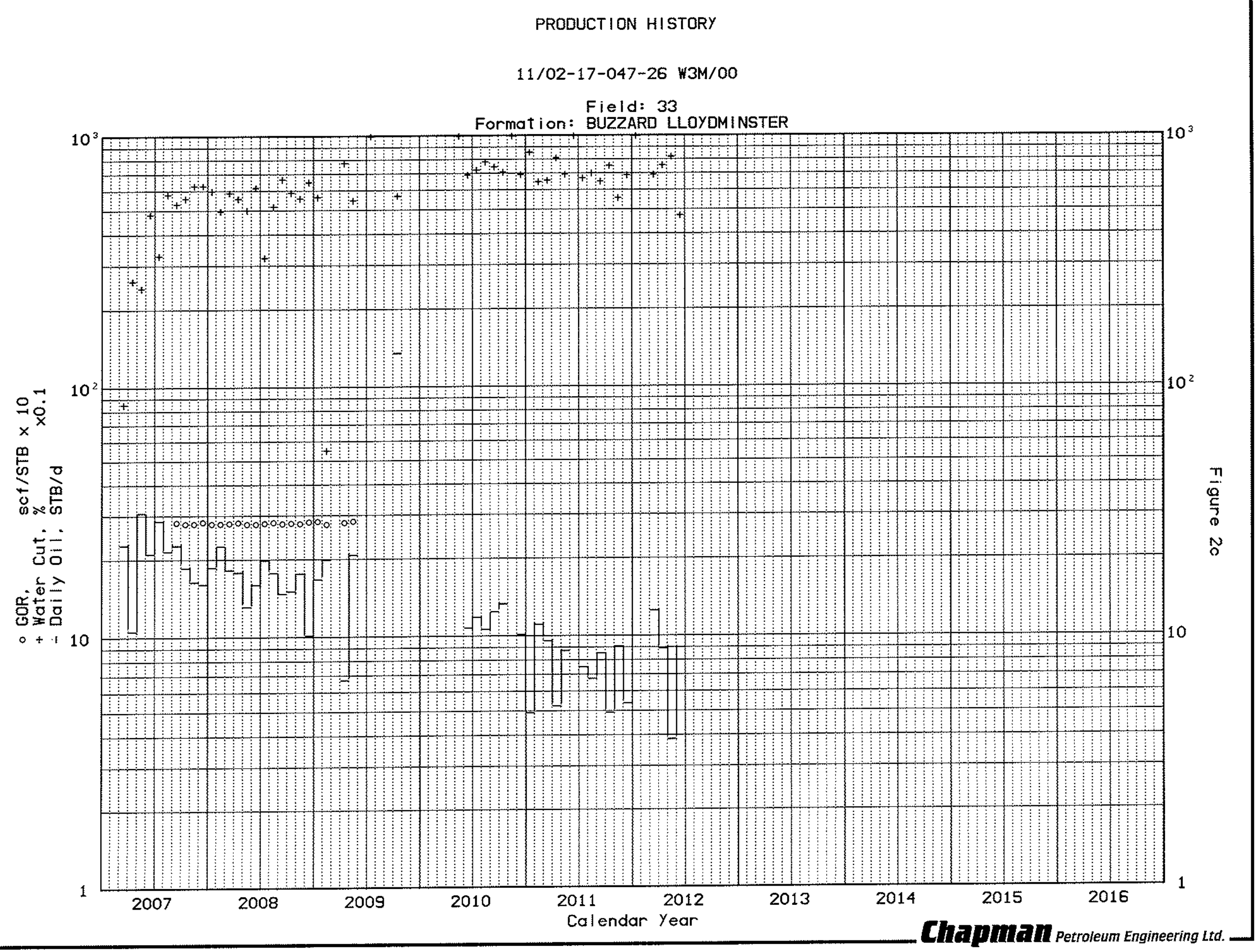


Figure 2b

Chapman Petroleum Engineering Ltd.


PRODUCTION HISTORY
11/02-17-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
o GOR, scf/STB x 10
+ Water Cut, % x0.1
- Daily Oil, STB/d
Calendar Year
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
10³
10²
10
1
Figure 2c
Chapman Petroleum Engineering Ltd.

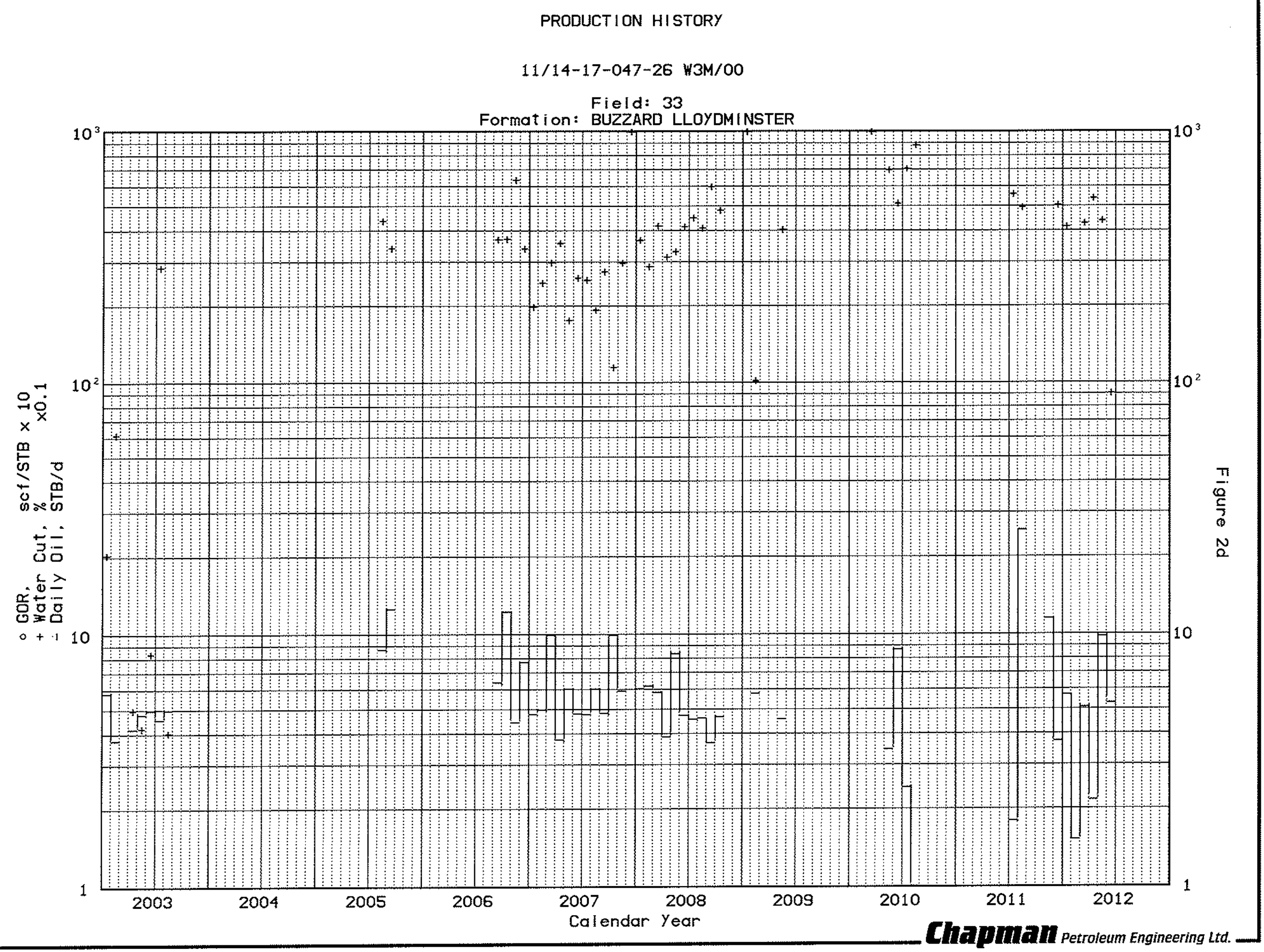

PRODUCTION HISTORY
11/14-17-047-26 W3M/00
Field: 33
Formation: BUZZARD LLOYDMINSTER
10^3
10^2
10
1
∘ GOR, scf/STB × 10
+ Water Cut, % ×0.1
- Daily Oil, STB/d
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
Chapman Petroleum Engineering Ltd.

