MARKSMEN ENERGY INC.
PART A - ALBERTA

And its wholly owned subsidiary

Marksmen Energy USA, Inc.
Part B – OHIO, USA

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

(COMPLYING WITH FORM NI51-101F1)

AS OF FISCAL YEAR END - DECEMBER 31, 2015

DATA AS OF DECEMBER 31, 2015

APPROVED BY RESERVES COMMITTEE ON APRIL 11, 2016

DEFINITIONS, NOTES AND OTHER CAUTIONARY STATEMENTS

Abbreviations

The following is a list of abbreviations that may be found in this report.

AOF	absolute open flow
Bbl	barrel
BOE	barrels of oil equivalent
Bopd	barrels of oil per day
Bwpd	barrels of water per day
Cr	Crown
DCQ	daily contract quantity
DSU	drilling spacing unit
FH	Freehold
GCA	gas cost allowance
GOR	gas-oil ratio
GORR	gross overriding royalty
LPG	liquid petroleum gas
M$	thousands of dollars
Mbbl	thousands of barrels
MMcf	thousands of cubic feet
MPR	maximum permissive rate
MRL	maximum rate limitation
NC	'new' Crown
NCI	net carried interest
NGL	natural gas liquids
NORR	net overriding royalty
NPI	net profits interest
OC	'old' Crown
ORRI	overriding royalty interest
P&NG	petroleum and natural gas
PSU	production spacing unit
PVT	pressure-volume-temperature
UOCR	Unit Operating Cost Rates for operating gas cost allowance
WI	working interest

Definitions

The meaning of many of the key definitions used in this Statement are mandated by NI 51-101. Some of the definitions mandated by NI 51-101 through its incorporation of definitions from: (a) the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society) and (b) the Canadian Institute of Chartered Accountants Handbook (the "**CICA Handbook**"), are as follows:

"**Accumulation**" means an individual body of Petroleum in a Reservoir.

"**Associated Gas**" means the Gas cap overlying a Crude Oil Accumulation in a reservoir.

"**Bitumen**" means a naturally occurring viscous mixture consisting mainly of pentanes and heavier Hydrocarbons. Its viscosity is greater than 10,000 mPa-s (cp) measured at original temperature in the Reservoir and atmospheric pressure, on a gas-free basis. Crude bitumen may contain sulphur and other non-hydrocarbon compounds.

"**CICA**" means the Canadian Institute of Chartered Accountants.

"**Commercial**" when a project is commercial this implies that the essential social, environmental, and economic conditions are met, including political, legal, regulatory, and contractual conditions. Considerations with regard to determining commerciality include:

(a) economic viability of the related development project;

(b) a reasonable expectation that there will be a market for the expected sales quantities of production required to justify development;

(c) evidence that the necessary production and transportation facilities are available or can be made available;

(d) evidence that legal, contractual, environmental, governmental, and other social and economic concerns will allow for the actual implementation of the recovery project being evaluated;

(e) a reasonable expectation that all required internal and external approvals will be forthcoming. Evidence of this may include items such as signed contracts, budget approvals, and approvals for expenditures, etc.

(f) evidence to support a reasonable timetable for development. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. Although five years is recommended as a maximum time frame for classification of a project as commercial, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives.

"**Crude Oil**" or "**Oil**" means a mixture consisting mainly of pentanes and heavier Hydrocarbons that exists in the liquid phase in Reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of Natural Gas.

"**Development Costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable Operating Costs of Support Equipment and Facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of

determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (b) drill and equip Development Wells, development type Stratigraphic Test Wells and Service Wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly; (c) acquire, construct and install Production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and Production storage tanks, Natural Gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems.

"**Development Well**" means a well drilled inside the established limits of an Oil or Gas Reservoir, or in close proximity to the edge of the Reservoir, to the depth of a stratigraphic horizon known to be productive.

