



FORM NI 51-101

**STATEMENT OF RESERVES DATA AND OTHER OIL
AND GAS INFORMATION AS OF DECEMBER 31ST 2009**

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TABLE OF CONTENTS

1	INTRODUCTION	4
1.1	REPORT STANDARDS.....	4
1.2	FORWARD-LOOKING STATEMENTS	4
1.3	EXCLUSIVITY	4
2	REPORT DATE.....	5
2.1	MATERIAL INFORMATION SUBSEQUENT TO DECEMBER 31 ST , 2009.....	5
3	RESERVES AND PRODUCTION.....	5
4	GASTEM PROPERTIES (NI 51-101 F1 - OTHER OIL AND GAS INFORMATION).....	6
4.1	EXPLORATION, ACQUISITION AND DEVELOPMENT COSTS.....	6
4.2	WELLS DRILLED	7
4.3	TAX HORIZON	7
4.4	QUEBEC PROVINCIAL EXPLORATION PERMIT TERMS	7
5	GASTEM – QUEBEC, CANADA OPERATIONS.....	8
5.1	ST- HYACINTHE PROPERTY.....	8
5.2	YAMASKA PROPERTY.....	10
5.4	DUNDEE-SOULANGES PROPERTY	12
5.5	ST-JEAN WEST PROPERTY	14
5.6	ST-JEAN EAST PROPERTY	15
5.7	ST-JEAN NORTH PROPERTY	16
5.8	JOLY PROPERTY	17
5.9	MAGDALEN ISLANDS PROPERTY.....	19
5.10	MATAPEDIA – CYR PROPERTY	20
5.11	HALDIMAND PROJECT.....	22
5.12	ST-SIMON PROJECT	23
6	GASTEM-USA, OPERATIONS IN THE UNITED STATES	24
6.1	NEW YORK STATE PROJECT.....	24
6.2	VIRGINIA COAL-BED METHANE PROJECT, VIRGINIA.....	26
6.3	AMBER BANK PROJECT, WEST VIRGINIA.....	26
	APPENDIX A – STATEMENT OF RESERVES DATA (51-101-F1)	27
	CERTIFICATES OF QUALIFICATION OF INDEPENDENT RESERVES EVALUATORS	33
	COGE HANDBOOK RESERVES DEFINITIONS USED IN THIS EVALUATION	36
	APPENDIX B - FORM NI 51-101 - F2.....	40
	APPENDIX C - FORM NI 51-101 - F3.....	46

LIST OF TABLES

Table 1 : St- Hyacinthe Permits	9
Table 2 : Yamaska Permits	11
Table 3 : Dundee Permits	13
Table 4 : St-Jean West Permits	14
Table 4 : St-Jean East Permits	15
Table 5: St-Jean North Permit	16
Table 7 : Joly Permits	18
Table 6 : Magdalen Island Permit.....	19
Table 9 : Matapedia-Cyr Permits as of December 31 st 2009	21

LIST OF FIGURES

Figure 1 : St-Hyacinthe Property Diagram	9
Figure 2 : Yamaska Property Diagram	11
Figure 3 : Dundee Property Diagram.....	13
Figure 4 : St-Jean West Property Diagram	14
Figure 4 : St-Jean East Property Diagram	15
Figure 5 : St-Jean North Property Diagram	16
Figure 7 : Joly Property Diagram	18
Figure 6 : Magdalen Islands Property Diagram.....	19
Figure 8 : Matapedia-Cyr Property Diagram as of January 1 st 2009	20
Figure 9: Matapedia-Cyr Property Diagram as of December 31 st 2009	21
Figure 10 : Haldimand Project Diagram.....	22
Figure 11 : New York Utica Shale Project Diagram	25



FORM 51-101-F1

**“STATEMENT OF RESERVES DATA AND OTHER OIL
AND GAS INFORMATION”
AS OF DECEMBER 31st 2009**

1 INTRODUCTION

This document includes the NI 51-101F1, F2 and F3 forms detailing the activities and reserves established by Gastem for the year ended 31st December 2009.

Gastem mandated Schlumberger Reservoir Services, Pittsburgh PA, to act as the independent reserves assessor with respect to Gastem's production interest in Amber Bank, West Virginia and to compile the NI 51-101-F2 forms and associated reports.

