

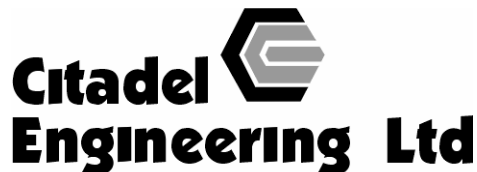
APPRAISAL REPORT
NATURAL GAS RESERVES
LEGAL AREA

Owned by
CORAL SEA PETROLEUMS LTD.

Prepared for
CORAL SEA PETROLEUMS LTD.

May 1, 2004

Prepared by
CITADEL ENGINEERING LTD.
Petroleum Consultants
Calgary, Alberta
Canada



Citadel Engineering Ltd

Petroleum Consultants

May 19, 2004

Coral Sea Petroleum Ltd.
6212 Touchwood Dr. NW
Calgary, Alberta
T2K 3L9

File No. 5581

Attention: Mr. T. Walton, President

Gentlemen:

In accordance with your authorization, Citadel Engineering Ltd. has appraised the natural gas reserves in the Legal area of Alberta, owned by Coral Sea Petroleum Ltd. (referred to as the "Company" herein). The effective date of this report is May 1, 2004. This report has been prepared for bank and Securities Commission purposes and has been prepared in accordance with National Instrument 51-101 and Cogeh definitions. Reserves and associated economics are summarized as follows on a constant dollar basis:

**APPRAISED INTEREST (CONSTANT DOLLAR)
CASHFLOW IN THOUSANDS OF DOLLARS (CDN)**

	W.I.O.		Net		Undisc.	DISCOUNTED			
	Oil Mstb	Gas MMscf(1)	Oil Mstb	Gas MMscf(1)		5%	10%	15%	20%
	Proved Producing	1	170	0.5		146	950	783	666
Probable Additional (7)	0.5	128	0.1	96	626	488	391	321	269
SUB-TOTAL	1.5	298	0.6	242	1,576	1,271	1,057	901	784
ARTC									
Proved Producing					5	4	5	4	4
Probable Additional (7)					29	26	24	22	21
Land (Acres)				(640)	22	22	22	22	22
GRAND TOTAL	1.5	298	0.6	242	1,632	1,323	1,108	949	831

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- Notes:
- (1) Sales gas volumes measured at 14.65 psia and 60°F.
 - (2) Reported reserves were derived by deterministic methods and are the simple arithmetic sum of all estimates within each reserves category. Since proved plus probable reserves prepared by deterministic methods will approximate mean values, the probability associated with the estimates will essentially be unaffected by aggregation.
 - (3) The values quoted herein represent the opinion of Citadel staff members, and do not necessarily represent fair-market-value.
 - (4) All cashflow values quoted are before income tax.
 - (5) Methods used to derive the reported reserves and related cashflow values were decline curve analysis, off-set analogy and well log analysis
 - (6) A field inspection of the properties was not made during the past calendar year.
 - (7) In accordance with NI 51-101, the above quoted Probable Additional reserves and cash flow values have been risked at a risk factor of 50.0 percent

Working interest (W.I.O.) as used herein means those reserves accruing to the Company after deduction of all outside working interests, but before deduction of lessor and overriding royalties and before Crown royalties. Net reserves as used herein mean those reserves accruing to the Company after deduction of all outside working interests, overriding and lessor royalties. The net cash flow forecasts are after direct lifting costs, normal allocated overhead and future investments and State Taxes but before income taxes. Crown Royalties in the Provinces of Alberta, British Columbia and Saskatchewan, as applicable to petroleum and natural gas, as revised from time to time, have also been utilized.

In accordance with NI 51-101, operating costs utilized herein were not escalated. The product prices used in the report are summarized on Table 2. The prices were based upon product prices as quoted May 1, 2004. Political and economic uncertainties, both domestically and internationally, may result in prices different from those used in this report. Operating costs utilized herein are based on unescalated parameters and are summarized on Table 3. Capital costs for future drilling, well workovers and eventual well abandonment and lease reclamation at the time of abandonment have also been included in the economics herein .

The Alberta Royalty Tax Credit (ARTC) on the Alberta properties has been calculated in accordance with the Alberta Government's Price-Sensitivity Program as issued by the Alberta Treasury Corporate Tax Administration Information Letter 89-20, and as amended in the February 23, 1994 Budget Speech. The ARTC will operate on a three (3) year rolling term. For the remaining life of the reserves the ARTC has been assumed to be 25.00 percent per year to a maximum of \$625,000 once the average Par Price attains \$210/m³ (\$33.39/bbl). A graphical representation of the ARTC is included in the Glossary section of the report.

Estimates of reserves and production forecasts were prepared on the basis of prevailing conditions, and generally accepted engineering methods. Although these estimates are considered reasonable, future performance may vary from the forecasts presented herein and may justify either an increase or decrease in the reserves.

All working and royalty interests and other factual data concerning land ownership used in the preparation of this report have been accepted as represented by the Company. Citadel Engineering Ltd. has not verified ownership of the properties studied herein by virtue of a title search. All basic reserve data, economic parameters, including price and cash flow projections have been based upon the personal interpretation of Citadel Engineering Ltd. staff members and represent their opinion. As Citadel Engineering Ltd. has not been apprised of internal costs, economic projections do not include general and administrative costs (G&A) or capital costs other than lease related capital expenditures. All basic data employed to derive the values quoted herein is kept in our permanent files and will be made available to you upon request.

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Coral Sea Petroleum Ltd.
May 19, 2004

After tax values as quoted in the Cogeh tables in the Addendum section of the report should be regarded as estimates of after tax value only. The calculation of after tax value is not within the APEGGA defined "Specified Scope of Practice" for Professional Engineers. As such, the after tax values quoted herein may vary from those reported by the Company's accounting firm, and the latter should be considered the more accurate of the calculations.

This report has been prepared for the exclusive use of Coral Sea Petroleum Ltd. As such, this report shall not in whole or in part, be reproduced or disseminated to any other individual or company without the written consent of Citadel Engineering Ltd.

It has been a pleasure to prepare this report and the opportunity to be of service is appreciated. At such time as you wish to discuss the report in detail, we would be please to do so.

Yours very truly,

CITADEL ENGINEERING LTD.

Per: E.P. WEBB, P. Eng.
President

Per: P.E. DOUGLAS, C.E.T

TABLE 1
Summary of Interests and Reserves
May 1, 2004
CORAL SEA PETROLEUMS LTD. - CONSTANT DOL
CANADA