Figure 2d

PRODUCTION HISTORY

11/15-17-047-26 W3M/00

Field: 33
Formation: BUZZARD LLOYDMINSTER

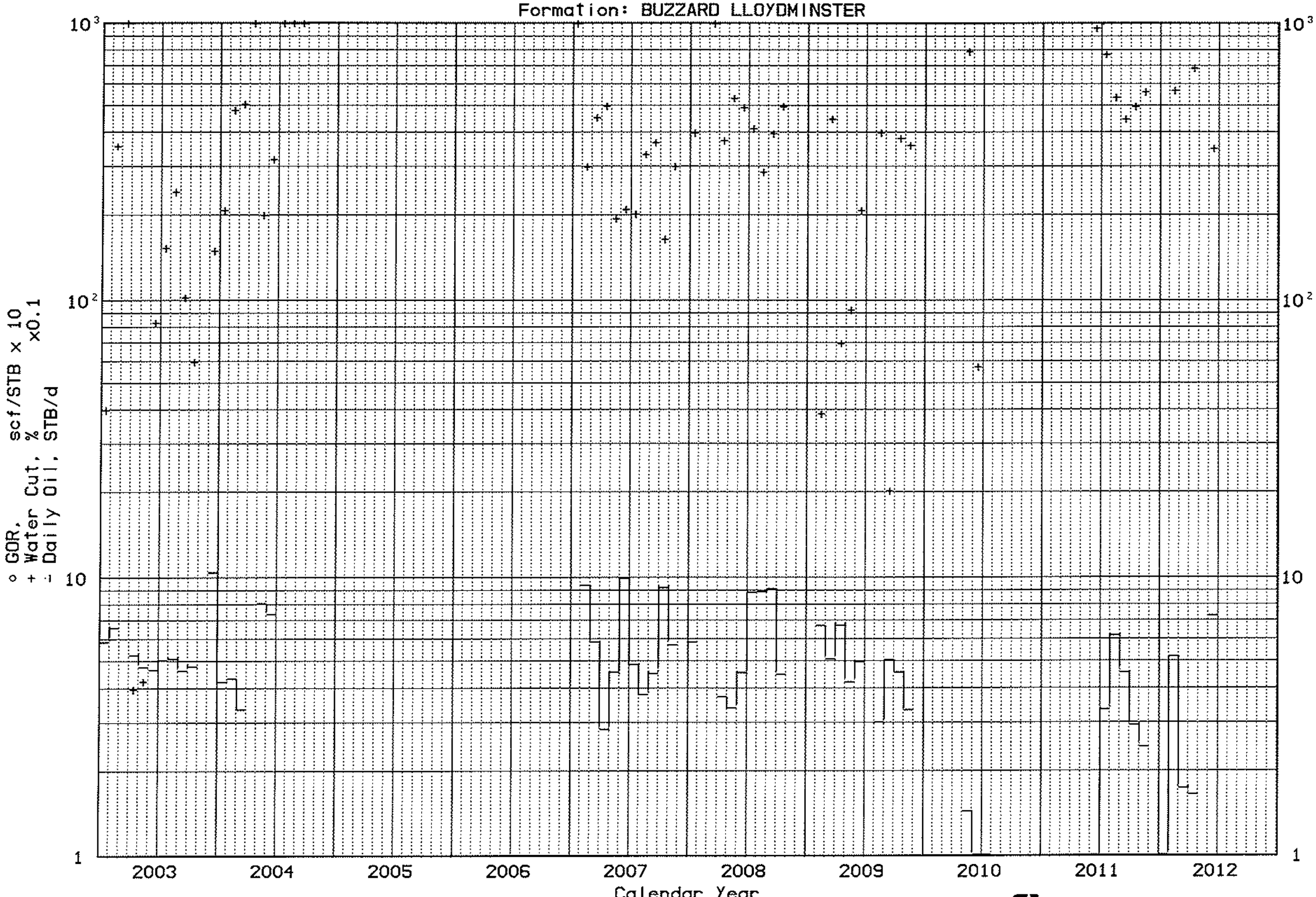


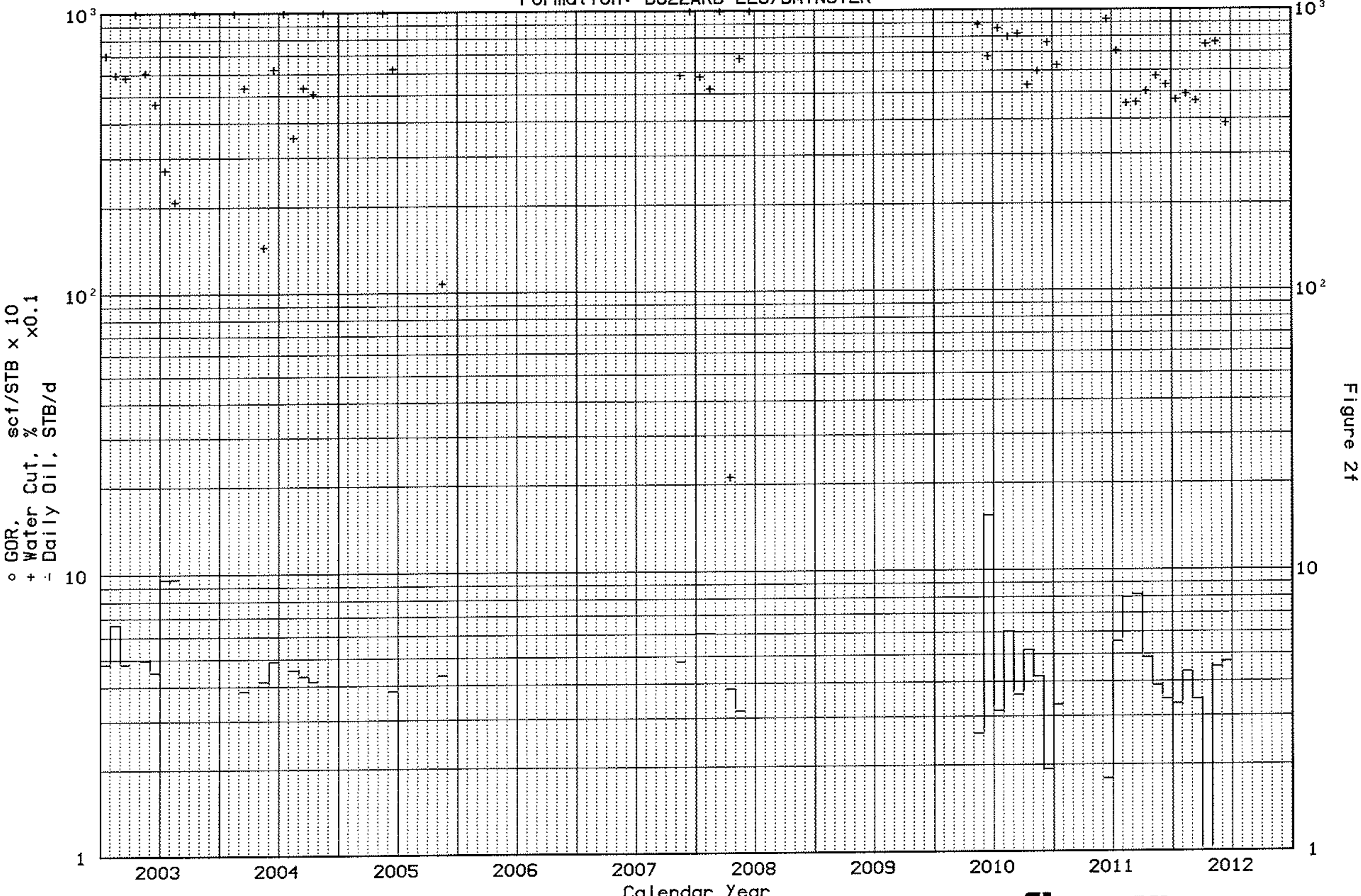
Figure 2e

Chapman Petroleum Engineering Ltd.

PRODUCTION HISTORY

11/15-18-047-26 W3M/00

Field: 33
Formation: BUZZARD LLOYDMINSTER



Chapman Petroleum Engineering Ltd.