1.1 Report Standards

This report has been prepared using current geological and engineering knowledge, techniques and computer software. This report adheres in all material aspects to the "best practices" recommended in the COGE Handbook which are in accordance with principles and definitions established by the Calgary Chapter of the Society of Petroleum Evaluation Engineers. The COGE Handbook is incorporated by reference in National Instrument 51-101.

1.2 Forward-Looking Statements

This report may contain forward-looking statements including expectations of future production revenues and capital expenditures. Information concerning reserves may also be deemed to be forward-looking as estimates involve the implied assessment that the reserves described can be profitably produced in future. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the underlying risks of the oil and gas industry (i.e., corporate commitment, regulatory approval, operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimations; the uncertainty of estimates and projections relating to production; costs and expenses, and health, safety and environmental factors), commodity price and exchange rate fluctuation.

1.3 Exclusivity

This report has been prepared for the exclusive use of Gastem. It may not be reproduced, distributed, or made available to any other company, person or organization without the knowledge and written consent of Gastem and without the complete contents of the report being made available to that party.

2 REPORT DATE

This report was completed and signed on March 25th 2010. The data and information discussed in this document pertain to Gastem's exploration and development activities for the year ending December 31st, 2009.

2.1 Material Information Subsequent to December 31st, 2009

Material events occurring between the effective date of this report and its signature have been included as notes within the associated sections of this document. These changes are with respect to the "Other Oil and Gas Information" component of this filing and are discussed on a project by project basis in the relevant subsections of sections 5 and 6 below.

3 RESERVES AND PRODUCTION

Gastem is an independent oil and gas exploration company, based in Montreal, Canada which was listed on the TSX Venture Exchange in January 2004. The company has exploration properties in Quebec, Canada and interests in New York State and West Virginia in the USA. All of the company's assets and interests are onshore. Gastem-USA is a wholly owned subsidiary of Gastem and administers the company's operations within the USA.

Gastem-USA had natural gas reserves attributed to its interest in the Amber Bank field in Jackson and Roane counties of West Virginia, USA up to the sale of this asset on March 25th 2009. Further details on this project are provided in Section 6.2 and Annex A of this report.

For the same period, Gastem had no oil or natural gas reserves attributed to any property in which the company has any interest within the province of Quebec, Canada or New York State in the USA.

4 GASTEM PROPERTIES (NI 51-101 F1 - OTHER OIL AND GAS INFORMATION)

On December 31st 2008, Gastem owned five multiple permit blocks (Yamaska, Dundee, St-Jean, the Magdalen Islands and Matapedia-Cyr), within the Province of Quebec. The company also held interests in several other projects in Quebec, Canada namely, St-Hyacinthe (with Canbriam Energy) Joly (with Intragaz), St-Jean North (with Questerre Energy), Haldimand (with Petrolia and Junex) and St-Simon (with Junex). During this reporting period, Gastem released a portion of the Matapedia-Cyr block and sold its interest in the Haldimand project to the operator, Petrolia. These modifications are discussed in the relevant subsections of Section 5 of this document and resulted in the company's lands in Quebec on December 31st, 2009 totalled 498,210 gross hectares (1,230,579 gross acres) and 378,685 net hectares (935,352 net acres).

In February 2007, Gastem granted Epsilon Energy a 25% undivided participating interest in the properties and interests held at that time by Gastem within the province of Quebec. Furthermore, Epsilon benefits from a standard 'in or out' provision on a well by well basis on the aforementioned properties.

Between January 1st, 2009 and December 31st, 2009, Gastem-USA was active in two Shale Gas projects within the Appalachian basin of the North Eastern United States. In 2007 Gastem-USA farmed-in on Epsilon Energy's interest in 24 wells on the Amber Bank project, located in Jackson and Roane counties of West Virginia with Epsilon and Gastem's interest being sold on May 26th 2009. In January 2008, Gastem-USA signed a farm-in agreement with Covalent Energy pertaining to a Utica Shale exploration program, on 25,000 acres in Otsego County, New York. Gastem-USA held an option to earn an 80% working interest and operatorship on this land position, which has increased to approximately 34,000 acres as of the date of this document. By drilling and completing the Ross No1 well during the autumn of 2009, Gastem-USA earned its 80% interest according to the terms of the agreement with Utica Energy.