PROPERTY	WELL STATUS	RESERVE TYPE	COMPANY INTEREST (%)	ROYALTY PAYABLE (%)	Company Net Reserves			DISCOUNTED 10.0 % (\$1,000)		
					PRODUCING	PROVED	SHUT IN UNDEVELOPED PROBABLE			
						(Gas - MMCF ** Oil - MSTB)				
LEGAL AREA										
6-36-57-25 W4M	PROD	GAS	9.38 WI BPO	Crown	36.653			159.718		
VIKING			25.00 WI APO	Crown						
6-2-58-25 W4M	PROB	GAS	25.00 WI BPO	Crown			168.591	700.644		
VIKING			25.00 WI APO	Crown						
LEGAL AREA					Total GAS	36.653	0.000	0.000	168.591 \$	860.362
NEVIS AREA										
15-19-38-22 W4M	PROD	GAS	25.00 WI	15.00 Frhld	109.225			491.337		
WABAMUN				3.50 MnTax						
15-19-38-22 W4M	PROD	CND	25.00 WI	15.00 Frhld	0.437			14.682		
WABAMUN				3.50 MnTax						
15-19-38-22 W4M	PROB	GAS	25.00 WI	15.00 Frhld			23.375	78.970		
WABAMUN				3.50 MnTax						
15-19-38-22 W4M	PROB	CND	25.00 WI	15.00 Frhld			0.091	2.289		
WABAMUN				3.50 MnTax						
NEVIS AREA					Total GAS	109.225	0.000	0.000	23.375 \$	570.307
					Total CND	0.437	0.000	0.000	0.091 \$	16.971
Alberta					Total GAS	145.878	0.000	0.000	191.966 \$	1430.669
					Total CND	0.437	0.000	0.000	0.091 \$	16.971
					\$	665.737 \$	0.000 \$	0.000 \$	781.903 \$	1447.640
CANADA					Total GAS	145.878	0.000	0.000	191.966 \$	1430.669
					Total CND	0.437	0.000	0.000	0.091 \$	16.971
					\$	665.737 \$	0.000 \$	0.000 \$	781.903 \$	1447.640

TABLE 2
PRODUCT PRICE SCHEDULE
May 1, 2004
CORAL SEA PETROLEUMS LTD.
CANADA

YEAR	COND. \$/BBL(1)	GAS \$/MSCF(2)	\$/LT
2004	51.79	7.22	-

- Notes: (1) Condensate price based upon May 1, 2004 quoted market value.
- (2) AECO "C" quote NGX, prices adjusted for heat content herein. Price quoted as at May 1, 2004.

TABLE 3
SUMMARY OF OPERATING COSTS
May 1, 2004
CORAL SEA PETROLEUMS LTD.
CANADA

AREA	FIXED COSTS \$/WELL/MONTH	VARIABLE COSTS	
		\$/BBL	\$/MSCF
Legal Area	1,000	-	0.25
Nevis Area	1,100	1.10	0.45

TOTAL All Properties

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CITADEL ENGINEERING LTD.

TOTAL PROVED PLUS PROBABLE

Economic Analysis Merge for 6 Parcels

Run: Wed May 19 15:09:30 2004

Year	WI Production		Net WI		Net Sales	OpCost	CapCost	NPI (\$)	Min Tax	Undisc Net	Cum Undisc	Net Cash Flow		
	BBL	MSCF	BBL	MSCF								5.00%	10.00%	15.00%
2004	81	23672	69	20118	155228	12832	100000	0	4649	37746	37746	37137	36566	36028
2005	72	65678	61	49184	379320	27373	0	0	4133	347812	385558	328569	311211	295483
2006	61	58890	52	45065	347541	27000	0	0	3512	317028	702586	285224	257877	234199
2007	66	51978	55	39912	307814	25492	0	0	3761	278564	981150	238683	205990	178943
2008	58	43503	49	34038	262519	22975	0	0	3313	236234	1217384	192774	158808	131958
2009	50	36180	42	29010	223738	20735	0	0	2855	200147	1417531	155550	122316	97216
2010	43	31319	36	25430	196131	19171	0	0	2461	174500	1592031	129159	96947	73703
2011	37	27136	31	22295	171951	17825	0	0	2124	152004	1744035	107151	76773	55829
2012	32	23534	28	19547	150760	16665	0	0	1834	132262	1876297	88795	60729	42241
2013	28	20428	24	17139	132185	15668	0	0	1583	114934	1991231	73487	47976	31919
2014	24	17747	20	15029	115898	14805	0	0	1369	99724	2090955	60726	37841	24084
2015	21	9625	17	8257	63699	9799	6250	0	1185	46467	2137422	26948	16029	9758
2016	18	5249	15	4532	34972	6874	0	0	1026	27073	2164495	14953	8490	4943
2017	15	4495	13	3878	29928	6564	0	0	888	22476	2186971	11822	6409	3568
2018	13	3611	11	3094	23874	4783	6250	0	769	12073	2199044	6047	3128	1667
2019	6	1548	5	1316	10158	1224	6250	0	356	2329	2201373	1111	550	279
2020	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	2201373	0	0	0
Total														
	624		528		2605716		118750	0	35818			1758136	1447640	1221818
		424594		337844		249785				2201373				
Thereafter														
	0	0	0	0	0	0	0	0	0	0		0	0	0
Grand Total														
	624		528		2605716		118750	0	35818			1758136	1447640	1221818
		424594		337844		249785				2201373				
Net Income Discounted at 25 Year Total \$ Thereafter \$ Grand Total \$														
		0.00%		2201373		0		2201373						
		5.00%		1758136		0		1758136						
		10.00%		1447640		0		1447640						
		15.00%		1221818		0		1221818						
		20.00%		1052200		0		1052200						

TOTAL PROVED PLUS PROBABLE

Total All Properties (6 Parcels)

Run: Wed May 19 15:09:30 2004

Alberta Royalty Tax Credit

Year	Roy.Rebate	----- Discounted -----			
		5.00%	10.00%	15.00%	20.00%
2004	1239	1219	1200	1183	1166
2005	33051	30969	29107	27432	25918
2006	27627	24654	22118	19939	18054
2007	23025	19569	16758	14450	12539
2008	17492	14159	11574	9546	7938
2009	12714	9801	7648	6033	4808
2010	10256	7530	5608	4232	3232
2011	8276	5787	4114	2970	2173
2012	6681	4449	3019	2085	1462
2013	5401	3425	2219	1465	985
2014	4373	2641	1633	1032	665
2015	1422	818	483	292	180
2016	112	61	35	20	12
2017	86	45	24	13	8
2018	35	17	9	5	3
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
2026	0	0	0	0	0
2027	0	0	0	0	0
2028	0	0	0	0	0
Total	151790	125144	105549	90697	79143
Thereafter	0	0	0	0	0
Grand Tot	151790	125144	105549	90697	79143

TOTAL All Properties
Economic Analysis Merge for 6 Parcels

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CITADEL ENGINEERING LTD.
Run: Wed May 19 15:09:30 2004

Year	Net O. Rev	Cr. Roy	Frh. Roy	Min. Tax	Oper	NPI	GORR	WI.O.\$	WI.G.\$
2004	137747	3987	23441	4649	12832	0	0	4195	178461
2005	347814	106352	20836	4133	27373	0	0	3729	502779
2006	317030	88901	17710	3512	27000	0	0	3170	450983
2007	278561	74091	18961	3761	25492	0	0	3393	397473
2008	236231	56286	16703	3313	22975	0	0	2989	332519
2009	200148	40909	14393	2855	20735	0	0	2575	276465
2010	174500	33002	12410	2461	19171	0	0	2221	239323
2011	152003	26629	10706	2124	17825	0	0	1916	207371
2012	132263	21501	9242	1834	16665	0	0	1654	179851
2013	114934	17381	7984	1583	15668	0	0	1429	156121
2014	99725	14071	6903	1369	14805	0	0	1236	135637
2015	52716	4574	5970	1185	9799	0	0	1068	73176
2016	27072	359	5169	1026	6874	0	0	925	39575
2017	22476	278	4478	888	6564	0	0	801	33883
2018	18321	112	3883	769	4783	0	0	695	27173
2019	8578	0	1792	356	1224	0	0	321	11629
2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0
Total	2320119	488433	180581	35818	249785	0	0	32317	3242419
Thereafter	0	0	0	0	0	0	0	0	0
Grand Tot	2320119	488433	180581	35818	249785	0	0	32317	3242419

