Form 51-101 F1

Tearlach Resources Limited

Statement of Reserves Data

And Other Oil and Gas Information

As of September 30, 2007

Table of Contents

Glossary of Terms

Reserves	Estimated reserves of natural gas, natural gas liquids and crude oil.
Working interest	Those lands in which the Company receives its acreage share of net production revenues.
Gross reserves	Estimated reserves before royalties based on working interest.
Net reserves	Estimated reserves after royalties based on working interest.
Future net revenue	Working interest revenues after royalties, development costs, production costs and well abandonment costs, but before administrative, overhead and other such indirect costs. Future net revenue may be presented either before or after tax.
Proved reserve	Reserve 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.
Probable reserves	Reserve that is less certain than proved reserve at being recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserve.
Developed reserve	Reserve that is 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.
Possible reserve	"Those additional reserves that are less certain to be recovered"
Producing reserve	Reserve that is expected to be recovered from completion intervals open at the time of estimate. The category of reserve 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 reasonably certainty.
Non-prod. reserve	Reserve that either has not been on production, or has previously been on production, but is shut-in, and the date of resumption of production is unknown.
Stb/stock tank barrel	A 42-US gallon barrel of crude oil at standard conditions of 1 atmosphere and 60 ^{o}F.
M	Thousand (1,000).
Mbbl	1,000 barrels of oil and/or natural gas liquids.
MMBtu	A unit of heat energy equal to one million British thermal units.
Mcf	1,000 cubic feet of natural gas.
Bcf	One billion (1,000,000,000) cubic feet of natural gas
bbl or barrel	A 42-US gallon barrel of crude oil or natural gas liquids.
Undeveloped reserve	Reserve that is expected to be recovered from known accumulation where a significant expenditure is required to render them capable of production (e.g. in comparison to the costs of drilling a well). Such reserve must fully meet the requirements of the reserve classification to which they are assigned (proved or probable).

Form 51-101 F1

Statement of Reserves Data and Other Oil and Gas Information for Tearlach Resources Limited

Part 1 DATE OF STATEMENT

Date of Statement:	January 25, 2008
Effective Date:	September 30, 2007
Preparation Date:	January 24, 2008

As of September 30, 2007, Tearlach Resources Limited (the "Reporting Issuer") has no proved and no probable oil and gas reserve due to uneconomic return on the heavy oil test recovery operation of the oil property in Kern Front Field, Kern County, California, U. S. A. Thus, the recoverable oil in the property is considered potential until an economic recovery method (such as thermal recovery being currently used in the surrounding properties) is employed (see Section 5.2)).

PART 2 DISCLOSURE OF RESERVES DATA

Item 2.1 Reserves Data (Constant Prices and Costs)

The reporting issuer has no proved reserves attributed to the property as per definitions in the NI 51-101 policy.

Item 2.2 Reserves Data (Forecast Prices and Costs)

The reporting issuer has no proved + probable reserves attributed to the property as per definitions in the NI 51-101 policy.

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Price Used in Estimates

The reporting issuer has no proved reserves attributed to the property as per definitions in the NI 51-101 policy and as a result there is no constant price assumption.

Item 3.2 Forecast Prices Used in Estimates

The reporting issuer has no proved + probable reserves attributed to the property as per definitions in the NI 51-101 policy and as a result there is no forecast price assumption.

PART 4 RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

Not applicable.

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVE DATA

Item 5.1 Undeveloped Reserves

Not applicable

Item 5.2 Significant Factors or Uncertainties

The current operation, run as a combination of rehabilitation of existing well facilities and plumbing coupled with a non-thermal water flood test program has, to date, proven to not be economical. The leases surrounding the current operation have been and continue to be commercial producers using thermal (steam injection) recovery. It is the intent of the operator together with the Company to investigate the technical and economical viability to convert a small portion of the field area to a pilot steam flood project. In order to test this project, a reservoir study is required. The reservoir study will identify the optimum area of the field to perform the pilot steam flood. If the pilot steam flood project is successful, the rest of the field will be implemented with this steam flood scheme. At this time, the operator is reviewing all the historical and geological data of all the wells on the leases so that a qualified reservoir engineer can commence the reservoir study. In the event the pilot steam flood proves recovery of the heavy oil to be economic, the recovered oil will be re-categorized to prove plus probable reserves in accordance with the definitions of reserves as defined in the Canadian Oil and Gas Evaluation (COGE) Handbook.

Item 5.3 Future Development Costs (in $U.S.)

Not applicable.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

Item 6.1.1(a) The Company's property is comprised of 759 acres in the northern portion of the Kern Front Field located in Kern County in the State of California, U.S.A. It has 60% working interest.

Item 6.1.1(b) The property is located onshore.

Item 6.1.1(c) As of September 30, 2007, no proved + probable reserve has been attributed to the leases in Kern Front Field as per definitions in the NI 51-101 policy. The testing operation is currently uneconomical.

Item 6.1.2 The reporting issuer has 8 producing and 134 non-producing oil wells.

Item 6.2 Properties with No Attributed Reserves

Not applicable.

Item 6.3 Forward Contacts

Item 6.3.1 Not Applicable.

Item 6.3.2 Not Applicable.

Item 6.3.3 Not Applicable.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

The abandonment costs are estimated net of salvage values for the oil wells. The abandonment and reclamation costs for the 142 wells are $5,000 per well for a total of $710,000. The Company's 60% working interest share is $426,000. Since the current operation is uneconomical, the abandonment costs would become liable immediately. However, if economic recovery is proven for steam flood, abandonment liability is deferred for the life of the producing wells.

Item 6.5 Tax Horizon

Since the current operation is uneconomic, the tax horizon does not apply.

Item 6.6 Costs Incurred

Not applicable.

Item 6.7 Exploration and Development Activities

Item 6.7.1 The reporting issuer has no exploratory or development wells drilled in the most recent fiscal year.

Item 6.7.2 N/A

Item 6.8 Production Estimates – U.S.A.

Not applicable.

Item 6.9 Production History – U.S.A

Quarter ended	Average daily production volume (Barrels/day)	Sales Price	Royalty	Production Costs	Netback
			$ Per Barrel		
December 31, 2006	4.90	50.04	8.16	--	41.88
March 31, 2007	4.84	48.27	7.87	241.03	(200.63)
June 30, 2007	4.66	54.14	8.82	164.15	(118.83)
September 30, 2007	3.57	67.80	11.05	150.79	(94.05)
Weighted Average		54.19	8.83	136.76	(91.40)

The Operator has advised that a temporary lack of capital for repair of pumps and an oil gas separator tank restricted extraction flow volumes during the year, to less than 25% of pump capacities. Upon completion of repairs we anticipate that flow volumes will increase to economic levels.

Form 51-101 F3 - Report of Management and Directors on Reserves Data and Other Information

Management of Tearlach Resources Limited (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. The Company disclosed that there is no proved and no probable reserve due to uneconomic operation of the current heavy oil field in Kern County, California, U. S. A. and no estimated future net revenue as at September 30, 2007. Therefore, there is no requirement for an independent qualified reserves evaluator to evaluate the Company's reserves data.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information; and

(b) the content and filing of this report.

Because the reserves data is based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Malcolm B. Fraser, President, CEO

Charles Ross, CFO

W. Joseph Yelder, Director

Dieter Schindelhauer, Director

January 26, 2008