4.1 Exploration, Acquisition and Development Costs

For the fiscal year ending December 31st 2009, Gastem spent \$4,241,025 on exploration activities including drilling and geoscientific work on its properties and assets in Canada. There were no acquisition or development costs incurred during the reporting period.

For the same period, Gastem-USA's exploration expenses, including drilling and geoscientific work for 2009 were \$2,036,260, principally associated with the New York Shale project in New York State and \$153,097 on land acquisition costs in the Commonwealth of Virginia. Gastem-USA incurred no development costs between January 1st and December 31st, 2009.

4.2 Wells Drilled

Gastem and Gastem-USA drilled and completed three shale exploration wells in Appalachia.

During the summer of 2009, Gastem drilled the La Presentation No1 and St-Hyacinthe No1 wells with partner Canbriam Energy as operator. These 2 vertical wells were drilled to the top of the Trenton limestone with fullbore and sidewall cores being taken in the Utica Shale for subsequent analysis. The first of several targets within the Utica was fracture stimulated in both wellbores during the fall, with preliminary results announced by Gastem on the 9th February 2010. Both wells are suspended pending further completion operations.

Gastem-USA successfully drilled and completed the Ross No1 well in Otsego County NY, also during the fall of 2009. This well, operated by Gastem-USA, had the evaluation of the Utica Shale, Marcellus Shale and the Clinton sands as an operational target. Following drilling and coring of all three target intervals, the Utica was fracture stimulated and a Drill Stem Test (DST) was undertaken in the Oneida member of the Clinton Sands. The Ross No1 well was suspended pending further completions, following preliminary flowback testing of the Utica.

4.3 Tax Horizon

Neither Gastem nor Gastem-USA realised taxable revenue during this reporting period.

4.4 Quebec Provincial Exploration Permit Terms

Within the Province of Quebec, exploration permits give the owner the exclusive right to undertake oil and gas and underground reservoir exploration work for a five-year period, against annual rental and annual work commitment expenditures on the permits. The annual rental fee is \$0.10 per hectare and a minimum statutory exploration expenditure of \$0.50 per hectare the first year. Expenditure increases by \$0.50 per hectare every subsequent year, to reach a maximum of \$2.50 per hectare in the fifth year. Once the initial five year term has elapsed, the holder may renew the permit on an annual basis, for a further five years. For each additional annual renewal, the rental fee is fixed at \$0.10 per hectare and work expenditure obligations are \$2.50 per hectare.

The Ministère des Ressources Naturelles et de la Faune (MRNF) in Quebec City issues hydrocarbon exploration (PG) permits and underground storage reservoir (RS) permits. The terms of the two types of permits are similar and both types are currently in use by exploration companies in Quebec. The PG or RS permit holder must convert these permits to MRNF issued operating leases (BP) before undertaking commercial production. Rental for an Operating Lease is \$2.50 per hectare and the lease term is 20 years and is renewable.

5 GASTEM – QUEBEC, CANADA OPERATIONS

5.1 ST-HYACINTHE PROPERTY

Gastem's working interest in the St-Hyacinthe Property (Figure 1) was purchased in December 2008, when Gastem signed an agreement with Canbriam Energy of Calgary, Alberta regarding a joint Farm-In on a 37,273 hectare block held by a consortium led by Suncor Energy. The signature of this agreement was announced by Gastem on January 5th 2009 and under the terms, Gastem may earn a 17% interest and Canbriam 68% with the sellers maintaining a 15% carried interest. Gastem paid the seller an upfront consideration of \$2.5M and committed to paying 20% of a 6 well program and seismic acquisition to be carried out prior to December 31st 2010. Upon execution of the program, Gastem will have gained a 17% net interest in the property to the top of the Trenton Formation. Subject to drilling a 7th well by January 2013, and a success fee, Gastem may earn a similar interest from the top of the Trenton Formation to the Pre-Cambrian basement. A cash consideration for cumulative production is also provided for in the agreement.

On 4th August 2009, Gastem sold a 0.425% working interest for a 0.5% share of the St-Hyacinthe project costs to Canadian Forest Oil from Gastem's interest for \$62,500, this sum representing 0.5% of the cash consideration paid by Gastem to the Farmee. As of December 31st 2009 Gastem's interest in the project was a 16.575% working interest for 19.5% of the costs.