"**Exploration Costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have Prospects that may contain Oil and Gas Reserves, including costs of drilling Exploratory Wells and exploratory type Stratigraphic Test Wells. Exploration Costs may be incurred both before acquiring the related Property (sometimes referred to in part as "prospecting costs") and after acquiring the Property. Exploration Costs, which include applicable Operating Costs of Support Equipment and Facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to Properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved Properties, such as delay rentals, taxes (other than income and capital taxes) on Properties, legal costs for title defense, and the maintenance of land and Lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping Exploratory Wells; and

(e) costs of drilling exploratory type Stratigraphic Test Wells.

"**Exploratory Well**" means a well that is not a Development Well, a Service Well or a Stratigraphic Test Well.

"**Field**" means a defined geographical area consisting of one or more pools.

"**Forecast Prices and Costs**" means future prices and costs that are: (a) generally accepted as being a reasonable outlook of the future; (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"**Future Income Tax**" means future income tax expenses estimated (generally, year-by-year): (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between Oil and Gas activities and other business activities; (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income; (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and (d) applying to the future pre-tax net cash flows relating to the Corporation's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

"**Future Net Revenue**" means the estimated Net amount to be received with respect to the development and Production of Reserves (including Synthetic Oil, coal bed methane and other non-conventional Reserves) estimated using: (a) forecast prices and costs, and (b) at the option of Detector, constant prices and costs. This net amount is computed by deducting, from estimated future revenues: (i) estimated amounts of future royalty obligations; (ii) costs related to the development and Production of Reserves; (iii) abandonment and reclamation costs; and (iv) future income tax expenses, unless otherwise specified in NI-51-101, Form 51-101F1 or Forms 51-101F2. Corporate general and administrative expenses and financing costs are not deducted. Net present values of Future Net Revenue may be calculated using a discount rate or without discount.

"**Gas**" or "**Natural Gas**" means a mixture of lighter hydrocarbons that exist either: in gaseous phase, or in solution in Crude Oil in Reservoirs but are gaseous at atmospheric conditions. Natural gas may include sulphur and other non-hydrocarbon compounds.

"**Gross**" means: (a) in relation to the Corporation's interest in Production or Reserves, the Corporation's "**Gross Reserves**", which are the Corporation's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of Detector, (b) in relation to wells, the total number of wells in which the Corporation has an interest, and (c) in relation to Properties, the total area of properties in which the Corporation has an interest.

"**Heavy Oil**" in respect of Reserves or Production means: (a) in a Jurisdiction that has a royalty regime specific to heavy oil, "heavy oil" is oil that qualifies for royalties specific to heavy oil; or (b) in a Jurisdiction that has no royalty regime specific to heavy oil, "heavy oil" is oil with a density between 10 to 22.3 degrees API (as that term is defined by the American Petroleum Institute).

"**Hydrocarbons**" means solid, liquid, or Gas made up of compounds of carbon and hydrogen in varying proportions.

"**Jurisdiction**" for the purposes of NI 51-101, means a province or territory of Canada.

"**Lease**" means an agreement granting to the lessee rights to explore, develop and exploit a Property.

"**Natural Gas Liquids**" means those hydrocarbon components that can be recovered from Natural Gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

"**Net**" means: (a) in relation to the Corporation's interest in Production or Reserves, the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in Production or Reserves, (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of the Corporation's gross wells, and (c) in relation to the Corporation's interest in a Property, the total area in which the Corporation has an interest multiplied by the working interest owned by Detector.

"**Non-Associated Gas**" means an Accumulation of Natural Gas in a reservoir where there is no Crude Oil.

"**Oil**" means crude oil or synthetic oil.