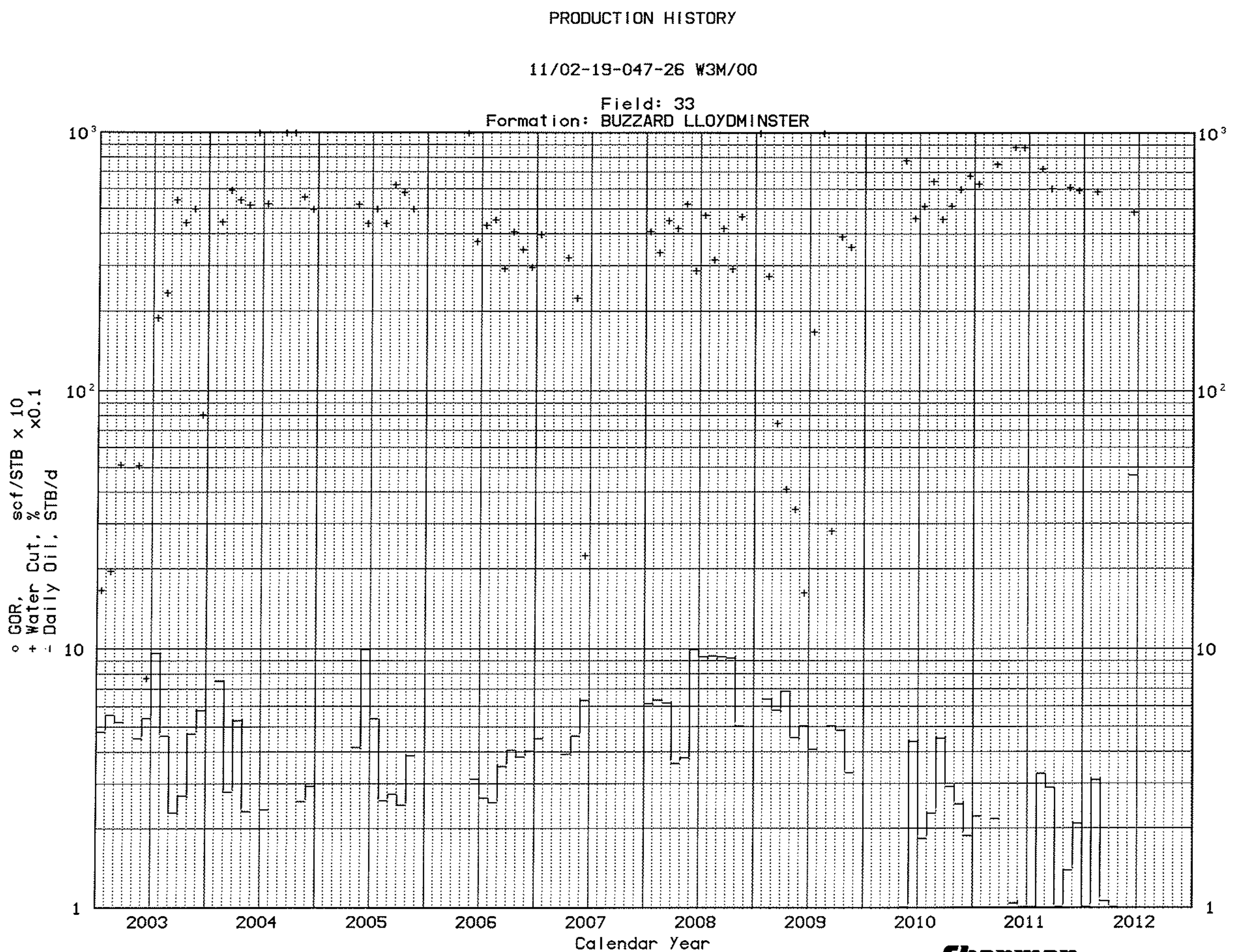


Figure 2g

Chapman Petroleum Engineering Ltd.

PRODUCTION HISTORY

11/03-19-047-26 W3M/00

Field: 33
Formation: BUZZARD LLOYDMINSTER

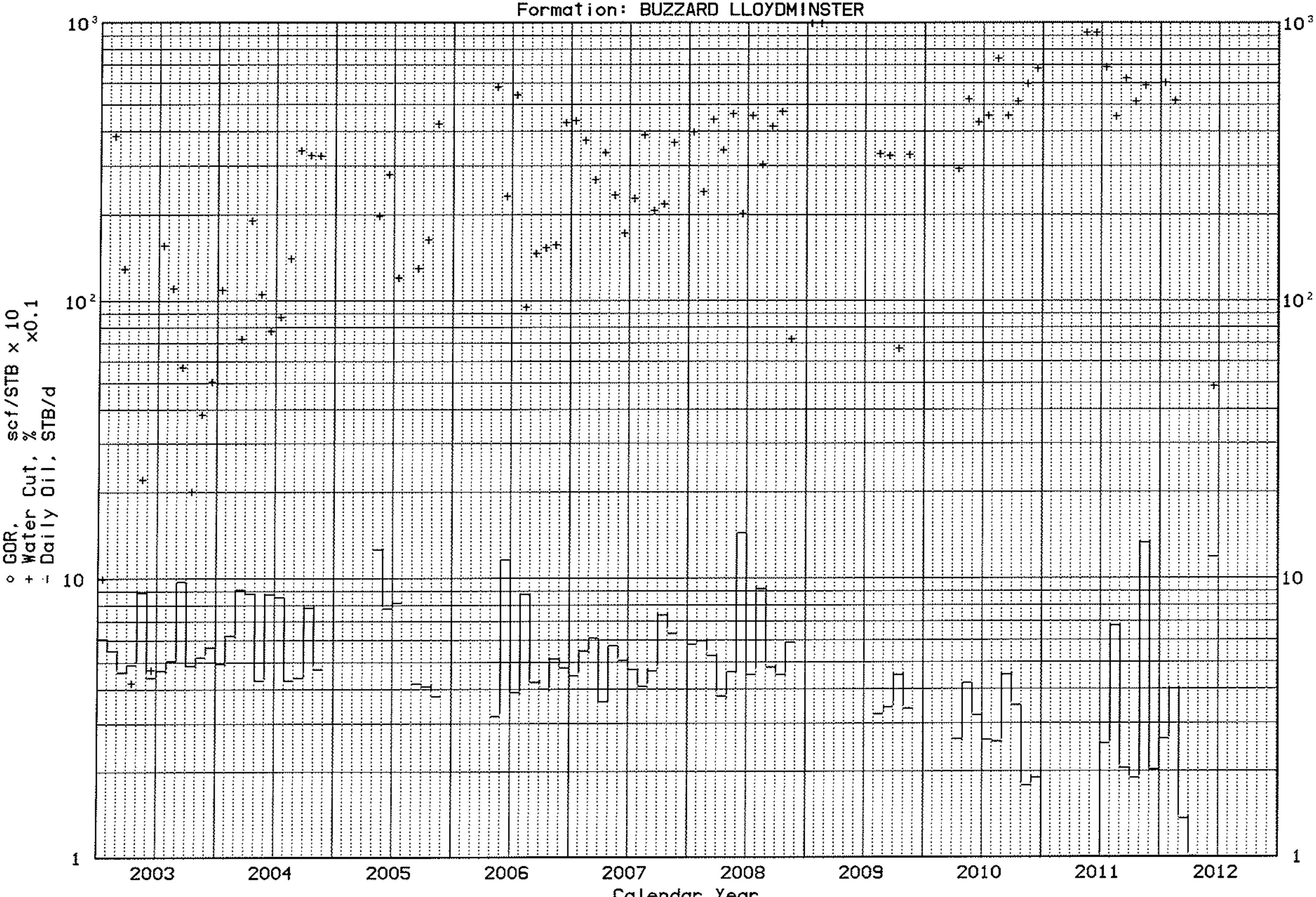


Figure 2h

Chapman Petroleum Engineering Ltd.