The St-Hyacinthe Property is adjacent to and immediately southeast of the Yamaska block described in section 5.2 below. The geology of the block is typical of the area of the St. Lawrence Lowlands that is currently the focus of exploration and development of the Utica Shale. The subsurface comprises a series of fault bounded terraces in the autochthonous carbonate platform, deepening towards the Appalachian Mountains in the east. Evidence of the Appalachian thrust front is visible in the near surface zones of the Lorraine shale in the western part of the St-Hyacinthe block and is present in the Utica and Trenton groups to at the eastern block limit.

During September and October 2009, Canbriam and Gastem drilled 2 of the 3 vertical earning wells into the top of the Trenton Limestone. Both of these wells were fracture stimulated in the lower of several target intervals within the Utica shales and the results of the flowback tests from this zone were released by Gastem in early February 2010.

Permit Number	Acquisition Date	Surface Area
2005-PG-772 (16.575% WI)	1 st March 2005	14,482 Ha
2005-PG-780 (16.575% WI)	1 st March 2005	22,765 Ha
TOTAL GROSS		37,247 Ha
TOTAL NET		6,174 Ha

Table 1 : St-Hyacinthe Permits

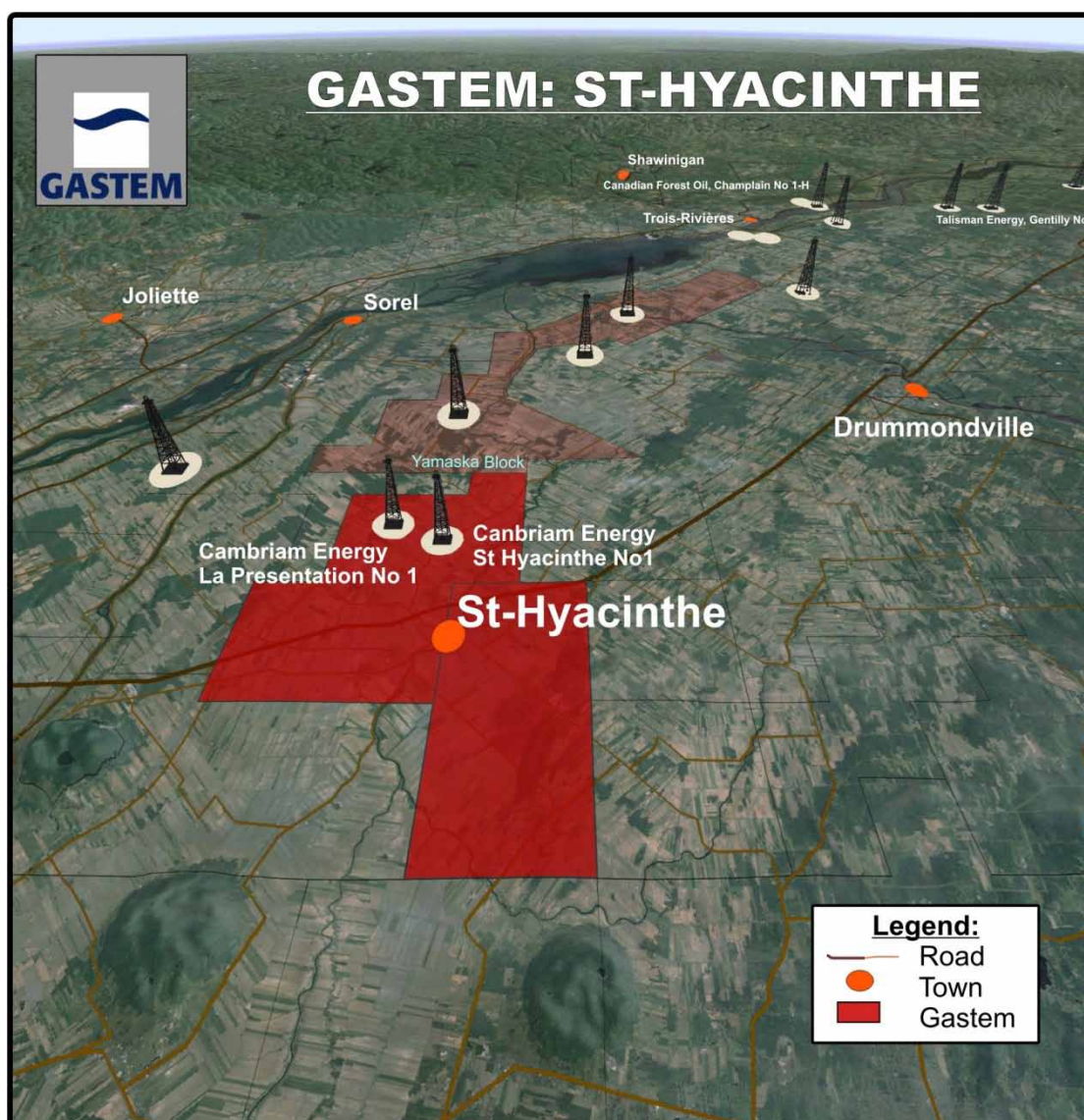


Figure 1 : St-Hyacinthe Property Diagram

5.2 YAMASKA PROPERTY

The Yamaska Property (Figure 2) consists of two exploration permits covering 45,381 hectares, situated in the St. Lawrence Lowlands, south of Lac St-Pierre and Trois-Rivières.