"**Oil and Gas Activities**" (a) include: (i) the search for Crude Oil or Natural Gas in their natural states and original locations; (ii) the acquisition of Property Rights or Properties for the purpose of further exploring for or removing Oil or Gas from Reservoirs on those properties; (iii) the construction, drilling and Production activities necessary to recover Oil and Gas from Reservoirs, and the acquisition, construction, installation and maintenance of Field gathering and storage systems, including lifting Oil and Gas to the surface and gathering, treating, Field processing and Field storage; and (iv) the extraction of Hydrocarbons from Oil sands, shale, coal or other non-conventional sources and activities similar to those referred to in clauses (i), (ii) and (iii) undertaken with a view to such extraction; but (b) do not include: (i) transporting, refining or marketing Oil or Gas; (ii) activities relating to the extraction of natural Resources other than Oil and Gas and their by-products; or (iii) the extraction of geothermal steam or of Hydrocarbons as a by-product of the extraction of geothermal steam or associated geothermal resources.

"**Petroleum**" means a naturally occurring mixture consisting predominantly of Hydrocarbons in the gaseous, liquid, or solid phase.

"**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.

"**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.

"**Production**" means recovering, gathering, treating, Field or plant processing (for example, processing gas to extract Natural Gas Liquids) and Field storage of oil and gas. The Oil production function is usually regarded as terminating at the outlet valve on the Lease or Field production storage tank. The Gas production function is usually regarded as terminating at the plant gate. In some circumstances, it may be more appropriate to regard the production function as terminating at the first point at which Oil, Gas or their by-products are delivered to a main pipeline, a common carrier, a refinery or a marine terminal.

"**Production Costs**" or "**Operating Costs**" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of Support Equipment and Facilities and other costs of operating and maintaining those wells and related equipment and facilities. Lifting costs become part of the cost of Oil and Gas produced. Examples of production costs are: (a) costs of labour to operate the wells and related equipment and facilities; (b) costs of repairs and maintenance; (c) costs of materials, supplies and fuel consumed, and supplies utilized, in operating the wells and related equipment and facilities; (d) costs of workovers; (e) Property taxes and insurance costs applicable to properties and wells and related equipment and facilities; and (f) taxes, other than income and capital taxes.

"**Production Group**" means one of the following together, in each case, with associated by-products: (a) light and medium Crude Oil (combined); (b) Heavy Oil; (c) Associated Gas and Non-Associated Gas (combined); and (d) Bitumen, Synthetic Oil or other products from non-conventional Oil and Gas activities.

"**Property**" includes: (a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract Oil or Gas subject to such terms as may be imposed by the conveyance of that interest; (b) royalty interests, Production payments payable in Oil or Gas, and other non-operating interests in Properties operated by others; and (c) an agreement with a foreign government or authority under which the Corporation participates in the operation of Properties or otherwise serves as "producer" of the underlying Reserves (in contrast to being an Independent purchaser, broker, dealer or importer). A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

"**Property Acquisition Costs**" means costs incurred to acquire a Property (directly by purchase or Lease, or indirectly by acquiring another corporate entity with an interest in the Property), including: (a) costs of Lease bonuses and options to purchase or Lease a Property; (b) the portion of the costs applicable to Hydrocarbons when land including rights to hydrocarbons is purchased in fee; (c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

"**Prospect**" means a geographic or stratigraphic area, in which the Corporation owns or intends to own one or more Oil and Gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one Reservoir or part of a Reservoir of Oil and Gas.

"**Prospective Resources**" means those quantities of Petroleum estimated, as of a given date, to be potentially recoverable from undiscovered Accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

"**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.

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed.

"**Reserves Data**" means estimates of proved reserves and probable reserves and related future net revenue estimated using forecast prices and costs.

"**Reservoir**" means a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system.

"**Resources**" is a general term that may refer to all or a portion of Total Resources.

"**Service Well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

"**Stratigraphic Test Well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon Production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) "exploratory type" if not drilled into a proved Property; or (b) "development type", if drilled into a proved Property. Development type stratigraphic wells are also referred to as "evaluation wells".