PRODUCTION HISTORY

11/05-20-047-26 W3M/00

Field: 33
Formation: BUZZARD LLOYDMINSTER

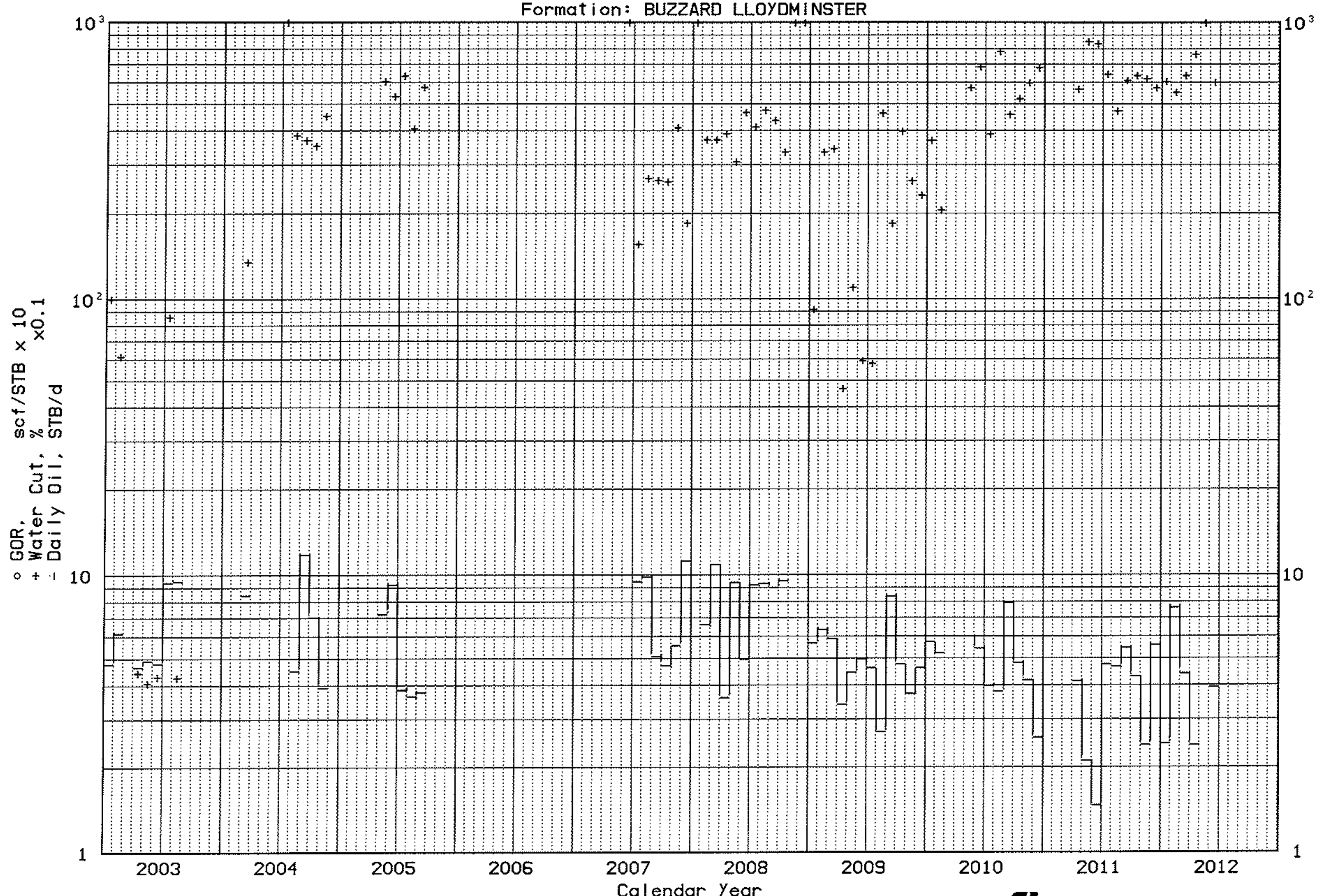
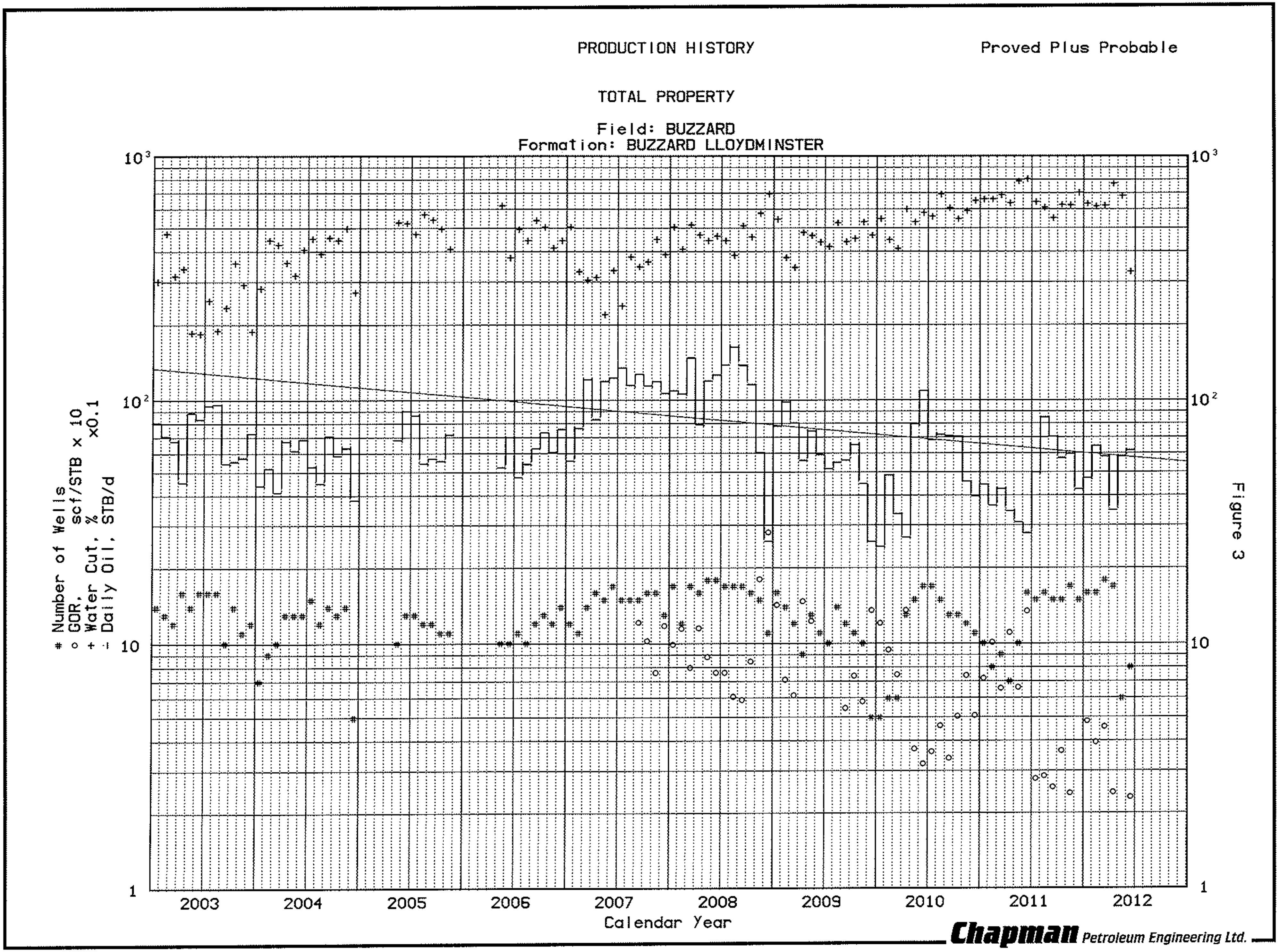


Figure 2i

Chapman Petroleum Engineering Ltd.



PRODUCTION HISTORY
Proved Plus Probable
TOTAL PROPERTY
Field: BUZZARD
Formation: BUZZARD LLOYDMINSTER
* Number of Wells
○ GOR, scf/STB x 10
+ Water Cut, % x0.1
∸ Daily Oil, STB/d
10³
10²
10
1
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Calendar Year
Figure 3
Chapman Petroleum Engineering Ltd.

Table 3a
Summary of Anticipated Capital Expenditures
Development
September 1, 2012
TITUS CAPITAL CORP.
Buzzard, Saskatchewan

Description	Date	Operation	Capital Interest %	Gross Capital M$	Net Capital M$
Probable Undeveloped					
Well 6-16-47-26W3M	2012/12	Drill, complete and equip an infill well	100.0000	495	495
Three wells section 20	2013/07	Workover three curently shut-in wells	100.0000	255	255
		Total Probable Undeveloped		**750**	**750**

Table 3b

Summary of Anticipated Capital Expenditures
Abandonment and Restoration

September 1, 2012
TITUS CAPITAL CORP.
Buzzard, Saskatchewan

Well location	Operation	Working Interest %		Gross Capital M$	Net Capital M$
8 existing Wells	Abandon Oil Wells	26.7000		344.0	91.8
6-16-47-26-3W5M	Abandon one Well	30.0000		43.0	12.9
Three wells section 20	Abandon three wells	30.0000		129.0	38.7
			Total	516.0	143.4

Note: The above capital values are expressed in terms of current dollar values without escalation.

Forecast Prices & Costs

Table 4
Summary of Company Reserves and Economics
Before Income Tax
September 1, 2012

TITUS CAPITAL CORP.

Buzzard, Saskatchewan

Description		Net To Appraised Interest: Reserves - Heavy Oil MSTB Gross	Heavy Oil MSTB Net	Sales Gas MMscf Gross	Sales Gas MMscf Net	NGL Mbbls Gross	NGL Mbbls Net	Cumulative Cash Flow (BIT) - M$ Undisc.	Discounted at: 5%/year	10%/year	15%/year	20%/year
Proved Developed Producing												
Prevail Property		17	16	0	0	0	0	638	568	506	453	407
Total Proved Developed Producing		**17**	**16**	**0**	**0**	**0**	**0**	**638**	**568**	**506**	**453**	**407**
Probable												
Probable Developed Producing												
Prevail Property	Incr.	8	8	0	0	0	0	459	350	271	214	172
Total Probable Developed Producing		**8**	**8**	**0**	**0**	**0**	**0**	**459**	**350**	**271**	**214**	**172**
Probable Undeveloped												
6-16-47-26W3	Lloydminster	12	11	0	0	0	0	224	107	26	(32)	(73)
3 Wells Sec. 20-47-26W3	Lloydminster	14	13	0	0	0	0	490	422	365	317	276
Total Probable Undeveloped		**26**	**24**	**0**	**0**	**0**	**0**	**714**	**529**	**391**	**285**	**203**
Total Probable		**34**	**32**	**0**	**0**	**0**	**0**	**1,173**	**879**	**662**	**499**	**375**
Total Proved Plus Probable		**51**	**48**	**0**	**0**	**0**	**0**	**1,811**	**1,447**	**1,168**	**952**	**782**

M$ means thousands of dollars.

Gross reserves are the total of the Company's working and/or royalty interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Forecast Prices & Costs

Table 4T
Summary of Company Reserves and Economics
After Income Tax
September 1, 2012

TITUS CAPITAL CORP.

	Net To Appraised Interest										
	Reserves						Cumulative Cash Flow - M$				
	Light and Medium Oil MSTB		Sales Gas MMscf		NGL Mbbls			Discounted at:			
Description	Gross	Net	Gross	Net	Gross	Net	Undisc.	5%/year	10%/year	15%/year	20%/year
Proved Developed Producing											
Total Proved Developed Producing (BIT)	17 0	16	0	0	0	0	638	568	506	453	407
Company Income Tax	-	-	-	-	-	-	(186)	(162)	(142)	(126)	(112)
Total Proved Developed Producing (AIT)	**17**	**16**	**0**	**0**	**0**	**0**	**452**	**406**	**364**	**327**	**295**
Probable											
Total Probable (BIT)	34 0	32	0	0	0	0	1,173	879	662	499	375
Company Income Tax	-	-	-	-	-	-	(320)	(258)	(213)	(178)	(152)
Total Probable (AIT)	**34**	**32**	**0**	**0**	**0**	**0**	**853**	**621**	**450**	**321**	**223**
Total Proved Plus Probable (AIT)	**51**	**48**	**0**	**0**	**0**	**0**	**1,305**	**1,027**	**814**	**648**	**518**

M$ means thousands of dollars

Gross reserves are the total of the Company's working and/or royalty interest share before deduction of royalties owned by others.