In February 2007, Gastem signed an agreement with Forest Oil of Denver, USA, later transferred to its wholly owned subsidiary, Canadian Forest Oil (CFOC) of Calgary, Alberta. Canadian Forest Oil earned a 60% interest in the Permits from the surface to the base of the Utica shale, during the course of its 2008 drilling and completion operations. Under the terms of this agreement, Gastem retains operatorship and a 50% working interest in the geological formations below the Utica Shale.

Having earned its interest in 2008 by drilling and completing the St-Francois-du-Lac Horizontal No.1 and St-Louis-de-Richelieu No.1 Horizontal wells and as a result of the global economic crisis, Canadian Forest Oil did not undertake any operations in Quebec during 2009.

Questerre Energy, of Calgary Alberta has a 20% working interest in the property to the base of the Utica and a 50% working interest in the formations below the Utica.

In February 2007, Gastem granted Epsilon Energy Ltd. a 25% undivided participating interest on a well by well basis on of Gastem's interest (5% Gross) in the Yamaska Property. Epsilon Energy had not participated in any wells on the Yamaska Property for the period up to and including the Report Date disclosed in section 2 of this document, but has expressed its intention to participate in future operations.

Permit Number	Acquisition Date	Surface Area
2006-RS-150 (20% WI)	14 th July 2006	21,859 Ha
2006-RS-151 (20% WI)	14 th July 2006	23,522 Ha
TOTAL GROSS		45,381 Ha
TOTAL NET		9,076 Ha