"**Support Equipment And Facilities**" means equipment and facilities used in Oil and Gas Activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

"**Synthetic Oil**" means a mixture of hydrocarbons derived by upgrading crude bitumen from oil sands or kerogen from oil shales or other substances such as coal.

"**Total Resources**" means that quantity of Petroleum that is estimated to exist originally in naturally occurring Accumulations. It includes that quantity of Petroleum that is estimated, as of a given date, to be contained in Known Accumulations, prior to Production, plus those estimated quantities in Accumulations yet to be discovered.

"**Undeveloped Reserves**" are those reserves expected to be recovered from Known 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. In multi-well pools it may be appropriate to allocate total pool Reserves between the Developed and Undeveloped categories or to subdivide the Developed Reserves for the pool between Developed Producing and Developed Non-Producing. This allocation is 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.

Levels of Certainty for Reported Reserves

The qualitative certainty levels contained in the definitions in Sections 1, 2 and 3 are applicable to individual reserves entities, which refers to the lowest level at which reserves estimates are made, and to reported reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are made.

Reported total reserves estimated by deterministic or probabilistic methods, whether comprised of a single reserves entity or an aggregate estimate for multiple entities should target the following levels of certainty under a specific set of economic conditions:

a. There is a 90% probability that at least the estimated proved reserves will be recovered.

b. There is a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered.

c. There is a 10% probability that at least the sum of the estimated proved reserves plus probable reserves plus possible reserves will be recovered.

A quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic estimate is conducted. The majority of reserves estimates will be performed using deterministic methods that do not provide a 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 COGE Handbook. Whether deterministic or probabilistic methods are used, evaluators are expressing their professional judgment as to what are reasonable estimates.

PART A. – Alberta

McDaniel and Associates Consultants Ltd. has reviewed Marksmen's properties in the Pembina area, specifically, Alder Flats, Alberta. Marksmen has an interest in seven well bores in this area. The last production from any of the wells was in January 2010. There are no reserve values associated with these properties.

As of December 31, 2015 all but one of the well locations have been abandoned. The remaining well bore is suspended and has not produced in over 10 years.

A list of the well bores and current status is as follows:

Location	Type	Status
01-16-045-07W5	CBM	Abandoned, needs surface reclamation.
08-16-045-07W5	CBM	Abandoned 2015, needs surface reclamation
12-10-045-07W5	Oil and Gas	Abandoned 2015, needs surface reclamation
2/12-10-045-07W5	Gas	Abandoned 2015, needs surface reclamation
10-11-045-07W5	Oil and Gas	Abandoned 2014, needs surface reclamation
16-10-045-07W5	Oil and Gas	Abandoned 2015, needs surface reclamation
I6-11-045-07W5	Oil	Suspended, inactive for many years

Canadian Reserves – all wellbores in Marksmen Energy Inc. are abandoned or suspended and have no reserve value as of December 31, 2015.

Abandonment and Reclamation Costs – Marksmen Energy Inc. has estimated the net remaining abandonment costs as per the AER Directive 11 guidelines to be approximately $225,350.

Tax Horizon – Marksmen Energy Inc. is not required to pay taxes for the period December 31, 2015 and based on future forecasts is not taxable in the foreseeable future.

Costs Incurred - Marksmen Energy Inc. incurred costs in 2015 to abandon wells of approximately $85,000 CDN and approximately $8,300 CDN in operating costs.

Exploration and Development – Marksmen Energy Inc. did not participate in the drilling or completion of any wells in Canada during the year ended December 31, 2015.

Production and Production History– Marksmen Energy Inc. does not have any production to report in 2015 or any of the last five years.

