

ECHO ENERGY CANADA INC.  
FORM 51-101F3

*REPORT OF  
MANAGEMENT AND DIRECTORS  
ON OIL AND GAS DISCLOSURE*

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). This form does not apply in British Columbia.

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.
2. The report referred to in item 3 of section 2.1 of *NI 51-101* shall in all material respects be as follows:

**Report of Management and Directors on Reserves Data and Other Information**

Management of Echo Energy Canada Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2004 using forecast prices and costs; and (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2004 using constant prices and costs; and (ii) the related estimated future net revenue.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of 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, on the recommendation of the Reserves Committee, approved:

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluator on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

"Gary Conn" (signed)  
Gary Conn, Chief Executive Officer

"Salvatore Fuda" (signed)  
Salvatore Fuda, Chairman

"Robert Moore" (signed)  
Robert Moore, Director

"Andrew Brandt" (signed)  
Andrew Brandt, Director

April 22, 2005

**Echo Energy Canada Inc.**  
**Form 51-101F2**  
**Report on Reserves Data**  
**By Independent Qualified Evaluator**

To the board of directors of Echo Energy Canada Inc. (the "Company"):

- 1 I have evaluated the Company's Reserves Data as at December 31, 2004. The Reserves Data are:
  - a) (i) Proved and probable gas reserves estimated as at December 31, 2004 using forecast prices and costs; and  
 (ii) the related estimated future net revenue; and
  - b) (i) proved oil and gas reserve quantities, estimated as at December 31, 2004 using constant prices and costs; and  
 (ii) the related estimated future net revenue.

- 2 The Reserve Data are the responsibility of the Company's management. My responsibility is to express an opinion on the Reserves Data based on my evaluation.

I carried out my evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

- 3 Those standards require that I plan and perform an evaluation to obtain reasonable assurance as to whether the Reserves Data are free of material misstatement. An evaluation also includes assessing whether the Reserves Data are in accordance with principles and definitions presented in the COGE Handbook.
- 4 The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Reserves Data of the Company evaluated by me for the year ended December 31, 2004, and identifies the respective portions thereof that I have evaluated and reported on to the Company's management:

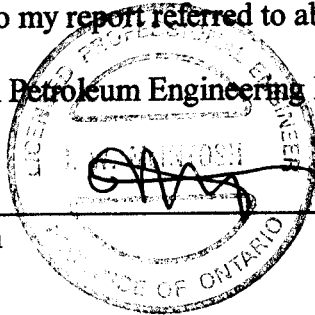
Independent Qualified Evaluator	Report Dated	Reserve Location	Audit	Evaluate	Review	Total
Jim McIntosh Petroleum Engineering	Dec 31, 2004	Canada		\$224,167k		\$224,167k
Totals				\$224,167k		\$224,167k

- 5 In my opinion, the Reserves Data respectively evaluated by me have, in all material respects, been determined and are in accordance with the COGE Handbook.
- 6 I have no responsibility to update my report referred to in paragraph 4 for events and circumstances occurring after the preparation date of this report.
- 7 Because the Reserves Data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to my report referred to above:

Jim McIntosh Petroleum Engineering Ltd.

Per: \_\_\_\_\_  
Jim McIntosh  
President



March 21, 2005

**ECHO ENERGY CANADA INC.**  
**FORM 51-101F1**  
**STATEMENT OF RESERVES DATA AND**  
**OTHER OIL AND GAS INFORMATION**

This statement was prepared on March 12, 2005 and pertains to the oil and natural gas assets of Echo Energy Canada Inc. ("Echo") as of December 31, 2004.