TOTAL PROVED PRODUCING

Economic Analysis Merge for 3 Parcels

Run: Wed May 19 15:09:30 2004

Year	WI Production		Net WI		Net Sales	OpCost	CapCost	NFI	Min	Undisc	Cum	Net Cash Flow		
	BBL	MSCF	BBL	MSCF								Undisc	5.00%	10.00%
2004	81	23672	69	20118	155228	12832	0	0	4649	137746	137746	135524	133439	131476
2005	72	21422	61	18205	140469	11809	0	0	4133	124525	262271	117637	111422	105791
2006	61	22600	52	19339	149195	13427	0	0	3512	132255	394526	118987	107579	97701
2007	52	18845	44	16212	125073	12019	0	0	2986	110069	504595	94310	81393	70706
2008	44	15726	38	13582	104783	10841	0	0	2538	91405	596000	74589	61447	51058
2009	38	13134	32	11375	87753	9853	0	0	2157	75742	671742	58865	46288	36789
2010	32	10977	27	9524	73479	9027	0	0	1833	62620	734362	46349	34789	26448
2011	27	9181	23	7975	61530	8333	0	0	1559	51639	786001	36402	26081	18966
2012	23	7684	20	6679	51532	7750	0	0	1325	42457	828458	28504	19495	13560
2013	20	6436	17	5595	43172	7262	0	0	1126	34784	863242	22240	14520	9660
2014	17	5394	14	4690	36179	6850	0	0	957	28372	891614	17277	10766	6853
2015	14	4524	12	3931	30333	6506	0	0	814	23015	914629	13347	7939	4833
2016	12	3796	10	3297	25442	6214	0	0	692	18537	933166	10238	5813	3384
2017	10	3187	9	2767	21351	5970	0	0	588	14794	947960	7781	4218	2348
2018	9	2435	7	2094	16155	4248	6250	0	499	5158	953118	2583	1336	712
2019	2	582	2	495	3821	785	6250	0	134	-3348	949770	-1597	-788	-402
2020	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	949770	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	949770	0	0	0

Total	514		437		1125495	12500	0	29502				783036	665737	579883
		169594		145878		133726				949770				

Thereafter	0	0	0	0	0	0	0	0	0	0		0	0	0
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Grand Total	514		437		1125495	12500	0	29502				783036	665737	579883
		169594		145878		133726				949770				

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	949770	0	949770
5.00%	783036	0	783036
10.00%	665737	0	665737
15.00%	579883	0	579883
20.00%	514890	0	514890

TOTAL PROVED PRODUCING

Total Proved Producing (3 Parcels)

Run: Wed May 19 15:09:30 2004

Alberta Royalty Tax Credit

Year	Roy.Rebate	Discounted			
		5.00%	10.00%	15.00%	20.00%
2004	1239	1219	1200	1183	1166
2005	1239	1161	1091	1028	972
2006	2315	2066	1853	1671	1513
2007	1635	1390	1190	1026	890
2008	1165	943	771	636	529
2009	839	647	505	398	317
2010	610	448	334	252	192
2011	449	314	223	161	118
2012	333	222	150	104	73
2013	250	159	103	68	46
2014	190	115	71	45	29
2015	145	83	49	30	18
2016	112	61	35	20	12
2017	86	45	24	13	8
2018	35	17	9	5	3
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
2026	0	0	0	0	0
2027	0	0	0	0	0
2028	0	0	0	0	0
Total	10642	8890	7608	6640	5886
Thereafter	0	0	0	0	0
Grand Tot	10642	8890	7608	6640	5886

TOTAL Proved Producing
Economic Analysis Merge for 3 Parcels

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CITADEL ENGINEERING LTD.
Run: Wed May 19 15:09:30 2004

Year	Net O. Rev	Cr. Roy	Frh. Roy	Min. Tax	Oper	NPI	GORR	WI.O.\$	WI.G.\$
2004	137747	3987	23441	4649	12832	0	0	4195	178461
2005	124527	3987	20836	4133	11809	0	0	3729	161563
2006	132257	7450	17710	3512	13427	0	0	3170	171186
2007	110068	5261	15054	2986	12019	0	0	2694	142694
2008	91404	3749	12796	2538	10841	0	0	2290	119038
2009	75743	2698	10877	2157	9853	0	0	1946	99382
2010	62621	1963	9245	1833	9027	0	0	1655	83034
2011	51638	1444	7858	1559	8333	0	0	1406	69426
2012	42458	1073	6679	1325	7750	0	0	1195	58090
2013	34783	806	5677	1126	7262	0	0	1016	48638
2014	28374	610	4826	957	6850	0	0	864	40753
2015	23013	466	4102	814	6506	0	0	734	34167
2016	18536	359	3487	692	6214	0	0	624	28664
2017	14793	278	2964	588	5970	0	0	530	24063
2018	11407	112	2520	499	4248	0	0	451	18335
2019	2902	0	674	134	785	0	0	121	4374
2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0
Total	962271	34243	148746	29502	133726	0	0	26620	1281868
Thereafter	0	0	0	0	0	0	0	0	0
Grand Tot	962271	34243	148746	29502	133726	0	0	26620	1281868

TOTAL Probable

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CITADEL ENGINEERING LTD.

TOTAL PROBABLE ADDITIONAL

Economic Analysis Merge for 3 Parcels

Run: Wed May 19 15:09:30 2004

Year	WI Production		Net WI		Net	OpCost	CapCost	NFI	Min	Undisc	Cum	Net Cash Flow		
	BBL	MSCF	BBL	MSCF	Sales	BFIT	BFIT					Undisc	5.00%	10.00%
2004	0	0	0	0	0	0	100000	0	0	-100000	-100000	-98387	-96873	-95448
2005	0	44256	0	30979	238851	15564	0	0	0	223287	123287	210932	199789	189692
2006	0	36290	0	25726	198346	13573	0	0	0	184773	308060	166237	150298	136498
2007	14	33133	11	23700	182741	13473	0	0	775	168495	476555	144373	124597	108237
2008	14	27776	11	20456	157736	12134	0	0	775	144829	621384	118185	97361	80900
2009	12	23047	10	17635	135985	10882	0	0	698	124405	745789	96685	76028	60427
2010	11	20342	9	15906	122652	10144	0	0	628	111880	857669	82810	62158	47255
2011	10	17956	8	14320	110421	9492	0	0	565	100365	958034	70749	50692	36863
2012	9	15850	8	12868	99228	8915	0	0	509	89805	1047839	60291	41234	28681
2013	8	13992	7	11544	89013	8406	0	0	457	80150	1127989	51247	33456	22259
2014	7	12353	6	10339	79719	7955	0	0	412	71352	1199341	43449	27075	17231
2015	6	5101	5	4326	33366	3293	6250	0	371	23452	1222793	13601	8090	4925
2016	6	1453	5	1235	9530	660	0	0	334	8536	1231329	4715	2677	1559
2017	5	1308	4	1111	8577	594	0	0	300	7682	1239011	4041	2191	1220
2018	5	1177	4	1000	7719	535	0	0	270	6915	1245926	3464	1792	955
2019	4	966	3	821	6337	439	0	0	222	5677	1251603	2708	1338	681
2020	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	1251603	0	0	0
Total														
	110		91		1480221		106250	0	6316			975100	781903	641935
		255000		191966		116059					1251603			
Thereafter														
	0	0	0	0	0	0	0	0	0	0		0	0	0
Grand Total														
	110		91		1480221		106250	0	6316			975100	781903	641935
		255000		191966		116059					1251603			
Net Income Discounted at 25 Year Total \$ Thereafter \$ Grand Total \$														
		0.00%		1251603		0		1251603						
		5.00%		975100		0		975100						
		10.00%		781903		0		781903						
		15.00%		641935		0		641935						
		20.00%		537310		0		537310						

TOTAL Probable

20

CITADEL ENGINEERING LTD.