Table 2 : Yamaska Permits

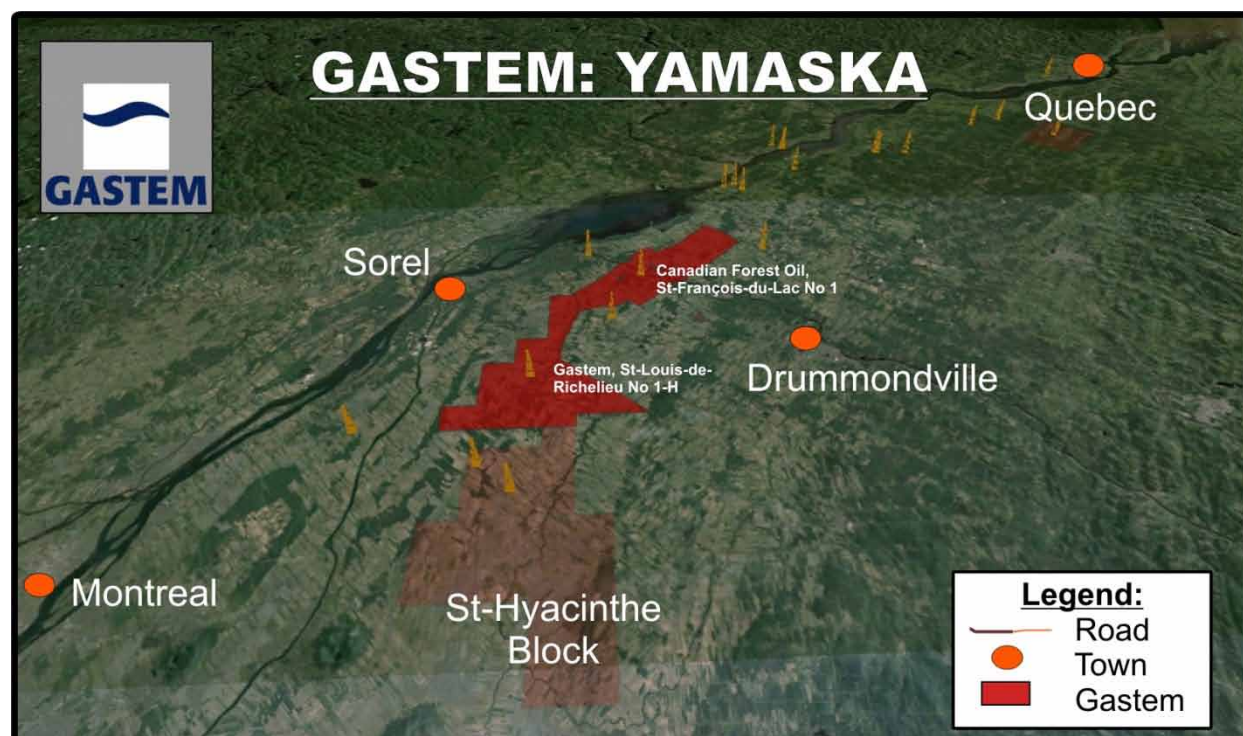


Figure 2 : Yamaska Property Diagram

5.4 DUNDEE-SOULANGES PROPERTY

On January 1st 2009, the Dundee Property (Figure 3) comprised four, 100%-owned exploration permits for a total area of approximately 57,909 hectares. The block is situated in the St. Lawrence Lowlands approximately 75 km southwest of Montreal, and borders the St. Lawrence River, New York State and Ontario. In January 2009, Gastem secured 2 additional exploration permits to the north of the existing block, between the St. Lawrence and Ottawa rivers and in the vicinity of the Soulanges canal. These permits have been incorporated into the Dundee block due to the similar geological setting and the combined permits have a total area of 92,712 hectares

The Dundee Property has potential for both shallow primary gas accumulations and secondary storage reservoirs. Gas shows were observed in the late 1960s, and particularly in 1996 and 2002 when stratigraphic wells were drilled into highly fractured Beauharnois dolomites, showing primary and secondary porosities. Several studies were undertaken on the property and in 2004, the Gastem, Dundee No.1 well was drilled adjacent to the previous Ditem, Dundee No.1 well, producing similar results in that the well produced thermogenic natural gas at good pressure, but was subsequently invaded by salt water and abandoned.

During the autumn of 2009, Gastem undertook a 19.48 km 2-D seismic survey in the south western portion of the block, adjacent to the previous Gastem and Ditem Explorations wildcat wells and various methane seep anomalies observed during the 2007 soil geochemistry survey.

Epsilon Energy Ltd. has a 25% undivided participating interest on a in Gastem's Dundee-Soulanges Property.

Permit Number	Acquisition Date	Surface Area
2006-RS-134 (100% WI)	14 th July 2006	9,544 Ha
2006-RS-135 (100% WI)	14 th July 2006	10,806 Ha
2006-RS-136 (100% WI)	14 th July 2006	21,081 Ha
2006-RS-137 (100% WI)	14 th July 2006	16,478 Ha
2009-PG-460 (100%WI)	19 th Jan 2009	18,449 Ha
2009-PG-461 (100%WI)	19 th Jan 2009	16,354 Ha
TOTAL GROSS / NET		92,712 Ha