PART B. OHIO, USA

Disclosure of Reserve Data

In accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities, McDaniel and Associates Consultants Ltd. ("McDaniel") prepared a report "Evaluation of Crude Oil Reserves" of Marksmen Energy USA, Inc. as of December 31, 2015. (the "McDaniel Report") dated April 11, 2016. The tables below are summaries as at December 31, 2015 of Marksmen Energy USA, Inc.'s crude oil reserves and the present worth of future net cash flows associated with such reserves as evaluated in the McDaniel Report based on forecast price assumptions. The tables summarize the data contained in the McDaniel Report and as a result may contain slightly different numbers than the McDaniel Report due to rounding. All future cash flows are stated prior to provision for income taxes and indirect costs and after deduction of royalties, estimated future capital expenditures and well abandonment costs. It should not be assumed that the present worth of estimated future cash flows shown below is representative of the fair market value of the reserves. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of Marksmen Energy USA, Inc.'s crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

Currency

Marksmen Energy USA, Inc. is an Ohio based USA corporation and is a wholly owned subsidiary of Marksmen Energy Inc. The financial records of Marksmen Energy USA are recorded in $USD and are consolidated in the quarterly and year-end financial statements of Marksmen Energy Inc. in $CAD. The Evaluation of Crude Oil Reserves for Marksmen Energy USA, Inc. prepared by McDaniel and Associates Consultants Ltd. is in $USD. All information in Part B – Ohio, USA of this NI51-101F1 is presented in $USD unless otherwise indicated.

Total Reserves of Company and Net Present Value before and after Tax in $USD

	Gross Reserves (Mbbl)	Net Reserves (Mbbl)	NPV Before and after Income Tax (M$USD) 0.0%	5.0%	10.0%	15.0%	20.0%
Proved Developed Producing Reserves							
Light and Medium Oil	23.8	20.8	816.0	723.0	646.4	582.9	530.0
Proved Non-Producing							
Light and Medium Oil	-	-	-	-	-	-	-
Total Proved Reserves	**23.8**	**20.8**	**816.0**	**723.0**	**646.4**	**582.9**	**530.0**
Probable Developed Producing Reserves							
Light and Medium Oil	5.6	4.9	277.0	212.4	165.9	131.9	106.6
Probable Non-Producing Reserves							
Light and Medium Oil	6.9	6.0	160.8	145.1	131.2	119.0	108.2
Probable Undeveloped Reserves							
Light and Medium Oil	37.7	33.0	1,259.5	909.2	665.3	491.2	364.4
Total Probable Reserves	**50.2**	**43.9**	**1,697.3**	**1,266.7**	**962.4**	**742.1**	**579.2**
Total Proved and Probable Reserves	**74.0**	**64.7**	**2,513.3**	**1,989.7**	**1,608.8**	**1,325.0**	**1,109.2**

Note: Net Present Value (NPV) before tax and after tax are the same in 2015

Net Present Value of Future Net Revenue in $USD

	Before Income Taxes Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value
	0.0%	5.0%	10.0%	15.0%	20.0%	0.0%	5.0%	10.0%	15.0%	20.0%	10.0%
Reserves Classification	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	(MM$)	$/BOE
Proved Developed Producing	0.8	0.7	0.6	0.6	0.5	0.8	0.7	0.6	0.6	0.5	31.2
Proved Non-Producing	-	-	-	-	-	-	-	-	-	-	-
Total Proved	**0.8**	**0.7**	**0.6**	**0.6**	**0.5**	**0.8**	**0.7**	**0.6**	**0.6**	**0.5**	**31.2**
Total Probable	1.7	1.3	1.0	0.7	0.6	1.7	1.3	1.0	0.7	0.6	21.9
Total Proved & Probable	**2.5**	**2.0**	**1.6**	**1.3**	**1.1**	**2.5**	**2.0**	**1.6**	**1.3**	**1.1**	**24.9**

Note: Net Present Value (NPV) before tax and after tax are the same in 2015

Future Net Revenue and costs (Undiscounted) in $USD

Reserves	Sales Revenue M$	Royalties M$	Operating Costs M$	Total Development Costs M$	Well Abandonment Costs M$	Future Net Revenue Before Tax M$	Income Taxes M$	Future Net Revenue After Tax M$
Total Proved	1,386	1,746	350	-	45	816	-	816
Total Proved & Probable	4,785	605	962	619	86	2,513	-	2,513