Economic Analysis of Royalty Rebates

Base: 5 / 2004

18

CITADEL ENGINEERING LTD.

TOTAL PROBABLE ADDITIONAL

Total Probable (3 Parcels)

Run: Wed May 19 15:09:30 2004

Alberta Royalty Tax Credit

Year	Roy.Rebate	Discounted			
		5.00%	10.00%	15.00%	20.00%
2004	0	0	0	0	0
2005	31812	29808	28016	26403	24947
2006	25312	22588	20265	18268	16541
2007	21390	18179	15568	13424	11649
2008	16327	13216	10803	8910	7409
2009	11875	9154	7143	5635	4491
2010	9646	7082	5275	3980	3040
2011	7827	5473	3891	2809	2056
2012	6348	4227	2869	1981	1389
2013	5151	3267	2116	1398	939
2014	4183	2527	1562	987	636
2015	1277	735	434	262	162
2016	0	0	0	0	0
2017	0	0	0	0	0
2018	0	0	0	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
2026	0	0	0	0	0
2027	0	0	0	0	0
2028	0	0	0	0	0
Total	141148	116256	97942	84057	73259
Thereafter	0	0	0	0	0
Grand Tot	141148	116256	97942	84057	73259

Year	Net O. Rev	Cr. Roy	Frh. Roy	Min. Tax	Oper	NPI	GORR	WI.O.\$	WI.G.\$
2004	0	0	0	0	0	0	0	0	0
2005	223287	102365	0	0	15564	0	0	0	341216
2006	184773	81451	0	0	13573	0	0	0	279797
2007	168493	68830	3907	775	13473	0	0	699	254779
2008	144827	52537	3907	775	12134	0	0	699	213481
2009	124405	38211	3516	698	10882	0	0	629	177083
2010	111879	31039	3165	628	10144	0	0	566	156289
2011	100365	25185	2848	565	9492	0	0	510	137945
2012	89805	20428	2563	509	8915	0	0	459	121761
2013	80151	16575	2307	457	8406	0	0	413	107483
2014	71351	13461	2077	412	7955	0	0	372	94884
2015	29703	4108	1868	371	3293	0	0	334	39009
2016	8536	0	1682	334	660	0	0	301	10911
2017	7683	0	1514	300	594	0	0	271	9820
2018	6914	0	1363	270	535	0	0	244	8838
2019	5676	0	1118	222	439	0	0	200	7255
2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0
Total	1357848	454190	31835	6316	116059	0	0	5697	1960551
Thereafter	0	0	0	0	0	0	0	0	0
Grand Tot	1357848	454190	31835	6316	116059	0	0	5697	1960551

TOTAL LEGAL AREA

Economic Analysis Merge for 2 Parcels

Run: Wed May 19 15:09:30 2004

Year	WI Production		Net WI		Net	OpCost	CapCost	NPI	Min	Undisc	Cum	Net Cash Flow		
	BBL	MSCF	BBL	MSCF	Sales	BFIT	BFIT					Undisc	5.00%	10.00%
2004	0	3422	0	2905	22396	1980	100000	0	0	-79585	-79585	-78301	-77096	-75962
2005	0	47678	0	33884	261247	17544	0	0	0	243702	164117	230218	218056	207036
2006	0	43590	0	32060	247179	18398	0	0	0	228781	392898	205830	186095	169008
2007	0	35598	0	25989	200369	16399	0	0	0	183970	576868	157632	136041	118178
2008	0	29073	0	21773	167870	14768	0	0	0	153102	729970	124937	102923	85522
2009	0	23747	0	18441	142178	13436	0	0	0	128742	858712	100055	78678	62533
2010	0	20598	0	16317	125810	12650	0	0	0	113161	971873	83758	62869	47796
2011	0	17887	0	14434	111281	11972	0	0	0	99310	1071183	70006	50158	36475
2012	0	15549	0	12760	98384	11387	0	0	0	86997	1158180	58406	39945	27785
2013	0	13530	0	11276	86938	10883	0	0	0	76055	1234235	48629	31747	21122
2014	0	11784	0	9960	76785	10446	0	0	0	66339	1300574	40396	25173	16021
2015	0	4467	0	3873	29865	5805	6250	0	0	17810	1318384	10329	6144	3740
2016	0	784	0	737	5684	3196	0	0	0	2488	1320872	1374	780	454
2017	0	627	0	591	4556	3157	0	0	0	1400	1322272	736	399	222
2018	0	258	0	244	1880	1609	6250	0	0	-5979	1316293	-2996	-1550	-826
2019	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2020	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	1316293	0	0	0
Total														
	0		0		1582422		112500	0	0			1051009	860362	719104
		268594		205244		153630				1316293				
Thereafter														
	0	0	0	0	0	0	0	0	0	0		0	0	0
Grand Total														
	0		0		1582422		112500	0	0			1051009	860362	719104
		268594		205244		153630				1316293				

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	1316293	0	1316293
5.00%	1051009	0	1051009
10.00%	860362	0	860362
15.00%	719104	0	719104
20.00%	611566	0	611566

TOTAL LEGAL AREA

Total All Properties (2 Parcels)

Run: Wed May 19 15:09:30 2004

Alberta Royalty Tax Credit

Year	Roy.Rebate	Discounted			
		5.00%	10.00%	15.00%	20.00%
2004	1239	1219	1200	1183	1166
2005	33051	30969	29107	27432	25918
2006	27627	24654	22118	19939	18054
2007	23025	19569	16758	14450	12539
2008	17492	14159	11574	9546	7938
2009	12714	9801	7648	6033	4808
2010	10256	7530	5608	4232	3232
2011	8276	5787	4114	2970	2173
2012	6681	4449	3019	2085	1462
2013	5401	3425	2219	1465	985
2014	4373	2641	1633	1032	665
2015	1422	818	483	292	180
2016	112	61	35	20	12
2017	86	45	24	13	8
2018	35	17	9	5	3
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	0	0	0	0
2024	0	0	0	0	0
2025	0	0	0	0	0
2026	0	0	0	0	0
2027	0	0	0	0	0
2028	0	0	0	0	0
Total	151790	125144	105549	90697	79143
Thereafter	0	0	0	0	0
Grand Tot	151790	125144	105549	90697	79143

TOTAL All Properties
Economic Analysis Merge for 2 Parcels

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CITADEL ENGINEERING LTD.
Run: Wed May 19 15:09:30 2004

Year	Net O. Rev	Cr. Roy	Frh. Roy	Min. Tax	Oper	NPI	GORR	WI.O.\$	WI.G.\$
2004	20416	3987	0	0	1980	0	0	0	26383
2005	243703	106352	0	0	17544	0	0	0	367599
2006	228781	88901	0	0	18398	0	0	0	336080
2007	183969	74091	0	0	16399	0	0	0	274459
2008	153102	56286	0	0	14768	0	0	0	224156
2009	128743	40909	0	0	13436	0	0	0	183088
2010	113161	33002	0	0	12650	0	0	0	158813
2011	99310	26629	0	0	11972	0	0	0	137911
2012	86997	21501	0	0	11387	0	0	0	119885
2013	76055	17381	0	0	10883	0	0	0	104319
2014	66340	14071	0	0	10446	0	0	0	90857
2015	24061	4574	0	0	5805	0	0	0	34440
2016	2488	359	0	0	3196	0	0	0	6043
2017	1400	278	0	0	3157	0	0	0	4835
2018	270	112	0	0	1609	0	0	0	1991
2019	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0
Total	1428796	488433	0	0	153630	0	0	0	2070859
Thereafter	0	0	0	0	0	0	0	0	0
Grand Tot	1428796	488433	0	0	153630	0	0	0	2070859

