MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is intended to explain management's point of view of Aroway Energy Inc. ("Aroway" or the "Company") past performance and future outlook. This MD&A should be read in conjunction with the Company's unaudited consolidated interim financial statements for the three and six months ended December 31, 2014 and the audited annual financial statements and MD&A for the years ended June 30, 2014 and 2013.

Additional information on the Company is available on SEDAR at www.sedar.com under the Company's profile. All information contained in this MD&A is current as of March 2, 2015 unless otherwise stated.

The financial data included in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are effective as at December 31, 2014.

Management of the Company ("Management") is responsible for the integrity of the information contained in this MD&A and for consistency between the MD&A and the consolidated financial statements. In preparing these statements estimates are necessary and Management believes any estimates have been based on careful judgments and are properly presented. In this MD&A, unless otherwise indicated, all monetary amounts are in Canadian dollars. Aroway's Board of Directors ("Board") and Audit Committee have reviewed and approved the unaudited consolidated financial statements and MD&A for the three and six months ended December 31, 2014.

BUSINESS DESCRIPTION AND READER GUIDANCE

Aroway is a Canadian oil and gas company incorporated on March 27, 1980. The principal business activities of the Company are the exploration, development and production of oil and gas properties and it is considered to be in the exploration stage.

The Company's financial statements were prepared in accordance with IFRS that are applicable to a going concern, which contemplate the realization of assets and the settlement of liabilities and commitments in the normal course of business. At December 31, 2014, the Company had accumulated losses of $37,022,487 since inception (June 30, 2014 - $36,851,401) and a working capital deficiency of $9,189,696 (June 30, 2014 - $9,247,334).

The Company's ability to continue as a going concern is dependent upon the ability to generate profitable operations and/or raise the necessary debt or equity financing to meet obligations and repay liabilities as they come due. The Company plans to explore all alternatives possible for securing its financial viability including joint ventures, debt and equity financings, merger opportunities and asset dispositions. There are no assurances that the Company will be successful with these initiatives and there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Barrel of oil equivalent ("BOE") is a measure used throughout the MD&A which may be misleading, particularly if used in isolation. BOE amounts have been calculated using an energy equivalency conversion ratio of six thousand cubic feet ("mcf") of natural gas to one barrel of oil. This conversion method is primarily applicable at the burner tip and does not represent value equivalency at the wellhead.

References to production are to Aroway's working interest share of production before deducting royalties and including any royalty interest income.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the oil and gas industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

OVERVIEW

Aroway is focused on the production, exploration and development of oil and gas properties in Alberta and Saskatchewan. The Company's head office is in Calgary, Alberta, Canada and its shares trade on the TSX Venture Exchange ("TSXV") under the symbol "ARW".

Highlights for the second quarter ended December 31, 2014 include the following:

- The Company had average total production of 249 barrels ("bbls") per day of oil in the second quarter versus an average 301 bbls per day in the first quarter.
- The Company recognized revenue, net of royalties, of $1,187,622 in the second quarter ended December 31, 2014 versus $1,369,688 in the first quarter ended September 30, 2014.
- The Company incurred capital expenditures of $102,645 in the three ended December 31, 2014 on its exploration and evaluation assets and property and equipment combined versus $579,167 in the first quarter ended September 30, 2014.

OPERATIONS UPDATE

Aroway's main areas of activity are in Kirkpatrick Lake and West Hazel areas in Alberta and Saskatchewan respectively.

West Hazel

The Company acquired the West Hazel heavy oil assets (6 wells, 200 acres of land) on November 27, 2012 and has 100% working interest in the property. The property is approximately 80 kilometers east of Lloydminster, Saskatchewan in Township 50 and Range 22 - W3M. The Company drilled two wells in 2014, one oil well and one water disposal well. The Company also built a central oil battery, water disposal facility and gathering line to tie in the producing wells, reduce operating costs and extend reserves. Currently four oil wells are on production from two separate Mannville zones.