Net Present Value of Future Net Revenue in $USD

	Reserves		NPV of Future Net Revenue Before and after Income Taxes			Unit Values
	Oil Gross	Net	0.0%	10.0%	15.0%	
Reserve Group by Category	Mbbl	Mbbl	M$	M$	M$	$/bbl
Light and Medium Oil						
Proved Developed Producing	23.8	20.8	816.0	646.4	582.9	58.20
Total Probable	50.2	43.9	1,697.2	962.4	742.1	67.75
Total Proved & Probable	**74.0**	**64.7**	**2,513.2**	**1,608.8**	**1,325.0**	**64.67**

Note: Net Present Value (NPV) before tax and after tax are the same in 2015

Pricing Assumptions - Forecast Prices and Costs

McDaniel used the following pricing, inflation and exchange rate assumptions as of December 31, 2015 in estimating Marksmen Energy USA Inc.'s reserves data using forecast prices and costs. All production in Ohio is crude oil only and is based on West Texas Intermediate prices ("WTI").

Year	WTI Oil Cushing OK. $US/bbl	Inflation %	US/CAN Exchange Rate $US/$CAN
History			
2009	61.80		0.880
2010	79.50		0.971
2011	95.10		1.012
2012	94.20		1.000
2013	97.95		0.971
2014	93.00		0.905
2015	48.85		0.780
Forecast			
2016	45.00	0.0	0.730
2017	53.60	2.0	0.750
2018	62.40	2.0	0.800
2019	69.00	2.0	0.800
2020	73.10	2.0	0.825
2021	77.30	2.0	0.825
2022	81.60	2.0	0.825
2023	86.20	2.0	0.825
2024	87.90	2.0	0.825
2025	89.60	2.0	0.825
Thereafter	+2%/yr	2.0	0.825

Reconciliations of Changes in Reserves

Marksmen's proven reserves increased by 8.7 Mbbl in 2015 as outlined in the chart below.

	Gross Reserves				
	Proved Producing	Proved Non-producing	Total Proved	Probable	Combined
Light and Medium Oil Reserves	**Mbbl**	**Mbbl**	**Mbbl**	**Mbbl**	**Mbbl**
Balances at December 31, 2014	**13.6**	5.4	**19.0**	46.3	**65.3**
Discoveries	7.4	-	**7.4**	-	**7.4**
Extensions	8.6	-	**8.6**	-	**8.6**
Technical Revisions	**(5.8)**	(5.4)	**(11.2)**	3.9	**(7.3)**
Balances at December 31, 2015	**23.8**	**-**	**23.8**	**50.2**	**74.0**

Undeveloped Reserves

The following discussion generally describes the basis on which Marksmen Energy USA, Inc. attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in for production or wells drilled near the end of the fiscal year. In addition, such reserves may relate to planned infill-drilling locations.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production.

Future Development /Capital Costs $USD

The table below sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves (using forecast prices and costs) and proved plus probable reserves (using forecast prices and costs).

Capital Cost Forecast	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
(M$USD)																
Total Proved																
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undiscounted @ 10.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Proved & Probable																
Undiscounted	252	367	-	-	-	-	-	-	-	-	-	-	-	-	-	619
Undiscounted @ 10.0%	242	317	-	-	-	-	-	-	-	-	-	-	-	-	-	559

Marksmen Energy Inc. estimates that it could fund the future development costs through equity via private placements or prospectus, debt financing and cash-flow.

Abandonment and Reclamation Costs $USD

Marksmen Energy USA, Inc. Estimates well abandonment costs on an area-by-area basis. Where reserves are associated with these wells these costs are included in the McDaniel Report as a deduction in arriving at future net revenue. The estimated total abandonment costs included in the McDaniel Report for the properties included under the proved plus probable category is $ 86,000 undiscounted and $32,000 discounted at 10%.