Echo has natural gas assets on the north shore of Lake Erie in Houghton and Middleton Townships of Norfolk County and in Bayham and Malahide Townships of Elgin County in the province of Ontario. The company acquired Echo Energy Inc. during 2004 by way of a three cornered amalgamation of Pifher Resources Inc., a wholly owned special purpose subsidiary of Pifher Resources Inc., and Echo Energy Inc. This is the first NI51-101 filing for Echo following the amalgamation. The remaining natural gas reserves and discounted net present worth associated with these assets, as of December 31, 2004, using forecasted gas prices are:

Reserves Category	Company Gas Reserves	
	Gross (BCF)	Net (BCF)
Proven Developed Producing	18.67	17.58
Proven Developed	35.23	32.76
Total Proved	35.23	32.76
Additional Probable	43.72	41.46
Proved plus Probable	78.95	74.22

Reserves Category	Net Present Worth Before Taxes					Net Present Worth After Taxes				
	0% Disc (\$k)	5% Disc (\$k)	10% Disc (\$k)	15% Disc (\$k)	20% Disc (\$k)	0% Disc (\$k)	5% Disc (\$k)	10% Disc (\$k)	15% Disc (\$k)	20% Disc (\$k)
Proven Developed Producing	\$148,256	\$ 60,272	\$ 36,250	\$ 26,336	\$ 20,929	\$100,778	\$ 43,204	\$ 27,192	\$ 20,434	\$16,664
Proven Developed	\$269,326	\$114,909	\$ 70,169	\$ 50,960	\$ 40,302	\$177,476	\$ 77,848	\$ 48,739	\$ 36,116	\$29,041
Total Proved	\$269,326	\$114,909	\$ 70,169	\$ 50,960	\$ 40,302	\$177,476	\$ 77,848	\$ 48,739	\$ 36,116	\$29,041
Additional Probable	\$281,878	\$206,424	\$153,998	\$120,377	\$ 97,759	\$178,569	\$130,766	\$ 97,552	\$ 76,253	\$61,923
Proved plus Probable	\$551,203	\$321,333	\$224,167	\$171,338	\$138,061	\$356,045	\$208,614	\$146,291	\$112,369	\$90,964

The revenue and costs associated with the forecasted price table above consists of the following entities:

Reserves Category	Revenue (\$k)	Royalties (\$k)	Operating Costs (\$k)	Development Costs (\$k)	Abandonment Costs (\$k)	Future Net Revenue Before taxes (\$k)	Income Taxes (\$k)	Future Net Revenue After Taxes (\$k)
Proven Developed Producing	\$177,435	\$ 10,392	\$ 18,497	\$ -	\$ 292	\$148,256	\$ 47,478	\$100,778
Proven Developed	\$328,894	\$ 22,704	\$ 35,827	\$ 390	\$ 647	\$269,326	\$ 91,850	\$177,476
Total Proven	\$328,894	\$ 22,704	\$ 35,827	\$ 390	\$ 647	\$269,326	\$ 91,850	\$177,476
Probable	\$336,848	\$ 17,151	\$ 28,981	\$ 8,545	\$ 294	\$281,878	\$103,308	\$178,569
Proven plus Probable	\$665,742	\$ 39,855	\$ 64,808	\$ 8,935	\$ 941	\$551,203	\$195,158	\$356,045

The remaining proved natural gas reserves and discounted net present worth associated with the Houghton, Middleton, Bayham, and Malahide Township assets using constant prices and costs are listed below:

Reserves Category	Company Gas Reserves	
	Gross (BCF)	Net (BCF)
Proven Developed Producing	18.67	17.58
Proven Developed	35.23	32.76
Total Proved	35.23	32.76
Additional Probable	43.72	41.46
Proved plus Probable	78.95	74.22