The Company has identified at least 3 development locations with the majority of the locations containing three potential productive Mannville zones per well.

Kirkpatrick Lake

The Company acquired 100% working interest in the Kirkpatrick Lake assets on September 27, 2012 which consisted of 1.25 sections of land and at least two seismically defined drilling locations. The property is located approximately 6 kilometers southwest of Veteran, Alberta in Township 34 and Range 09 - W4M and is 100% owned and operated by the Company. In December 2012, the Company drilled two exploration wells on the property. One well was completed and is producing 32 degree API oil in a new Ellerslie pool which is trucked to market. The second well was completed in December 2013 and was determined to be a dry hole. The Company drilled a follow up Ellerslie well to its producing well in December 2013 and completed the well in January 2014. The well is currently on production and trucked to market. The Company is planning to drill an additional oil well and a water injection well targeting the same Ellerslie pool. A holding application has been submitted and approved by the Alberta Energy Regulator ("AER") to allow the Company to drill the additional well within the existing spacing unit. The existing wells are currently restricted by the AER to 40 m3/day (245 bbls/day) of production until additional data is collected from the discovery pool. The Company intends to submit a Good Producing Practice application once the results of the new wells are determined. This application, if approved will lift the production restrictions imposed by the AER.

OVERALL PERFORMANCE

Performance Highlights

	Three months ended December 31		Six months ended December 31	
	2014	2013[(1)]	**2014**	2013[(1)]
Gross petroleum and natural gas sales	$ 1,645,712	$ 2,803,048	$ 3,957,922	$ 5,643,001
Net (loss) income from continuing operations	(48,434)	191,064	(171,084)	557,814
Net (loss) income per share – basic and diluted	0.00	0.00	0.00	0.01
BOE	22,866	42,772	50,557	73,588
Average realized price				
Oil and natural gas liquids *(per bbl)*	71.97	65.53	78.29	76.68
Cash flow from operations	663,238	2,893,522	1,722,244	1,997,664
Total assets	8,325,566	10,535,067	8,325,566	10,535,067
Total liabilities	10,573,855	7,957,638	10,573,855	7,957,638
Capital expenditures	102,645	1,417,025	681,812	1,676,111

(1) The three and six months ended December 31, 2013 have been restated for comparative purposes to exclude results from the Worsley area which was sold in May 2014.

During the first six months of fiscal 2015, Aroway strengthened its financial position by reducing its debt position through repayments on both the term loan and finance lease obligation. During the second quarter, the Company realized lower commodity prices and experienced decreased production resulting from the need to work over wells at the West Hazel property. As a result, revenue for the three month period ended December 31, 2014 decreased to $1,645,712 versus $2,803,048 from the comparative period in 2013 and from the three months ended September 30, 2014 of $2,312,210. During the second quarter ended December 31, 2014, capital expenditures decreased to $102,645 in comparison to $1,417,025 in the comparative period in which a seismic program had been completed. The net loss in the period is the result of the lower realized commodity prices, and along with decreased production resulting from the need to work over wells at the West Hazel property.

RESULTS OF OPERATIONS

Revenue

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
Gross petroleum and natural gas sales	$ 1,645,712	$ 2,803,048	$ 3,957,922	$ 5,643,001

During the three and six months ended December 31, 2014, revenue decreased to $1,645,712 and $3,957,922 versus $2,803,048 and $5,643,001 in the comparable periods in 2014. The decrease in revenue is attributed to decreased production resulting from the need to work over wells at the West Hazel property. The Company realized an average price of $71.97 and $78.29 per BOE in the three and six months ended December 31, 2014 versus $65.53 and $76.68 per BOE in the comparative periods in 2013. Currently, the Company does not hedge against market price risk. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Production

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
Production – BOE				
Oil	22,866	42,772	50,557	73,588
BOE per day	249	465	275	400