Abandonment Cost Forecast	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
(M$USD)																
Total Proved																
Undiscounted	-	-	-	-	-	-	11	-	9	16	9	-	-	-	-	45
Undiscounted @ 10.0%	-	-	-	-	-	-	6	-	4	6	3	-	-			19
Total Proved & Probable																
Undiscounted	-	-	-	-	-	-	11	11	-	-	19	17	9	19		86
Undiscounted @ 10.0%	-	-	-	-	-	-	6	6	-	-	7	6	3	4		32

Oil and Gas Properties

A summary description of Marksmen Energy USA, Inc.'s producing or capable of producing properties is set out below. References to gross volumes refer to total production and references to net volumes refer to Marksmen Energy USA, Inc.'s working interest share. These properties are all located in Ohio, USA.

		Gross	Net					
	Company	Oil	Oil	NPV Before and after Tax (M$)				
Area and Property	Interest %	Mbbl	Mbbl	0%	5%	10%	15%	20%
Ohio, USA								
Pickaway County								
BJ-78 #6 (water inject)	100.0	-	-	(9.1)	(5.4)	(3.2)	(2.0)	(1.2)
BJ-78 #8	100.0	4.2	3.6	104.0	95.3	87.6	80.8	74.8
BJ-78 #10	100.0	6.9	6.0	160.8	145.1	131.2	119.0	108.2
BJ-78 #11	100.0	10.3	9.0	385.5	329.3	285.8	251.5	224.2
Davis-Hollbrook #1	75.0	12.0	10.5	347.0	252.7	185.0	135.4	98.3
Delong Davis #1	45.0	7.4	6.5	319.9	269.9	231.8	202.3	179.0
Richardson Farms #5	75.0	13.7	12.0	513.2	372.0	274.6	205.7	155.8
Strittmatter #1	75.0	7.5	6.6	293.7	246.3	210.4	182.1	159.8
Strittmatter #2	75.0	12.0	10.5	398.3	284.5	205.6	150.2	110.3
		74.0	**64.7**	**2,513.3**	**1,989.7**	**1,608.8**	**1,325.0**	**1,109.2**

Drilling Activity

The Company drilled one well in Pickaway County, Ohio during the year ended December 31, 2015 with a net interest of 45%. The water injection well and facility was completed in 2015.

	Development Wells	
Wells Drilled in 2015	**Gross**	**Net**
Oil Wells	1	0.45
Abandoned	0	0.00
	1	**0.45**
Well Status at Dec. 31, 2015		
Producing Wells	4	3.20
Shut in Wells Assigned Reserves	1	1.00
Wells with no reserves assigned	2	0.00
Water Injection well	1	1.00
	8	**5.20**
Undeveloped Locations Assigned Reserves	3	2.25

Forward Contracts

Not Applicable.

Tax Horizon

Marksmen Energy USA Inc. is not required to pay income taxes for the period ended December 31, 2015. Based on current forecasts, it is estimated that Marksmen Energy USA, Inc. will not be taxable in the near term.

Production and Operating History in $USD

The annual results for Marksmen Energy, USA Inc. are presented in the chart below. The net back is calculated by dividing the total of revenue less royalties and operating costs by the barrels of oil produced in the period.

	Year Ended	Year Ended	Year Ended
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Quarter	**$USD**	$USD	$USD
Production - Oil Bbls	**5,995**	5,277.0	-
Crude Oil Price / Bbl	**$ 46.13**	$ 87.43	$ -
Revenue	**$ 276,569**	$ 461,416	$ -
Royalties	**$ -35,808**	$ -58,787	$ -
Operating Costs	**$ -99,348**	$ -78,458	$ -
	$ 141,413	$ 324,171	$ -
Net Back Per Bbl of Oil	**$ 23.59**	$ 61.43	$ -