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

LEGAL AREA

KETCH ET AL FBA

6-36-57-25 W4M

PROVED PRODUCING

VIKING

GAS RESERVES

HEATING VALUE (1068 BTU/SCF)

Initial Res. = 210.0 MMSCF Remaining = 210.0 MMSCF Op.Cost / MCF = \$ 0.25 escal. 0.0%

*** Provincial Sliding Scale Alta NEW NO Freehold Royalty % 0.00 NO Special Sliding Scale

Prem./Select Price \$/MCF 0.120 Average Freehold Mineral Tax % 0.00

Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 23.0

Payout = \$ 0.00 W.I.% 9.38 GORR % 0.00 N.P.I.% 0.00 Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 9.38 0.00 0.00
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MMSCF	WI MSCF	Net WI MSCF	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Net	Cash	Flow		
												Cum Undisc	5.00%	10.00%	15.00%	
2004	1.0	36.50	3421.9	2905	7.71	22396	1980	0	0	0	20415	20415	20086	19777	19486	
2005	1.0	36.50	3421.9	2905	7.71	22396	1980	0	0	0	20415	40830	19286	18267	17344	
2006	1.0	29.20	7300.0	6334	7.71	48833	4825	0	0	0	44008	84838	39593	35797	32510	
2007	1.0	23.36	5840.0	5158	7.71	39766	4460	0	0	0	35306	120144	30251	26108	22680	
2008	1.0	18.69	4672.0	4186	7.71	32272	4168	0	0	0	28104	148248	22934	18893	15699	
2009	1.0	14.95	3737.6	3388	7.71	26118	3934	0	0	0	22184	170432	17241	13557	10775	
2010	1.0	11.96	2990.1	2735	7.71	21090	3748	0	0	0	17343	187775	12837	9635	7325	
2011	1.0	9.57	2392.1	2205	7.71	16999	3598	0	0	0	13401	201176	9447	6768	4922	
2012	1.0	7.65	1913.7	1774	7.71	13681	3478	0	0	0	10203	211379	6850	4685	3259	
2013	1.0	6.12	1530.9	1426	7.71	10998	3383	0	0	0	7615	218994	4869	3179	2115	
2014	1.0	4.90	1224.7	1146	7.71	8832	3306	0	0	0	5526	224520	3365	2097	1335	
2015	1.0	3.92	979.8	919	7.71	7088	3245	0	0	0	3843	228363	2229	1326	807	
2016	1.0	3.14	783.8	737	7.71	5684	3196	0	0	0	2488	230851	1374	780	454	
2017	1.0	2.51	627.1	591	7.71	4556	3157	0	0	0	1400	232251	736	399	222	
2018	1.0	1.03	258.3	244	7.71	1880	1609	6250	0	0	-5979	226272	-2996	-1550	-826	
Grand Tot		210.00	41093.8	36653		282589	50067	6250	0	0	226272		188102	159718	138107	

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	226272	0	226272
5.00%	188102	0	188102
10.00%	159718	0	159718
15.00%	138107	0	138107
20.00%	121288	0	121288

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

LEGAL AREA

PROPOSED LOCATION

6-2-58-25 W4M

PROBABLE ADDITIONAL

VIKING

GAS RESERVES

HEATING VALUE (1068 BTU/SCF)

Initial Res. = 910.0 MMSCF Remaining = 910.0 MMSCF Op.Cost / MCF = \$ 0.25 escal. 0.0%

*** Provincial Sliding Scale Alta NEW NO Freehold Royalty % 0.00 NO Special Sliding Scale

Prem./Select Price \$/MCF 0.120 Average Freehold Mineral Tax % 0.00

Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 23.0

Payout = \$400000.00 W.I.% GORR % N.P.I.% Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 25.00 0.00 0.00
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MMSCF	WI MSCF	Net WI MSCF	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Net	Cash	Flow		
												Cum Undisc	5.00%	10.00%	15.00%	
2004	1.0	0.00	0.0	0	7.71	0	0	100000	0	0	-100000	-100000	-98387	-96873	-95448	
2005	1.0	177.03	44256.2	30979	7.71	238851	15564	0	0	0	223287	123287	210932	199789	189692	
2006	1.0	140.72	35180.8	24627	7.71	189871	13158	0	0	0	176713	0	158986	143742	130544	
*** PAYOUT ***																
2006	0.0	4.44	1109.3	1099	7.71	8475	415	0	0	0	8060	308060	7251	6556	5954	
2007	1.0	119.03	29757.9	20831	7.71	160603	11939	0	0	0	148664	456724	127381	109933	95498	
2008	1.0	97.61	24401.5	17587	7.71	135598	10600	0	0	0	124998	581722	102003	84030	69823	
2009	1.0	80.04	20009.2	15053	7.71	116060	9502	0	0	0	106558	688280	82814	65121	51758	
2010	1.0	70.43	17608.1	13582	7.71	104720	8902	0	0	0	95818	784098	70921	53234	40471	
2011	1.0	61.98	15495.1	12229	7.71	94282	8374	0	0	0	85909	870007	60559	43390	31553	
2012	1.0	54.54	13635.7	10986	7.71	84703	7909	0	0	0	76794	946801	51556	35260	24526	
2013	1.0	48.00	11999.4	9850	7.71	75940	7500	0	0	0	68440	1015241	43760	28568	19007	
2014	1.0	42.24	10559.5	8814	7.71	67953	7140	0	0	0	60813	1076054	37031	23076	14686	
2015	1.0	13.95	3487.1	2954	7.71	22777	2560	6250	0	0	13967	1090021	8100	4818	2933	
Grand Tot		910.00	227500.0	168591		1299833	103563	106250	0	0	1090021		862907	700644	580997	

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	1090021	0	1090021
5.00%	862907	0	862907
10.00%	700644	0	700644
15.00%	580997	0	580997
20.00%	490278	0	490278