Net reserves are the total of the Company's working and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

Columns may not add precisely due to accumulative rounding of values throughout the report.

Table 4a

EVALUATION OF: Buzzard, Saskatchewan - Proved Developed Producing

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-NOV-2012
RUN DATE: 28-SEP-2012 TIME: 14:27
FILE: HbsPP3.DAX

WELL/LOCATION - Prevail Property
EVALUATED BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

TRACT FACTOR - 100.0000 %
ULT POOL RESERVES - 80000 STB
PRODUCTION TO DATE - N/A
DECLINE INDICATOR - EXPONENTIAL

TOTAL ABANDONMENT - 419 -M$- (2022)

INTEREST	REVERSION	ROYALTIES/TAXES
BPO: NIL		SASKATCHEWAN CROWN (HVY TIER4) + AVG FH 13.00% (35.00% CR /65.00% FH) + AVG G
APO: WI 26.7000%	AUG 2013; 12 months	SASKATCHEWAN CROWN (HVY TIER4) + AVG FH 13.00% (35.00% CR /65.00% FH) + AVG G

Oil STB

Year	# of Wells	Price $/STB	Pool STB/D	Pool Vol	Company Share Gross	Company Share Net
2012	8	74.48	58.8	3584	0	0
2013	8	77.55	51.0	18617	1657	1504
2014	8	80.63	39.7	14474	3865	3519
2015	8	83.70	30.8	11254	3005	2736
2016	8	85.23	24.0	8750	2336	2127
2017	5	85.23	18.6	6803	1816	1654
2018	5	86.80	14.5	5289	1412	1286
2019	5	88.40	11.3	4112	1098	1000
2020	5	90.03	8.8	3197	854	777
2021	5	91.69	6.8	2486	664	604
2022	5	93.39	3.9	1434	383	349
SUB				80000	17089	15555
REM				0	0	0
TOT				80000	17089	15555

= P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital &Aband Costs -M$-	Future Revenue (FR) Oil -M$-	SaleGas -M$-	Products -M$-	Total -M$-	Royalties Crown -M$-	Other -M$-	Mineral -M$-	-%-	Operating Costs Fixed -M$-	Variable -M$-	$/STB	FR After Roy&Oper -M$-	Net back $/STB	Proc& Other Income -M$-	Cap'l Costs -M$-	Aband Costs -M$-	Future Net Rev Undisc -M$-	10.0% -M$-
2012	0	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	0	0	0	0
2013	0	128	0	0	128	0	12	0	9.2	17	15	19.70	84	50.68	0	0	0	84	78
2014	0	312	0	0	312	0	28	0	8.9	53	36	23.16	194	50.25	0	0	0	194	163
2015	0	251	0	0	251	0	23	0	8.9	54	29	27.66	146	48.55	0	0	0	146	111
2016	0	199	0	0	199	0	18	0	9.0	55	23	33.49	103	44.11	0	0	0	103	71
2017	0	155	0	0	155	0	14	0	8.9	35	18	29.41	88	48.19	0	0	0	88	55
2018	0	123	0	0	123	0	11	0	8.9	36	14	35.69	61	43.34	0	0	0	61	35
2019	0	97	0	0	97	0	9	0	8.9	37	11	43.86	40	36.63	0	0	0	40	21
2020	0	77	0	0	77	0	7	0	8.9	38	9	54.52	23	27.45	0	0	0	23	11
2021	0	61	0	0	61	0	5	0	8.9	38	7	68.45	10	15.03	0	0	0	10	4
2022	419	36	0	0	36	0	3	0	8.9	28	4	84.11	0	.92	0	0	112	-112	-44
SUB	419	1439	0	0	1439	0	129	0	9.0	393	167		750		0	0	112	638	506
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	419	1439	0	0	1439	0	129	0	9.0	393	167		750		0	0	112	638	506

NET PRESENT VALUE (-M$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	750	637	583	550	521	481	426
Proc & Other Income.	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs ..	112	69	53	44	37	28	19
Future Net Revenue .	638	568	530	506	484	453	407

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future NetRev
% Interest	.0	21.4					
% of Future Revenue.			9.0	38.9	52.1	.0	44.3

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	n/a
Profit Index (undisc.)	n/a
(disc. @ 10.0%) .	n/a
(disc. @ 5.0%) .	n/a
First Payout (years)	n/a
Total Payout (years)	n/a
Cost of Finding ($/BOE)	n/a
NPV @ 10.0% ($/STB)	29.63
NPV @ 5.0% ($/STB)	33.24

Table 4a

FUTURE NET REVENUE & INCOME TAX SUMMARY:

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-NOV-2012
RUN DATE: 28-SEP-2012 TIME: 14:27
FILE: HbsPP3.DAX

POOL .... Buzzard, Saskatchewan
WELL/LOCATION .... Prevail Property

Year	FR After Roy&Oper -$-	Crown Royalties -$-	Min/Cap Tax -$-	Capital Costs -$-	Aband Costs -$-	Admin + Oth Income/ Expense -$-	Future Net Rev Before Tax: Annual -$-	Future Net Rev Before Tax: Cum -$-	Taxable Income: Before Deduct -$-	Taxable Income: After Deduct -$-	Income Tax: Fed -$-	Income Tax: Prov -$-	Future Net Rev After Tax: Undisc -$-	Future Net Rev After Tax: 10.0% -$-	Future Net Rev After Tax: Cum -$-
2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2013	83975	378	0	0	0	0	83975	83975	84353	83975	12596	10077	61302	56616	56616
2014	194197	0	0	0	0	0	194197	278172	194197	194197	29130	23304	141764	119026	175642
2015	145887	0	0	0	0	0	145887	424059	145887	145887	21883	17506	106498	81287	256929
2016	103041	0	0	0	0	0	103041	527100	103041	103041	15456	12365	75220	52194	309123
2017	87527	0	0	0	0	0	87527	614627	87527	87527	13129	10503	63895	40305	349429
2018	61210	0	0	0	0	0	61210	675837	61210	61210	9182	7345	44684	25624	375053
2019	40217	0	0	0	0	0	40217	716054	40217	40217	6033	4826	29358	15305	390358
2020	23433	0	0	0	0	0	23433	739487	23433	23433	3515	2812	17106	8107	398466
2021	9978	0	0	0	0	0	9978	749465	9978	9978	1497	1197	7284	3138	401604
2022	354	0	0	0	111962	0	-111608	637857	354	-111608	-16741	0	-94867	-37158	364446
SUB	749819	378	0	0	111962	0	637857		750196	637857	95678	89936	452242	364446	
REM	0	0	0	0	0	0	0		0	0	0	0	0	0	
TOT	749819	378	0	0	111962	0	637857		750196	637857	95678	89936	452242	364446	

NET PRESENT VALUE (-$-)	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
Future net revenue before tax	637857	568101	530078	506427	484119	453082	407337
Federal & provincial income tax	185614	161676	149404	141981	135106	125720	112210
Future net revenue after tax	452242	406424	380674	364446	349013	327362	295127

Table 4b

EVALUATION OF: Buzzard, Saskatchewan
============== Total Proved Plus Probable

ERGO v7.43 P2 ENERGY SOLUTIONS TOTAL
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012
RUN DATE: 28-SEP-2012 TIME: 15:58
FILE:

EVALUATED BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

TOTAL CAPITAL COSTS - 730 -M$-
TOTAL ABANDONMENT - 652 -M$-

Oil STB

Year	# of Wells	Price $/STB	Pool STB/D	Pool Vol	Company Share Gross	Company Share Net
2012	8	.00	29.6	3607	0	0
2013	12	77.55	101.7	37127	7014	6540
2014	12	80.63	92.8	33860	9618	8853
2015	12	83.70	73.7	26907	7619	7055
2016	12	85.23	58.9	21482	6065	5701
2017	9	85.23	47.2	17227	4850	4569
2018	9	86.80	38.0	13872	3895	3676
2019	9	88.40	30.7	11212	3140	2967
2020	9	90.03	24.8	9038	2524	2385
2021	6	91.69	17.8	6485	1788	1675
2022	6	93.39	14.8	5386	1484	1389
2023	6	95.12	12.3	4474	1232	1152
2024	6	96.88	10.2	3717	1023	956
2025	6	98.68	7.6	2788	759	703
2026	0	.00	.0	0	0	0
SUB				197182	51010	47619
REM				0	0	0
TOT				197182	51010	47619