The Company's overall production for the three and six months ended December 31, 2014 decreased when compared to the same periods in 2013. The decrease is due the requirement to work over the wells at the West Hazel property, combined with natural declines at Kirkpatrick Lake. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Royalties

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
Royalties	$ 458,090	$ 644,184	$ 1,400,612	$ 1,397,655
Royalties - %	28%	23%	35%	25%

Royalty expense for the three and six months of fiscal 2015 was $458,090 and $1,400,612 versus $644,184 and $1,397,655 in the comparative periods in 2014. The increase in the royalty rate is the result of the Worsley disposition removing a number of marginal production wells paying a marginal royalty rate and royalty adjustments from prior periods. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Operating and transportation costs

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
Operating and transportation costs	$ 435,902	$ 764,792	$ 1,027,801	$ 1,538,022
Per BOE	19.06	17.88	20.33	20.90

Operating and transportation costs for the three and six months ended December 31, 2014 were $435,902 and $1,027,801 versus $764,792 and $1,538,022 in the comparative periods in 2014. The decrease is the result of the West Hazel disposal facility reducing the amount of emulsion and water hauling, thereby reducing trucking costs.

General and Administrative

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
	$	$	$	$
Salaries, management fees and director fees	55,693	72,678	110,062	136,445
Consulting fees	94,805	131,317	206,160	276,244
Professional fees	25,769	(8,250)	50,107	19,653
Office and related costs	38,299	34,845	71,046	87,837
Subscriptions and insurance	40,540	31,049	61,242	77,485
Public company reporting	21,156	36,371	26,671	38,398
Other	14,900	26,125	14,194	50,929
	291,162	324,135	539,482	686,991

For the three months ended December 31, 2014 and 2013, the most significant changes in general and administrative are as follows:

- Consulting - Minimal fees for geological consulting were recorded in 2014;
- Professional fees - Credit in 2013 relates to a settlement from prior years;
- Public company - Decreased fees for transfer agent were incurred
- Other - Decreased fees for company promotion were incurred

For the six months ended December 31, 2014 and 2013, the most significant changes in general and administrative are as follows:

- Salaries, management and directors fees – No directors fees were recorded in 2014;
- Consulting - Minimal fees for geological and land consulting were recorded in 2014;
- Professional – 2014 includes accruals for anticipated fees for audit and reserve report. 2013 includes credit in 2013 for settlement from prior years.
- Office – 2013 included fees for computer network services.
- Other – Decreased fees for company promotion were incurred

Share based payments

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
	$ –	$ –	$ –	$ 18,641

All outstanding options are fully vested and no new options have been issued.

Depletion and Depreciation

	Three months ended December 31		Six months ended December 31	
	2014	2013	**2014**	2013
Depletion and depreciation	$ 411,344	$ 847,292	$ 902,899	$ 1,364,982
Per BOE	17.99	31.91	17.86	25.58

Depletion and depreciation expense for the three and six months ended December 31, 2014 were $411,344 and $902,899 versus $847,292 and $1,364,982 in the comparative periods in 2013. The decrease in depletion is attributed to the increase in West Hazel reserves due to the installation of the disposal facility and its economic effect of extending the life of the reserves by decreasing the operational costs associated with producing such reserves. The 2013 comparable numbers have been adjusted to reflect the disposition of the Worsley property.

Net finance expense

Net finance expense for the three and six months ended December 31, 2014 was $97,648 and $258,212 versus $31,581 and $78,896 in the comparative periods in 2013. The term loan, lease obligation and short term debt were advanced in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Aroway utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company and finance development projects. The Company plans for the funding of major capital programs from debt and equity resources.