TOTAL NEVIS AREA

Economic Analysis Merge for 4 Parcels

Run: Wed May 19 15:09:30 2004

Year	WI Production		Net WI		Net	OpCost	CapCost	NFI	Min	Undisc	Cum	Net Cash Flow		
	BBL	MSCF	BBL	MSCF	Sales	BFIT	BFIT					Undisc	5.00%	10.00%
2004	81	20250	69	17213	132832	10852	0	0	4649	117331	117331	115438	113662	111990
2005	72	18000	61	15300	118073	9829	0	0	4133	104110	221441	98351	93155	88447
2006	61	15300	52	13005	100362	8602	0	0	3512	88247	309688	79394	71782	65191
2007	66	16380	55	13923	107445	9093	0	0	3761	94594	404282	81051	69949	60765
2008	58	14429	49	12265	94649	8207	0	0	3313	83132	487414	67837	55885	46436
2009	50	12434	42	10569	81560	7299	0	0	2855	71405	558819	55495	43638	34683
2010	43	10720	36	9113	70321	6521	0	0	2461	61339	620158	45401	34078	25907
2011	37	9249	31	7861	60670	5853	0	0	2124	52694	672852	37145	26615	19354
2012	32	7985	28	6787	52376	5278	0	0	1834	45265	718117	30389	20784	14456
2013	28	6898	24	5863	45247	4785	0	0	1583	38879	756996	24858	16229	10797
2014	24	5963	20	5069	39113	4359	0	0	1369	33385	790381	20330	12668	8063
2015	21	5158	17	4384	33834	3994	0	0	1185	28657	819038	16619	9885	6018
2016	18	4465	15	3795	29288	3678	0	0	1026	24585	843623	13579	7710	4489
2017	15	3868	13	3287	25372	3407	0	0	888	21076	864699	11086	6010	3346
2018	13	3353	11	2850	21994	3174	0	0	769	18052	882751	9043	4678	2493
2019	6	1548	5	1316	10158	1224	6250	0	356	2329	885080	1111	550	279
2020	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2021	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2022	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2023	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2024	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2025	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	885080	0	0	0
Total														
	624		528		1023294		6250	0	35818			707127	587278	502714
		156000		132600		96155				885080				
Thereafter														
	0	0	0	0	0	0	0	0	0	0		0	0	0
Grand Total														
	624		528		1023294		6250	0	35818			707127	587278	502714
		156000		132600		96155				885080				
Net Income Discounted at 25 Year Total \$ Thereafter \$ Grand Total \$														
		0.00%		885080		0		885080						
		5.00%		707127		0		707127						
		10.00%		587278		0		587278						
		15.00%		502714		0		502714						
		20.00%		440634		0		440634						

TOTAL All Properties
Economic Analysis Merge for 4 Parcels

11

CITADEL ENGINEERING LTD.
Run: Wed May 19 15:09:30 2004

Year	Net O. Rev	Cr. Roy	Frh. Roy	Min. Tax	Oper	NPI	GORR	WI.O.\$	WI.G.\$
2004	117331	0	23441	4649	10852	0	0	4195	152078
2005	104111	0	20836	4133	9829	0	0	3729	135180
2006	88249	0	17710	3512	8602	0	0	3170	114903
2007	94592	0	18961	3761	9093	0	0	3393	123014
2008	83129	0	16703	3313	8207	0	0	2989	108363
2009	71405	0	14393	2855	7299	0	0	2575	93377
2010	61339	0	12410	2461	6521	0	0	2221	80510
2011	52693	0	10706	2124	5853	0	0	1916	69460
2012	45266	0	9242	1834	5278	0	0	1654	59966
2013	38879	0	7984	1583	4785	0	0	1429	51802
2014	33385	0	6903	1369	4359	0	0	1236	44780
2015	28655	0	5970	1185	3994	0	0	1068	38736
2016	24584	0	5169	1026	3678	0	0	925	33532
2017	21076	0	4478	888	3407	0	0	801	29048
2018	18051	0	3883	769	3174	0	0	695	25182
2019	8578	0	1792	356	1224	0	0	321	11629
2020	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0
Total	891323	0	180581	35818	96155	0	0	32317	1171560
Thereafter	0	0	0	0	0	0	0	0	0
Grand Tot	891323	0	180581	35818	96155	0	0	32317	1171560

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

NEVIS AREA

MARKWEST NEVIS

15-19-38-22 W4M

PROVED PRODUCING

WABAMUN

GAS RESERVES

HEATING VALUE (1040 BTU/SCF)

Initial Res. = 633.0 MMSCF Remaining = 514.0 MMSCF Op.Cost / MCF = \$ 0.45 escal. 0.0%

NO Provincial Sliding Scale *** Freehold Royalty % 15.00 NO Special Sliding Scale

Prem./Select Price \$/MCF 0.120 Average Freehold Mineral Tax % 3.50

Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 23.0

Payout = \$ 0.00 W.I.% GORR % N.P.I.% Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 25.00 0.00 0.00
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MMSCF	WI MSCF	Net WI MSCF	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Cum Undisc	Cash Flow -----		
													5.00%	10.00%	15.00%
2004	1.0	81.00	20250.0	17213	7.51	129266	10763	0	0	4524	113979	113979	112140	110415	108791
2005	1.0	72.00	18000.0	15300	7.51	114903	9750	0	0	4022	101131	215110	95536	90489	85916
2006	1.0	61.20	15300.0	13005	7.51	97668	8535	0	0	3418	85714	300824	77116	69722	63320
2007	1.0	52.02	13005.0	11054	7.51	83017	7502	0	0	2906	72610	373434	62215	53693	46643
2008	1.0	44.22	11054.2	9396	7.51	70565	6624	0	0	2470	61471	434905	50162	41324	34337
2009	1.0	37.58	9396.1	7987	7.51	59980	5878	0	0	2099	52003	486908	40415	31781	25259
2010	1.0	31.95	7986.7	6789	7.51	50983	5244	0	0	1784	43955	530863	32534	24420	18565
2011	1.0	27.15	6788.7	5770	7.51	43336	4705	0	0	1517	37114	567977	26163	18745	13631
2012	1.0	23.08	5770.4	4905	7.51	36835	4247	0	0	1289	31299	599276	21013	14371	9996
2013	1.0	19.62	4904.8	4169	7.51	31310	3857	0	0	1096	26357	625633	16852	11002	7320
2014	1.0	16.68	4169.1	3544	7.51	26613	3526	0	0	931	22156	647789	13492	8407	5351
2015	1.0	14.17	3543.7	3012	7.51	22621	3245	0	0	792	18585	666374	10778	6411	3903
2016	1.0	12.05	3012.2	2560	7.51	19228	3005	0	0	673	15550	681924	8589	4877	2839
2017	1.0	10.24	2560.4	2176	7.51	16344	2802	0	0	572	12970	694894	6822	3698	2059
2018	1.0	8.71	2176.3	1850	7.51	13892	2629	0	0	486	10777	705671	5399	2793	1488
2019	1.0	2.33	582.4	495	7.51	3718	782	6250	0	130	-3444	702227	-1643	-811	-414
Grand Tot		514.00	128500.0	109225		820279	83094	6250	0	28709	702227		577583	491337	429004

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	702227	0	702227
5.00%	577583	0	577583
10.00%	491337	0	491337
15.00%	429004	0	429004
20.00%	382252	0	382252

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

NEVIS AREA

MARKWEST NEVIS

15-19-38-22 W4M

PROVED PRODUCING

WABAMUN

CONDENSATE RESERVES

Initial Res. = 2.5 MBBL Remaining = 2.1 MBBL Op.Cost / BBL = \$ 1.10 escal. 0.0%

NO Provincial Sliding Scale *** Freehold Royalty % 15.00 NO Special Sliding Scale