= P/T = ================ COMPANY SHARE FUTURE NET REVENUE ================

Year	Capital &Aband Costs -M$-	Future Revenue (FR) Oil -M$-	SaleGas -M$-	Products -M$-	Total -M$-	Royalties Crown -M$-	Other -M$-	Mineral -M$-	-%-	Operating Costs Fixed -M$-	Variable -M$-	$/BOE	FR After Roy&Oper -M$-	Net back $/BOE	Proc& Other Income -M$-	Cap'l Costs -M$-	Aband Costs -M$-	Future Net Rev Undisc -M$-	10.0% -M$-
2012	225	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	225	0	-225	-221
2013	505	544	0	0	544	25	12	0	6.8	43	64	15.24	400	57.07	0	505	0	-105	-97
2014	0	775	0	0	775	30	32	0	7.9	83	90	18.02	541	56.20	0	0	0	541	454
2015	0	638	0	0	638	20	27	0	7.4	85	73	20.70	433	56.80	0	0	0	433	330
2016	0	517	0	0	517	8	23	0	6.0	87	59	24.03	340	56.08	0	0	0	340	236
2017	0	413	0	0	413	4	20	0	5.8	67	48	23.79	274	56.50	0	0	0	274	173
2018	0	338	0	0	338	2	17	0	5.6	69	39	27.73	211	54.19	0	0	0	211	121
2019	0	278	0	0	278	1	14	0	5.5	70	32	32.60	160	50.92	0	0	0	160	83
2020	151	227	0	0	227	0	12	0	5.5	70	27	38.28	118	46.80	0	0	45	73	34
2021	0	164	0	0	164	0	10	0	6.4	47	19	36.98	87	48.88	0	0	0	87	38
2022	0	139	0	0	139	0	9	0	6.4	48	16	43.20	66	44.19	0	0	0	66	26
2023	0	117	0	0	117	0	8	0	6.5	49	14	50.80	47	38.16	0	0	0	47	17
2024	0	99	0	0	99	0	6	0	6.5	50	12	60.07	31	30.47	0	0	0	31	10
2025	501	75	0	0	75	0	6	0	7.4	47	9	73.23	14	18.16	0	0	136	-122	-36
2026	0	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	0	0	0	0
SUB	1382	4324	0	0	4324	90	196	0	6.6	813	503		2722		0	730	181	1811	1168
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	1382	4324	0	0	4324	90	196	0	6.6	813	503		2722		0	730	181	1811	1168

================ NET PRESENT VALUE (-M$-) ================

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	2722	2258	2042	1917	1806	1659	1458
Proc & Other Income.	0	0	0	0	0	0	0
Capital Costs	730	708	696	688	680	669	652
Abandonment Costs ..	181	103	75	61	50	38	24
Future Net Revenue .	1811	1447	1271	1168	1075	952	782

================ COMPANY SHARE ================

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future NetRev
% Interest	.0	25.9					
% of Future Revenue.			6.6	30.4	62.9	16.9	41.9

================ PROFITABILITY ================

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	97.3
Profit Index (undisc.)	2.0
(disc. @ 10.0%) .	1.6
(disc. @ 5.0%) .	1.8
First Payout (years)	1.9
Total Payout (years)	2.3
Cost of Finding ($/BOE)	17.85
NPV @ 10.0% ($/BOE)	22.90
NPV @ 5.0% ($/BOE)	28.36

Table 4b

FUTURE NET REVENUE & INCOME TAX SUMMARY:
=======================================

ERGO v7.43 P2 ENERGY SOLUTIONS TOTAL
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-JAN-2012
RUN DATE: 28-SEP-2012 TIME: 15:58
FILE:

EVALUATION BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

Year	FR After Roy&Oper -M$-	Crown Royalties -M$-	Min/Cap Tax -M$-	Capital Costs -M$-	Aband Costs -M$-	Admin + Oth Income/ Expense -M$-	Future Net Rev Before Tax Annual -M$-	Future Net Rev Before Tax Cum -M$-	Taxable Income Before Deduct -M$-	Taxable Income After Deduct -M$-	Income Tax Fed -M$-	Income Tax Prov -M$-	Future Net Rev After Tax Undisc -M$-	Future Net Rev After Tax 10.0% -M$-	Future Net Rev After Tax Cum -M$-
2012	0	0	0	225	0	0	-225	-225	0	-68	-10	-8	-207	-204	-204
2013	400	25	0	505	0	0	-105	-330	425	228	34	27	-166	-154	-357
2014	541	30	0	0	0	0	541	211	571	400	60	48	432	363	6
2015	433	20	0	0	0	0	433	644	453	333	50	40	343	262	268
2016	340	8	0	0	0	0	340	984	348	269	40	32	268	186	453
2017	274	4	0	0	0	0	274	1258	278	223	33	27	214	135	588
2018	211	2	0	0	0	0	211	1469	213	175	26	21	164	94	682
2019	160	1	0	0	0	0	160	1629	161	134	20	16	124	64	747
2020	118	0	0	0	45	0	73	1702	118	54	8	7	58	28	774
2021	87	0	0	0	0	0	87	1789	87	74	11	9	67	29	803
2022	66	0	0	0	0	0	66	1855	66	56	8	7	50	20	823
2023	47	0	0	0	0	0	47	1902	47	40	6	5	36	13	836
2024	31	0	0	0	0	0	31	1933	31	26	4	3	24	8	844
2025	14	0	0	0	136	0	-122	1811	14	-125	-19	0	-103	-30	813
2026	0	0	0	0	0	0	0	1811	0	-3	0	0	1	0	814
SUB	2722	90	0	730	181	0	1811		2812	1818	273	233	1305	814	
REM	0	0	0	0	0	0	0		0	0	0	0	0	0	
TOT	2722	90	0	730	181	0	1811		2812	1818	273	233	1305	814	

NET PRESENT VALUE (-M$-)	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
Future net revenue before tax	1811	1447	1271	1168	1075	952	782
Federal & provincial income tax	506	420	379	355	333	304	264
Future net revenue after tax	1305	1027	892	814	743	648	518

Table 4c

EVALUATION OF: Buzzard, Saskatchewan - Proved Plus Probable Developed Producing

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-NOV-2012
RUN DATE: 28-SEP-2012 TIME: 15:08
FILE: HbsRA3.DAX

WELL/LOCATION - Prevail Property
EVALUATED BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

TRACT FACTOR - 100.0000 %
ULT POOL RESERVES - 112182 STB
PRODUCTION TO DATE - N/A
DECLINE INDICATOR - EXPONENTIAL

TOTAL ABANDONMENT - 445 -M$- (2026)
NOTE: ECONOMIC LIMIT OCCURS IN 2026

INTEREST	REVERSION	ROYALTIES/TAXES
BPO: NIL		SASKATCHEWAN CROWN (HVY TIER4) + AVG FH 13.00% (35.00% CR /65.00% FH) + AVG G
APO: WI 26.7000%	AUG 2013; 12 months	SASKATCHEWAN CROWN (HVY TIER4) + AVG FH 13.00% (35.00% CR /65.00% FH) + AVG G

Oil STB

Year	# of Wells	Price $/STB	Pool STB/D	Pool Vol	Company Share Gross	Company Share Net
2012	8	74.48	59.1	3607	0	0
2013	8	77.55	53.6	19546	1740	1577
2014	8	80.63	44.9	16381	4374	3978
2015	8	83.70	37.6	13729	3666	3338
2016	8	85.23	31.5	11506	3072	2797
2017	5	85.23	26.4	9643	2575	2344
2018	5	86.80	22.1	8082	2158	1965
2019	5	88.40	18.6	6774	1809	1647
2020	5	90.03	15.6	5677	1516	1380
2021	5	91.69	13.0	4758	1270	1157
2022	5	93.39	10.9	3988	1065	969
2023	5	95.12	9.2	3342	892	812
2024	5	96.88	7.7	2801	748	681
2025	5	98.68	6.4	2347	627	571
SUB				112182	25510	23215
REM				0	0	0
TOT				112182	25510	23215

= P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital &Aband Costs -M$-	Future Revenue (FR) Oil -M$-	SaleGas -M$-	Products -M$-	Total -M$-	Royalties Crown -M$-	Other -M$-	Mineral -M$-	-%-	Operating Costs Fixed -M$-	Variable -M$-	$/STB	FR After Roy&Oper -M$-	Net back $/STB	Proc& Other Income -M$-	Cap'l Costs -M$-	Aband Costs -M$-	Future Net Rev Undisc -M$-	10.0% -M$-
2012	0	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	0	0	0	0
2013	0	135	0	0	135	1	12	0	9.3	17	16	19.20	89	51.12	0	0	0	89	82
2014	0	353	0	0	353	0	32	0	9.1	53	41	21.56	226	51.77	0	0	0	226	190
2015	0	307	0	0	307	0	27	0	8.9	54	35	24.39	190	51.82	0	0	0	190	145
2016	0	262	0	0	262	0	23	0	9.0	55	30	27.80	153	49.80	0	0	0	153	106
2017	0	219	0	0	219	0	20	0	9.0	35	26	23.68	139	53.90	0	0	0	139	88
2018	0	187	0	0	187	0	17	0	9.0	36	22	26.86	113	52.18	0	0	0	113	65
2019	0	160	0	0	160	0	14	0	8.9	37	19	30.69	90	49.80	0	0	0	90	47
2020	0	136	0	0	136	0	12	0	9.0	38	16	35.31	71	46.66	0	0	0	71	34
2021	0	116	0	0	116	0	10	0	8.9	38	14	40.90	54	42.59	0	0	0	54	23
2022	0	99	0	0	99	0	9	0	9.0	39	12	47.66	40	37.38	0	0	0	40	16
2023	0	85	0	0	85	0	8	0	9.0	40	10	55.84	27	30.77	0	0	0	27	10
2024	0	72	0	0	72	0	6	0	9.0	41	9	65.75	17	22.46	0	0	0	17	5
2025	445	62	0	0	62	0	6	0	8.9	41	7	77.77	8	12.08	0	0	119	-111	-33
SUB	445	2194	0	0	2194	1	196	0	9.0	526	255		1216		0	0	119	1097	777
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	445	2194	0	0	2194	1	196	0	9.0	526	255		1216		0	0	119	1097	777