Reserves Category	Net Present Worth Before Taxes					Net Present Worth After Taxes				
	0% Disc (\$k)	5% Disc (\$k)	10% Disc (\$k)	15% Disc (\$k)	20% Disc (\$k)	0% Disc (\$k)	5% Disc (\$k)	10% Disc (\$k)	15% Disc (\$k)	20% Disc (\$k)
Proven Developed Producing	\$133,356	\$ 60,190	\$ 37,979	\$ 28,031	\$ 22,353	\$ 91,339	\$ 43,152	\$ 28,288	\$ 21,507	\$ 17,566
Proven Developed	\$246,733	\$115,915	\$ 73,895	\$ 54,447	\$ 43,204	\$163,164	\$ 78,485	\$ 51,100	\$ 38,325	\$ 30,879
Total Proved	\$246,733	\$115,915	\$ 73,895	\$ 54,447	\$ 43,204	\$163,164	\$ 78,485	\$ 51,100	\$ 38,325	\$ 30,879
Additional Probable	\$311,352	\$224,230	\$167,444	\$130,999	\$106,298	\$197,242	\$142,046	\$106,071	\$ 82,981	\$ 67,333
Proved plus Probable	\$558,086	\$340,144	\$241,340	\$185,446	\$149,502	\$360,405	\$220,531	\$157,171	\$121,307	\$ 98,212

The revenue and costs associated with the constant price table above consists of the following entities:

Reserves Category	Revenue (\$k)	Royalties (\$k)	Operating Costs (\$k)	Development Costs (\$k)	Abandonment Costs (\$k)	Future Net	Income	Future Net
						Revenue Before taxes (\$k)	Taxes (\$k)	Revenue After Taxes (\$k)
Proven Developed Producing	\$156,085	\$ 9,134	\$ 13,435	\$ -	\$ 160	\$133,356	\$ 42,017	\$ 91,339
Proven Developed	\$294,485	\$ 20,609	\$ 26,397	\$ 390	\$ 355	\$246,733	\$ 83,570	\$163,164
Proven	\$294,485	\$ 20,609	\$ 26,397	\$ 390	\$ 355	\$246,733	\$ 83,570	\$163,164
Probable	\$365,483	\$ 18,866	\$ 26,525	\$ 8,545	\$ 195	\$311,352	\$114,111	\$197,242
Proven plus Probable	\$659,968	\$ 39,475	\$ 52,922	\$ 8,935	\$ 550	\$558,086	\$197,680	\$360,405

The natural gas assets of Echo consist exclusively of 69 Thorold sandstone gas wells (69 net wells) drilled by the company and 2 existing gas wells (1 net well) purchased by the company over the past 3 years in Houghton Township, Norfolk County and in Bayham Township, Elgin County in the province of Ontario. As well as the existing gas wells, Echo has an undeveloped land base in Houghton and Middleton Townships, Norfolk County and Bayham and Malahide Townships, Elgin County that is highly prospective for Thorold gas. The company is actively evaluating this acreage. A gathering system, compressor station, and sales line were constructed by the company during 2004, with the first part of this system commencing operations in late June. The balance of the system began operations in October. As of the December 31, 2004, a number of Echo gas wells were being connected to the gathering system. As of December 31<sup>st</sup>, 2004, 32 (32 net) of

the company wells were connected and producing. The Proved Developed Producing reserve category only reflects the value of these 32 producing wells. The Proven Developed reserve category reflects the value of all 71 wells with their existing completions. Many of the 71 existing wells have not yet been hydraulically fraced to enhance productivity. The Proven plus Probable reserve category reflects the added value gained by fracing those wells not yet fraced, and by continued drilling on the company's undeveloped land base.

Sale of the company gas production commenced during October, 2004. Most of the gas produced by Echo is being stored in the company's storage and load balancing account with Union Gas, the local utility in the area and is available with certain withdrawal rate restrictions for sale by the company as it sees fit. A portion of the gas produced by Echo is sold directly to Union Gas as well. The year end gas price received by Echo for gas sales to Union Gas was \$10.233Cdn/Mcf. Echo has not committed any future gas sales to forward contracts and has not purchased any natural gas hedge instruments. The minor gas sales to date have not established a good basis differential for use in Echo's gas price forecasts. However, from discussions with other Ontario producers and industrial end users in Ontario, a +\$0.28US/MMBtu basis differential to the Henry Hub natural gas futures contract on the New York Mercantile Exchange (NYMEX) fairly represents the expected gas sales prices for production in Ontario. This basis differential, in combination with published NYMEX natural gas forecasts, was used to estimate forecasted gas prices. The NYMEX natural gas price forecasts published by Sproule Associates, McDaniel & Associates, Gilbert Laustsen Jung Associates, and Paddock Lindstrom & Associates were used to arrive at this average NYMEX forecast. Based on this philosophy, the average gas price in 2005 will be \$8.36 Cdn/Mcf. This gas price was used in the constant gas price evaluations rather than the very high gas price received from Union Gas for December, 2004 deliveries. The gas prices over the first 5 years of the forecasted evaluations are tabulated below:

Year	2005	2006	2007	2008	2009
Gas Price (\$ Cdn/Mcf)	\$ 8.36	\$ 8.14	\$ 7.83	\$ 7.47	\$ 7.29

Echo has 24,398 acres of prospective petroleum and natural gas leases (P&NG leases) in the Houghton and Middleton Township areas of Norfolk County and Bayham and Malahide Township areas of Elgin County. This undeveloped acreage has been assigned probable reserves in recognition of offset well control and proximity to existing Echo gas wells and gathering system. To acknowledge the reserve uncertainty of this acreage, only 50% of this acreage has been assumed prospective, requiring 39 additional wells. With the increased productivity in the Proved plus Probable evaluation, additional compression will be necessary to produce the wells to their capacity. Capital costs to install an additional compressor have been included in 2006 in the Proved plus Probable evaluation. The capital costs required to tie-in the remaining existing gas wells as well as the costs required to frac existing non-fraced gas wells, evaluate the undeveloped acreage, and install additional compression are summarized below:

Year	Proved Developed Capital	Proved + Probable Capital
2005		
Well Tie-ins	\$ 390k	\$ 390k
Fracturing	\$ -	\$ 1,620k
Drilling	\$ -	\$ 2,625k
2006		
Drilling	\$ -	\$ 2,800k
Compression	\$ -	\$ 100k
2007		
Drilling	\$ -	\$ 1,400k

The capital necessary to fund these projects can easily be supported from cash flow, with no additional financing required. Echo did, however, set up a line of credit to help finance the construction of the gathering system, compressor station, and sales line. As of December 31<sup>st</sup>, 2004, the draw on this line of credit was \$5,000,000. The interest rate charged on this line of credit is Prime +1%, with principal repayments starting in 2007.

As of December 31<sup>st</sup>, 2004, Echo has sufficient tax pools to remain non-taxable until 2006 in the Proved Developed Producing evaluation, but became taxable during 2005 in both the Total Proved and Proved plus Probable evaluations.

Most available capital was used to construct the gathering system, compressor station, and sales line during 2004. The table below details the major capital items completed during 2004.

Pipeline and Facility Construction	\$ 5,295,078
Wellsite Facilities	\$ 390,394
Drill and Case Wells	\$ 465,216
Fracture Treatments	\$ 282,889

All wells drilled during 2004 were successful Thorold gas wells. Echo plans to continue delineating the Thorold gas play in the Middleton, Houghton, Bayham, and Malahide Township areas with about 15 new gas wells planned, as well as continuing to frac existing gas wells. A total of 39 existing gas wells still require hydraulic fracture treatments. Echo has also contacted shallower productive Silurian Guelph zones in a number of their wells. This gas zone will continue to be evaluated as Thorold wells are drilled, and will be brought onstream as pipeline capacity develops. In addition to Thorold sand and Guelph carbonate natural gas reserves, Echo is commencing an exploration program to evaluate deeper prospective gas and oil zones within the company land holdings.

Echo produced a total of 119.9 MMcf of sales gas from Thorold gas wells since production commenced in June, 2004. Most of this sales gas was parked in the company's storage and load balancing account with Union Gas as of year end. Most gas wells are subject to a 5% freehold royalty payable annually to local landowners. Field operating costs of approximately \$252,397 were incurred during 2004. During 2005, the following are the anticipated average production rates for each reserve category.

	Gross (MMcfd)	Net (MMcfd)
Proved Developed Producing	2197	2070
Total Proved	3858	3572
Proved plus Probable	10054	9419