The following table shows how the activities of the Company were financed in the six months ended December 31:

	2014	**2013**
Cash on hand, beginning of period	$ 240,973	$ 715,678
Cash flow from operations:		
Funds from operations	786,925	1,997,664
Changes in working capital	935,317	1,425,329
Cash flow used in financing activities	(1,286,401)	(2,100,000)
Available for investments	676,814	2,038,671
Cash flow used in investing activities	(661,810)	(1,676,111)
Cash on hand, end of period	$ 15,004	$ 362,560

The decrease in funds from operations is a result of the decrease in revenue from lower average commodity prices and the decreased production in West Hazel as a result of needing to perform workovers on the wells.

The following table details the capital of the Company:

	December 31, 2014	June 30, 2014
Cash	$ (15,004)	$ (240,973)
Term loan	540,580	1,141,028
Short-term debt	852,731	805,599
Finance lease obligation	539,346	1,224,954
Shareholders' equity	(2,248,291)	(2,077,205)
Net capital	$ (330,638)	$ 853,403

The term loan matures in March 2015. If new financing isn't obtained by the maturity date, the Company will need to renegotiate the terms of this loan.

During the balance of fiscal 2015, the Company intends to further consider the timing and approach for the next phase of capital expenditures and potential acquisitions. The ability of the Company to recover the amounts shown for the exploration and evaluation assets will be dependent upon the existence of economically recoverable reserves and upon the Company's ability to obtain applicable permits and additional financing to continue the development of the Company's properties and generate funds therefrom and to meet current and future obligations. Financial markets, economic conditions, and volatility in the debt and equity markets could likely continue to make it challenging to obtain cost effective funding.

Working Capital

Working capital deficiency decreased from $9,247,334 as of June 30, 2014 to $9,189,696 at December 31, 2014. The decrease was a result of the cash flow from operations being sufficient to pay for capital expenditures and some debt reduction.

Contractual Obligations

The Company has a commitment to make monthly principal and interest payments on short term debt, term loan and a finance lease.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2014			
	Dec 31	Sept 30	Jun 30	Mar 31
Revenue [1]	$ 1,645,712	$ 2,312,210	$ 2,052,750	$ 1,489,526
Net (loss) income	$ (48,434)	$ (122,650)	$ (3,577,125)	$ (1,120,923)
Net (loss) income per share				
Basic and diluted	$ (0.00)	$ 0.01	$ (0.07)	$ (0.02)
Total assets	$ 8,325,566	$ 8,977,077	$ 8,905,108	$ 11,064,746

	2013			
	Dec 31	Sept 30	Jun 30	Mar 31
Revenue [1]	$ 2,803,048	$ 2,839,953	$ 2,383,965	$ 2,030,500
Net income (loss)	221,740	$ 319,490	$ (6,061,180)	$ (1,167,382)
Net income (loss) per share				
Basic and diluted	$ 0.00	$ 0.01	$ (0.10)	$ (0.02)
Total assets	$ 10,535,067	$ 9,663,149	$ 10,336,072	$ 17,026,082

(1) Revenue excludes Worsley for the quarters in fiscal 2013.

(2) Net income (loss) includes continuing and discontinued operations for the quarters in 2013.

In the three months ended December 31, 2014, gross revenue decreased due to both the decline in commodity prices and reduced production in both the West Hazel and Kirkpatrick Lake areas. In the three months ended September 30, 2014, revenue was greater from both higher commodity prices and production volumes. Net loss increased in the three months ended June 30, 2014 as a result of increased operating expenses, general and administrative expense and depletion.

In the three months ended March 31, 2014, net loss increased resulting from the temporary shut-in of the West Hazel property occurred as the facility was constructed. As a result production decreased, in that short period.

In the first and second quarters of fiscal 2014, revenue and net income has increased resulting from the increase in average realized prices along with an increase in production from the Kirkpatrick Lake well.