NET PRESENT VALUE (-M$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	1216	981	874	812	758	687	591
Proc & Other Income.	0	0	0	0	0	0	0
Capital Costs	0	0	0	0	0	0	0
Abandonment Costs ..	119	64	44	35	28	20	11
Future Net Revenue .	1097	918	829	777	730	667	579

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future NetRev
% Interest	.0	22.7					
% of Future Revenue.			9.0	35.6	55.4	.0	50.0

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	n/a
Profit Index (undisc.)	n/a
(disc. @ 10.0%) .	n/a
(disc. @ 5.0%) .	n/a
First Payout (years)	n/a
Total Payout (years)	n/a
Cost of Finding ($/BOE)	n/a
NPV @ 10.0% ($/STB)	30.47
NPV @ 5.0% ($/STB)	35.98

Table 4d

EVALUATION OF: Buzzard, Saskatchewan - Probable Undeveloped

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-AUG-2013
RUN DATE: 28-SEP-2012 TIME: 14:32
FILE: HbsRE1.DAX

WELL/LOCATION - 6-16-47-26W3 (Lloydminster)
EVALUATED BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

TRACT FACTOR - 100.0000 %
ULT POOL RESERVES - 40000 STB
PRODUCTION TO DATE - N/A
DECLINE INDICATOR - EXPONENTIAL
TOTAL CAPITAL COSTS - 505 -M$-
TOTAL ABANDONMENT - 56 -M$- (2025)

INTEREST

AVG WI 30.0000%

ROYALTIES/TAXES

SASKATCHEWAN CROWN (HVY TIER4)

			Oil STB			
			Pool		Company Share	
Year	# of Wells	Price $/STB	STB/D	Vol	Gross	Net
2012	0	74.48	.0	0	0	0
2013	1	77.55	23.9	3661	1098	954
2014	1	80.63	20.8	7578	2273	2024
2015	1	83.70	16.8	6135	1840	1689
2016	1	85.23	13.6	4967	1490	1401
2017	1	85.23	11.0	4021	1206	1156
2018	1	86.80	8.9	3255	977	950
2019	1	88.40	7.2	2635	791	779
2020	1	90.03	5.8	2133	640	637
2021	1	91.69	4.7	1727	518	518
2022	1	93.39	3.8	1398	419	419
2023	1	95.12	3.1	1132	340	340
2024	1	96.88	2.5	916	275	275
2025	1	98.68	1.2	440	132	132
SUB				40000	12000	11275
REM				0	0	0
TOT				40000	12000	11275

= P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital &Aband Costs -M$-	Future Revenue (FR) Oil -M$-	SaleGas -M$-	Products -M$-	Total -M$-	Royalties Crown -M$-	Other -M$-	Mineral -M$-	-%-	Operating Costs Fixed -M$-	Variable -M$-	$/STB	FR After Roy&Oper -M$-	Net back $/STB	Proc& Other Income -M$-	Cap'l Costs -M$-	Aband Costs -M$-	Future Net Rev Undisc -M$-	10.0% -M$-
2012	0	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	0	0	0	0
2013	505	85	0	0	85	11	0	0	13.2	3	10	11.97	61	55.36	0	505	0	-444	-410
2014	0	183	0	0	183	20	0	0	11.0	7	21	12.66	134	59.14	0	0	0	134	113
2015	0	154	0	0	154	13	0	0	8.2	8	18	13.70	116	63.11	0	0	0	116	89
2016	0	127	0	0	127	8	0	0	6.0	8	15	14.97	97	65.15	0	0	0	97	67
2017	0	103	0	0	103	4	0	0	4.1	8	12	16.53	79	65.17	0	0	0	79	50
2018	0	85	0	0	85	2	0	0	2.7	8	10	18.44	64	66.05	0	0	0	64	37
2019	0	70	0	0	70	1	0	0	1.5	8	8	20.80	52	66.31	0	0	0	52	27
2020	0	58	0	0	58	0	0	0	.5	8	7	23.73	42	65.87	0	0	0	42	20
2021	0	48	0	0	48	0	0	0	.0	9	6	27.36	33	64.33	0	0	0	33	14
2022	0	39	0	0	39	0	0	0	.0	9	5	31.89	26	61.50	0	0	0	26	10
2023	0	32	0	0	32	0	0	0	.0	9	4	37.55	20	57.57	0	0	0	20	7
2024	0	27	0	0	27	0	0	0	.0	9	3	44.63	14	52.25	0	0	0	14	5
2025	56	13	0	0	13	0	0	0	.0	5	2	51.67	6	47.01	0	0	17	-10	-3
SUB	561	1023	0	0	1023	59	0	0	5.8	100	119		745		0	505	17	224	26
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	561	1023	0	0	1023	59	0	0	5.8	100	119		745		0	505	17	224	26

NET PRESENT VALUE (-M$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	745	600	534	497	464	420	362
Proc & Other Income.	0	0	0	0	0	0	0
Capital Costs	505	485	474	466	459	449	434
Abandonment Costs ..	17	9	6	5	4	3	2
Future Net Revenue .	224	107	55	26	0	-32	-73

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future NetRev
% Interest	30.0	30.0					
% of Future Revenue.			5.8	21.3	72.8	49.3	21.9

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	12.0
Profit Index (undisc.)	.4
(disc. @ 10.0%) .	.1
(disc. @ 5.0%) .	.2
First Payout (years)	5.6
Total Payout (years)	5.9
Cost of Finding ($/BOE)	43.47
NPV @ 10.0% ($/STB)	2.13
NPV @ 5.0% ($/STB)	8.90

Table 4e

EVALUATION OF: Buzzard, Saskatchewan - Probable Undeveloped

ERGO v7.43 P2 ENERGY SOLUTIONS PAGE 1
GLOBAL : 28-SEP-2012 5656
EFF:01-SEP-2012 DISC:01-SEP-2012 PROD:01-JAN-2013
RUN DATE: 28-SEP-2012 TIME: 14:34
FILE: HbsRE4.DAX

WELL/LOCATION - 3 Wells Sec. 20-47-26W3 (Lloydminster)
EVALUATED BY -
COMPANY EVALUATED - TITUS CAPITAL CORP.
APPRAISAL FOR -
PROJECT - FORECAST PRICES & COSTS

TRACT FACTOR - 100.0000 %
ULT POOL RESERVES - 45000 STB
PRODUCTION TO DATE - N/A
DECLINE INDICATOR - EXPONENTIAL
TOTAL CAPITAL COSTS - 225 -M$-
TOTAL ABANDONMENT - 151 -M$- (2020)

INTEREST

AVG WI 30.0000%

ROYALTIES/TAXES

SASKATCHEWAN CROWN (HVY TIER4 INCENTIVE)

Oil STB

Year	# of Wells	Price $/STB	Pool STB/D	Pool Vol	Company Share Gross	Company Share Net
2012	0	74.48	.0	0	0	0
2013	3	77.55	38.1	13920	4176	4009
2014	3	80.63	27.1	9901	2970	2851
2015	3	83.70	19.3	7043	2113	2028
2016	3	85.23	13.7	5009	1503	1503
2017	3	85.23	9.8	3563	1069	1069
2018	3	86.80	6.9	2534	760	760
2019	3	88.40	4.9	1803	541	541
2020	3	90.03	3.4	1227	368	368
SUB				45000	13500	13130
REM				0	0	0
TOT				45000	13500	13130

= P/T = COMPANY SHARE FUTURE NET REVENUE

Year	Capital &Aband Costs -M$-	Future Revenue (FR) Oil -M$-	SaleGas -M$-	Products -M$-	Total -M$-	Royalties Crown -M$-	Other -M$-	Mineral -M$-	-%-	Operating Costs Fixed -M$-	Variable -M$-	$/STB	FR After Roy&Oper -M$-	Net back $/STB	Proc& Other Income -M$-	Cap'l Costs -M$-	Aband Costs -M$-	Future Net Rev Undisc -M$-	10.0% -M$-
2012	225	0	0	0	0	0	0	0	.0	0	0	.00	0	.00	0	225	0	-225	-221
2013	0	324	0	0	324	13	0	0	4.0	22	38	14.46	251	59.99	0	0	0	251	231
2014	0	239	0	0	239	10	0	0	4.0	22	28	16.93	180	60.48	0	0	0	180	151
2015	0	177	0	0	177	7	0	0	4.0	23	20	20.40	127	59.95	0	0	0	127	97
2016	0	128	0	0	128	0	0	0	.0	23	15	25.30	90	59.93	0	0	0	90	62
2017	0	91	0	0	91	0	0	0	.0	24	11	32.25	57	52.98	0	0	0	57	36
2018	0	66	0	0	66	0	0	0	.0	24	8	42.13	34	44.67	0	0	0	34	19
2019	0	48	0	0	48	0	0	0	.0	25	6	56.22	17	32.18	0	0	0	17	9
2020	151	33	0	0	33	0	0	0	.0	24	4	75.80	5	14.23	0	0	45	-40	-19
SUB	376	1106	0	0	1106	30	0	0	2.7	188	129		760		0	225	45	490	365
REM	0	0	0	0	0	0	0	0	.0	0	0		0		0	0	0	0	0
TOT	376	1106	0	0	1106	30	0	0	2.7	188	129		760		0	225	45	490	365