Prem./Select Price \$/BBL 0.000 Average Freehold Mineral Tax % 3.50

Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 0.0

Payout = \$ 0.00 W.I.% GORR % N.P.I.% Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 25.00 0.00 0.00 BBL 0
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MBBL	WI BBL	Net WI BBL	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Cum Undisc	Cash Flow -----		
													5.00%	10.00%	15.00%
2004	1.0	0.32	81.0	69	51.79	3566	89	0	0	125	3352	3352	3298	3247	3199
2005	1.0	0.29	72.0	61	51.79	3170	79	0	0	111	2979	6331	2815	2666	2531
2006	1.0	0.24	61.2	52	51.79	2694	67	0	0	94	2533	8864	2278	2060	1871
2007	1.0	0.21	52.0	44	51.79	2290	57	0	0	80	2153	11017	1844	1592	1383
2008	1.0	0.18	44.2	38	51.79	1946	49	0	0	68	1830	12847	1493	1230	1022
2009	1.0	0.15	37.6	32	51.79	1655	41	0	0	58	1555	14402	1209	950	755
2010	1.0	0.13	31.9	27	51.79	1406	35	0	0	49	1322	15724	978	734	558
2011	1.0	0.11	27.2	23	51.79	1195	30	0	0	42	1124	16848	792	568	413
2012	1.0	0.09	23.1	20	51.79	1016	25	0	0	36	955	17803	641	439	305
2013	1.0	0.08	19.6	17	51.79	864	22	0	0	30	812	18615	519	339	225
2014	1.0	0.07	16.7	14	51.79	734	18	0	0	26	690	19305	420	262	167
2015	1.0	0.06	14.2	12	51.79	624	16	0	0	22	587	19892	340	202	123
2016	1.0	0.05	12.0	10	51.79	530	13	0	0	19	499	20391	275	156	91
2017	1.0	0.04	10.2	9	51.79	451	11	0	0	16	424	20815	223	121	67
2018	1.0	0.03	8.7	7	51.79	383	10	0	0	13	360	21175	180	93	50
2019	1.0	0.01	2.3	2	51.79	103	3	0	0	4	96	21271	46	23	12
Grand Tot		2.06	514.0	437		22627	565	0	0	793	21271		17351	14682	12772

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	21271	0	21271
5.00%	17351	0	17351
10.00%	14682	0	14682
15.00%	12772	0	12772
20.00%	11350	0	11350

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

NEVIS AREA

MARKWEST NEVIS

15-19-38-22 W4M

PROBABLE PRODUCING

WABAMUN

GAS RESERVES

HEATING VALUE (1040 BTU/SCF)

Initial Res. = 110.0 MMSCF Remaining = 110.0 MMSCF Op.Cost / MCF = \$ 0.45 escal. 0.0%

NO Provincial Sliding Scale *** Freehold Royalty % 15.00 NO Special Sliding Scale

Prem./Select Price \$/MCF 0.120 Average Freehold Mineral Tax % 3.50

Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 23.0

Payout = \$ 0.00 W.I.% GORR % N.P.I.% Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 25.00 0.00 0.00
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MMSCF	WI MSCF	Net WI MSCF	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Net Cum Undisc	Cash Flow -----		
													5.00%	10.00%	15.00%
2004	1.0	0.00	0.0	0	7.51	0	0	0	0	0	0	0	0	0	0
2005	1.0	0.00	0.0	0	7.51	0	0	0	0	0	0	0	0	0	0
2006	1.0	0.00	0.0	0	7.51	0	0	0	0	0	0	0	0	0	0
2007	1.0	13.50	3375.0	2869	7.51	21544	1519	0	0	754	19272	19272	16513	14251	12380
2008	1.0	13.50	3375.0	2869	7.51	21544	1519	0	0	754	19272	38544	15726	12955	10765
2009	1.0	12.15	3037.5	2582	7.51	19390	1367	0	0	679	17344	55888	13480	10600	8425
2010	1.0	10.94	2733.8	2324	7.51	17451	1230	0	0	611	15610	71498	11554	8673	6593
2011	1.0	9.84	2460.4	2091	7.51	15706	1107	0	0	550	14049	85547	9903	7096	5160
2012	1.0	8.86	2214.3	1882	7.51	14135	996	0	0	495	12644	98191	8489	5806	4038
2013	1.0	7.97	1992.9	1694	7.51	12722	897	0	0	445	11380	109571	7276	4750	3160
2014	1.0	7.17	1793.6	1525	7.51	11450	807	0	0	401	10242	119813	6237	3886	2473
2015	1.0	6.46	1614.3	1372	7.51	10305	726	0	0	361	9218	129031	5346	3180	1936
2016	1.0	5.81	1452.8	1235	7.51	9274	654	0	0	325	8296	137327	4582	2602	1515
2017	1.0	5.23	1307.5	1111	7.51	8347	588	0	0	292	7466	144793	3927	2129	1186
2018	1.0	4.71	1176.8	1000	7.51	7512	530	0	0	263	6720	151513	3366	1742	928
2019	1.0	3.86	966.1	821	7.51	6167	435	0	0	216	5517	157030	2632	1300	662
Grand Tot		110.00	27500.0	23375		175547	12375	0	0	6146	157030		109031	78970	59221

Net Income Discounted at	25 Year Total \$	Thereafter \$	Grand Total \$
0.00%	157030	0	157030
5.00%	109031	0	109031
10.00%	78970	0	78970
15.00%	59221	0	59221
20.00%	45706	0	45706

CORAL SEA PETROLEUMS LTD. - CONSTANT DOLLAR

NEVIS AREA

MARKWEST NEVIS

15-19-38-22 W4M

PROBABLE PRODUCING

WABAMUN

CONDENSATE RESERVES

Initial Res. = 0.4 MBBL Remaining = 0.4 MBBL Op.Cost / BBL = \$ 1.10 escal. 0.0%
 NO Provincial Sliding Scale *** Freehold Royalty % 15.00 NO Special Sliding Scale
 Prem./Select Price \$/BBL 0.000 Average Freehold Mineral Tax % 3.50
 Par Price Const. \$ 0.00 Gas Cost All. (cts/MCF) = 0.0
 Payout = \$ 0.00 W.I.% GORR % N.P.I.% Incentive: \$ 0.00 Reference Price 4.08
 Before Payout 25.00 0.00 0.00 BBL 0
 After Payout 25.00 0.00 0.00 Months 0.0

Year	Roy Wells	GrPdn MBBL	WI BBL	Net WI BBL	Price (\$)	Net Sales	OpCost BFIT	CapCost BFIT	NPI (\$)	Min Tax	Undisc Net	Net	Cash Flow					
												Cum Undisc	5.00%	10.00%	15.00%			
2004	1.0	0.00	0.0	0	51.79	0	0	0	0	0	0	0	0	0	0			
2005	1.0	0.00	0.0	0	51.79	0	0	0	0	0	0	0	0	0	0			
2006	1.0	0.00	0.0	0	51.79	0	0	0	0	0	0	0	0	0	0			
2007	1.0	0.05	13.5	11	51.79	594	15	0	0	21	559	559	479	413	359			
2008	1.0	0.05	13.5	11	51.79	594	15	0	0	21	559	1118	456	376	312			
2009	1.0	0.05	12.1	10	51.79	535	13	0	0	19	503	1621	391	307	244			
2010	1.0	0.04	10.9	9	51.79	481	12	0	0	17	452	2073	335	251	191			
2011	1.0	0.04	9.8	8	51.79	433	11	0	0	15	407	2480	287	206	150			
2012	1.0	0.04	8.9	8	51.79	390	10	0	0	14	367	2847	246	168	117			
2013	1.0	0.03	8.0	7	51.79	351	9	0	0	12	330	3177	211	138	92			
2014	1.0	0.03	7.2	6	51.79	316	8	0	0	11	297	3474	181	113	72			
2015	1.0	0.03	6.5	5	51.79	284	7	0	0	10	267	3741	155	92	56			
2016	1.0	0.02	5.8	5	51.79	256	6	0	0	9	240	3981	133	75	44			
2017	1.0	0.02	5.2	4	51.79	230	6	0	0	8	216	4197	114	62	34			
2018	1.0	0.02	4.7	4	51.79	207	5	0	0	7	195	4392	98	50	27			
2019	1.0	0.02	3.9	3	51.79	170	4	0	0	6	160	4552	76	38	19			
Grand Tot		0.44	110.0	91		4841	121	0	0	170	4552		3162	2289	1717			
Net Income Discounted at 25 Year Total \$													Thereafter \$		Grand Total \$			
0.00%													4552		0		4552	
5.00%													3162		0		3162	
10.00%													2289		0		2289	
15.00%													1717		0		1717	
20.00%													1326		0		1326	

GLOSSARY

Terminology as well as abbreviations utilized herein are as follows :

Reserves Terminology

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.
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 (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	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 shutin, they must have been previously on production and the date of the resumption of production must be known with reasonable certainty.
Developed Non-producing	Are those reserves that either have not been on production, or have previously been on production, and the date of the resumption of production is unknown.
Undeveloped Reserves	Are those reserves expected to be recovered from known accumulations where a significant expenditure (when compared to the cost of drilling a well) is required to render them capable of production. they must fully meet the requirements of reserves classification to which they are assigned.
Probable Reserves	Are those additional reserves that are less certain to be recovered than proved reserves. It is likely that the actual remaining quantities recovered will be greater of less than the sum of the estimated proved + probable reserves.