In the fourth quarter of fiscal 2013, revenue and net loss had increased resulting from the increase in average realized prices in the period along with the impairment taken on the Worsley property. In the third quarter of fiscal 2013, revenue has increased resulting from the acquisition of the West Hazel property and the Kirkpatrick Lake well commencing commercial operations offset by the lower average realized price. Net loss has increased from the second quarter of fiscal 2013 due to the increased operating costs resulting from the decreased production at the Worsley property, the increase in depletion as a result of the increase in production, and the increase in consulting fees resulting in the additional individuals required as a result of the Company becoming an operator.

In the second quarter of fiscal 2013, revenue increased resulting from the acquisition of the West Hazel properties offset by the lower average realized price. Net loss has increased from the first quarter of fiscal 2013 due to the increased operating costs resulting from the decreased production at the Worsley property and the increase in depletion as a result of the increase in production.

In the first quarter of fiscal 2013, revenue decreased resulting from the decrease in production and the lower realized commodity price.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Aroway does not have such off-balance sheet arrangements.

BUSINESS RISKS

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligation and liabilities as they fall due;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations and lender uncertainty;
- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

CHANGES IN ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions, based on its experience, concerning the future in applying accounting policies and practices involving the use of estimates that are critical in determining the financial results of the Company.

NEW AND PENDING ACCOUNTING STANDARDS

The Company adopted the following new accounting policy:

IFRIC 21 *Levies* was released in May 2013 to provide guidance on the accounting for levies. IFRIC 21 indicates that entities are required to recognize a liability for a levy when the activity that triggers the payment of the levy, as defined by the legislation, occurs. The liability would be recognized progressively if the obligating event occurs over a period of time once the minimum threshold to trigger the level is reached. This guidance was effective for annual periods beginning on or after January 1, 2014.

There was no impact on the consolidated financial statements of the Company as a result of adopting this new accounting standard.

Adoption of new and revised standards and interpretations

IFRS 9 *Financial Instruments* was originally issued in November 2009 then amended in October 2010 and in 2013. IFRS 9 is being released in three phases: 1) Accounting for financial assets and liabilities; 2) Impairment of financial assets; and 3) Hedge accounting. The first phase was released in November 2009 reducing the number of categories and measurement options for financial assets. Entities are required to select the measurement method based on both the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Requirements for financial liabilities were released in October 2010. The amendments in 2013 include the temporary removal of the mandatory effective date for years beginning January 1, 2015 and the release of the third phase on hedge accounting. The effective date has been updated to annual periods beginning January 1, 2018. Hedge accounting remains optional. The new guidance is intended to improve the disclosure on risk management and provide more options of when to apply hedge accounting.

IFRS 11 *Joint Arrangements* was amended in May 2014 to include guidance on how to account for an acquisition of a joint interest that is constitutes a business under IFRS 3 *Business combinations*. This amendment is effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

IFRS 15 *Revenue,* which was issued in May 2014, replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and other revenue related interpretations. This standard requires revenue recognition upon the transfer of goods or services when control is transferred to the purchaser and additional disclosure. This standard is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

The Company has not yet determined whether these standards will have any impact on their financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended December 31, 2014, the Company recognized $101,877 and $169,377 for accounting, legal and management services in general and administrative expense (December 30, 2013 - $45,000 and $90,000) to directors, officers, former officers or companies controlled by directors or officers.

As at December 31, 2014, amounts due to related parties of $406,326 (June 30, 2014 - $324,178) are included in accounts payable and accrued liabilities. The amounts are non-interest bearing, unsecured and have no fixed terms of repayment.

These transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data:

Total common shares December 31, 2014	61,769,160
Total outstanding stock options	4,182,000

OUTLOOK

The Company continues to reduce its working capital deficiency and provide additional funds by pursuing longer term financing options. The Company has many drilling opportunities on its existing land base which would provide increased reserves and production. In addition, as a follow up on the seismic program that was completed on the Kerrobert area, the Company will drill a test well in order to maintain and extend the leases on these optioned lands. The Company also plans to pursue and acquire new conventional oil producing properties that will add production and reserves while maintain low operating costs.