NET PRESENT VALUE (-M$-)

Discount Rate	.0%	5.0%	8.0%	10.0%	12.0%	15.0%	20.0%
FR After Roy & Oper.	760	676	634	608	584	552	506
Proc & Other Income.	0	0	0	0	0	0	0
Capital Costs	225	223	222	221	221	220	218
Abandonment Costs ..	45	31	25	21	19	15	11
Future Net Revenue .	490	422	387	365	345	317	276

COMPANY SHARE

	1st Year	Average	Royalties	Oper Costs	FR After Roy&Oper	Capital Costs	Future NetRev
% Interest	30.0	30.0					
% of Future Revenue.			2.7	28.6	68.7	20.3	44.3

PROFITABILITY

COMPANY SHARE BASIS	Before Tax
Rate of Return (%)	114.5
Profit Index (undisc.)	1.8
(disc. @ 10.0%) .	1.5
(disc. @ 5.0%) .	1.7
First Payout (years)	1.2
Total Payout (years)	1.4
Cost of Finding ($/BOE)	20.03
NPV @ 10.0% ($/STB)	27.05
NPV @ 5.0% ($/STB)	31.26

PRODUCTION HISTORY AND FORECAST

BUZZARD, SASKATCHEWAN

COMPANY SHARE
PROVED DEVELOPED PRODUCING AND PROVED PLUS PROBABLE

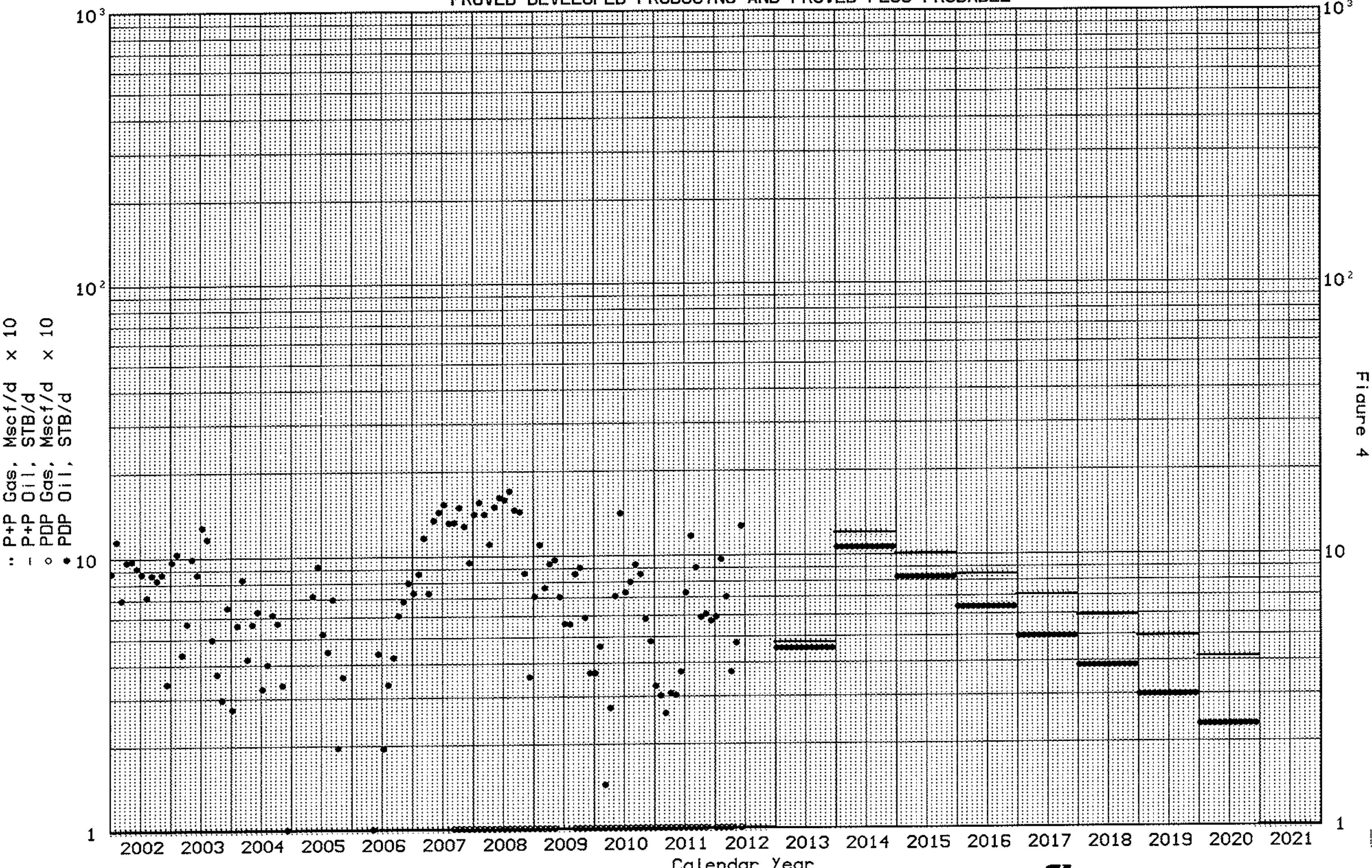


Figure 4

Chapman Petroleum Engineering Ltd.

TIS.V
TITUS
CAPITAL CORP.

September 21, 2012

Chapman Petroleum Engineering Ltd.
445, 708 - 11 Avenue SW
Calgary, AB
T2R 0E4

Dear Sir:

Re: Company Representation Letter

Regarding the evaluation of our Company's oil and gas reserves and independent appraisal of the economic value of these reserves for the year ended August 31, 2012, (the effective date), we herein confirm to the best of our knowledge and belief as of the effective date of the reserves evaluation, and as applicable, as of today, the following representations and information made available to you during the conduct of the evaluation:

We, Titus Capital Corp. , (the Client) have made available to you, Chapman Petroleum Engineering Ltd. (the Evaluator) certain records, information, and data relating to the evaluated properties that we confirm is, with the exception of immaterial items, complete and accurate as of the effective date of the reserves evaluation, including the following:

- Accounting, financial, tax and contractual data
- Asset ownership and related encumbrance information;
- Details concerning product marketing, transportation and processing arrangements;
- All technical information including geological, engineering and production and test data;
- Estimates of future abandonment and reclamation costs.

1. We confirm that all financial and accounting information provided to you is, to the best of our knowledge, both on an individual entity basis and in total, entirely consistent with that reported by our Company for public disclosure and audit purposes.

2. We confirm that our Company has satisfactory title to all of the assets, whether tangible, intangible, or otherwise, for which accurate and current ownership information has been provided.

3. With respect to all information provided to you regarding product marketing, transportation, and processing arrangements, we confirm that we have disclosed to you all anticipated changes,

terminations, and additions to these arrangements that could reasonably be expected to have a material effect on the evaluation of our Company's reserves and future net revenues.

4. With the possible exception of items of an immaterial nature, we confirm the following as of the effective date of the evaluation:
    - For all operated properties that you have evaluated, no changes have occurred or are reasonably expected to occur to the operating conditions or methods that have been used by our Company over the past twelve (12) months, except as disclosed to you. In the case of non-operated properties, we have advised you of any such changes of which we have been made aware.
    - All regulatory, permits, and licenses required to allow continuity of future operations and production from the evaluated properties are in place and, except as disclosed to you, there are no directives, orders, penalties, or regulatory rulings in effect or expected to come into effect relating to the evaluated properties.
    - Except as disclosed to you, the producing trend and status of each evaluated well or entity in effect throughout the three-month period preceding the effective date of the evaluation are consistent with those that existed for the same well or entity immediately prior to this three-month period.
    - Except as disclosed to you, we have no plans or intentions related to the ownership, development or operation of the evaluated properties that could reasonably be expected to materially affect the production levels or recovery of reserves from the evaluated properties.
    - If material changes of an adverse nature occur in the Company's operating performance subsequent to the effective date and prior to the report data, we will inform you of such material changes prior to requesting your approval for any public disclosure of reserves information.

5. We hereby confirm that our Company is in material compliance with all Environmental Laws and does not have any Environmental Claims pending.

Between the effective date of the report and the date of this letter, nothing has come to our attention that has materially affected or could affect our reserves and economic value of these reserves that has not been disclosed to you.

Yours very truly,

President and Chief Executive Officer