Terms and Abbreviations

Analogous field	Fields having similar properties that are a more advanced stage of development or production history than the field of specific interest, and that may provide concepts or patterns to assist in the interpretation of more limited data.
Apo	After payout ownership, occurs once capital costs are recovered after all operating expenses and encumbrances have been deducted.
bbbl	Barrel of fluid (35.0 Imperial gallons, 42.0 U.S. gallons)
Bpo	Before Payout Ownership, occurs before capital costs are recovered after all operating expenses and encumbrances have been deducted.
Bottom hole pressure	The pressure in a well at a point opposite the producing formation as recorded by a bottom hole pressure recorder.
Bottom hole temperature	The temperature in a well opposite the producing formation.
BHP	Brake horse power, which is a measure of capacity as applied to compressor units.
Bscf	Billion standard cubic feet of gas measured at standard conditions.
Bulk Volume	Total volume of formation including pore volume and the rock volume.
Cap. Cost	Abbreviation for Capital Costs.
C. flow	Abbreviation for Cashflow.
Connate Water	The original water fo deposition trapped in the interstices of the reservoir rock.
Crown	Refers to the Provincial government with respect to ownership of land and the minerals beneath the surface of the land.
Cr Roy	Abbreviation for Crown Royalty.
Crude Bitumen	A naturally occurring mixture consisting mainly of pentanes and heavier hydrocarbons. Its viscosity is greater than 10,000 mPas measured at original temperature in the reservoir and atmospheric pressure, on a gas-free basis. Crude bitumen may contain sulphur and other nonhydrocarbon compounds and in its natural viscous state is not normally recoverable at a commercial rate through a well.

Crude Oil	<p>A mixture, 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 nonhydrocarbon compounds, but does not include liquids obtained from the processing of natural gas. Classes of crude oil are often reported on the basis of density, sometimes with different meanings. Acceptable ranges are as follows :</p> <p>Light : less than 870 kg/m³ (greater than 31.1 API)</p> <p>Medium : 870 to 920 kg/m³ (31.1 to 22.3 API)</p> <p>Heavy : 920 to 1,000 kg/m³ (22.3 to 10 API)</p> <p>Extra Heavy : greater than 1,000 kg/m³ (less than 10 API)</p>
Cum C. Flow	Refers to net undiscounted cumulative cashflow.
Discounted	Future cashflow converted to present conditions using an appropriate discount rate.
Drillstem Test	<p>The procedure used to gather data on a formation to determine its potential productivity before installing casing in a well. In the drillstem testing tool are a packer, valves or ports that may be opened and closed from the surface, a sample chamber, and a pressure recording device. The tool is lowered in the wellbore on a string of drill pipe and the packer set, isolating the formation to be tested from the formations above and below and supporting the fluid column above the packer. A port on the tool is opened to allow the trapped pressure below the packer to bleed off into the drill pipe, gradually exposing the formation to atmospheric pressure and allowing the well to produce to the surface, where the well fluids may be sampled and inspected. From the record of the pressure readings, a number of facts about the formation may be inferred.</p>
Effective Date	<p>The effective date, also referred to as the "As of Date," serves two (2) purposes in an oil and gas evaluation :</p> <ol style="list-style-type: none"> (1) It is the cutoff date for all geological, engineering and financial data after which no new information can be included in the evaluation. (2) It is the date to which all future net revenue or other cashflow forecasts are discounted to determine present worth values.
Escal.	Abbreviation for escalation rate.

Established Reserves	Those reserves recoverable under current technology and present and anticipated economic conditions, specifically proved by drilling, testing or production, plus judgement portion of contiguous recoverable reserves that is interpreted, from geological, geophysical or similar information, to exist with reasonable certainty.
Fhld	Abbreviation refers to freehold lands, where the mineral rights are not owned by right of the Province.
Freehold Royalty	The amount charged to develop minerals not owned by the Province.
Frh Roy	Abbreviation for Freehold royalty.
Gas Cost All	Allowance for the gathering, compressing and processing of the Crown's share of natural gas.
Gorr	Abbreviation for gross overriding royalty.
Gr. Pdn	Abbreviation for gross production (before any deductions).
Initial Reserves	A term often used to refer to reserves prior to deduction of any production. Alternatively, initial reserves can be described as the sum of remaining reserves and cumulative production at the time of the estimate.
Mineral Tax	Tax collected on lands which are freehold leases.
Min Tax	Abbreviation for Mineral Tax
Mscf	Thousand standard cubic feet of gas measured at standard conditions.
MMscf	Million standard cubic feet of gas measured at standard conditions.
Mstb	Thousand stock tank barrels of oil measured at surface conditions exclusive of solution gas.
Natural Gas	A mixture of lighter hydrocarbons that exist, either in the gaseous phase or in solution, in crude oil reservoirs, but are gaseous at atmospheric conditions. Natural gas may contain sulphur or other non-hydrocarbon compounds.
Natural Gas Liquids	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 Present Value	The value obtained when all cashflow streams, including investment are discounted to the present and totalled.

Net O. Rev.	Net Operating Revenue, refers to value of working interest less overrides, royalties and operating costs, but does not deduct npi or capital costs.
Npi	Abbreviation for Net Profits Interest, an encumbrance deducted after all other interests, burdens, operating costs and capital costs.
Op Cost	Abbreviation for Operating Costs. These would be normally the monthly fixed and variable costs associated with production of oil and gas operations.
Op.cost/bbl	Represents the variable operating cost for a unit of liquid production.
Op.Cost/Mscf	Represents the variable operating cost for a unit of gas production.
Par Price	Price established by the Department for the Crown share of oil.
Payout	Dollar value of capital costs to recover.
Provincial Sliding Scale	Refers to Province of Alberta royalty scheme.
Psia	Pressure measured as pounds per square inch absolute.
Reference Price	Price established by the Department for the Crown share of gas, propane, butane, pentanes plus and sulphur.
Remaining Reserves	Initial reserves less cumulative production at the time of the estimate.
Select Price	Determined annually by the Minister for the vintage of the production. They are used in the formulas for calculating royalty rates.
Sliding Scale	Encumbrance (royalty) based on monthly production.
Stb	Stock tank barrel, measured at surface conditions.
Synthetic Oil	A mixture of hydrocarbons derived by upgrading crude bitumen from oil sands, kerogen from oil shales or other substances such as coal. May contain sulphur or other non-hydrocarbon compounds and has many similarities to crude oil.