Table 3 : Dundee Permits

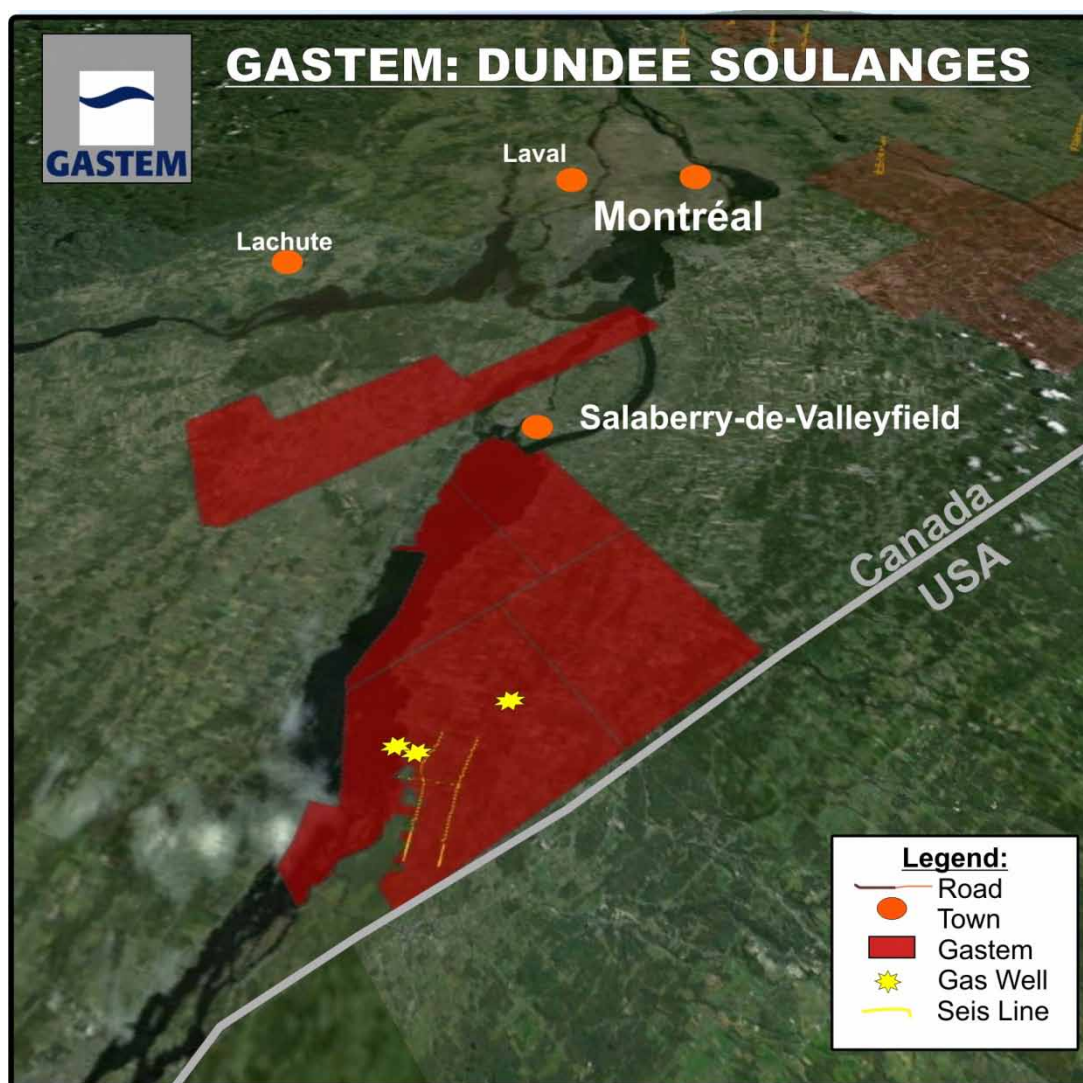


Figure 3 : Dundee Property Diagram

5.5 ST-JEAN WEST PROPERTY

The St-Jean West Property (Figure 4) consists of 2 exploration permits covering 28,869 hectares situated about 30 km southeast of Montreal, immediately to the west of the Richelieu River and north of the U.S. border (New York State and Vermont). The geology of these units is similar to the adjacent Dundee-Soulanges Property, described in the previous section, with the Beekmantown carbonates present at the surface.

There was no activity on the St-Jean West Property during 2009.

Epsilon Energy Ltd. has a 25% undivided participating interest on a well by well basis on Gastem's St-Jean West Property.

Permit Number	Acquisition Date	Surface Area
2006-RS-139 (100% WI)	14 th July 2006	17,889 Ha
2006-RS-141 (100% WI)	14 th July 2006	10,980 Ha
TOTAL GROSS		28,869 Ha

Table 4 : St-Jean West Permits

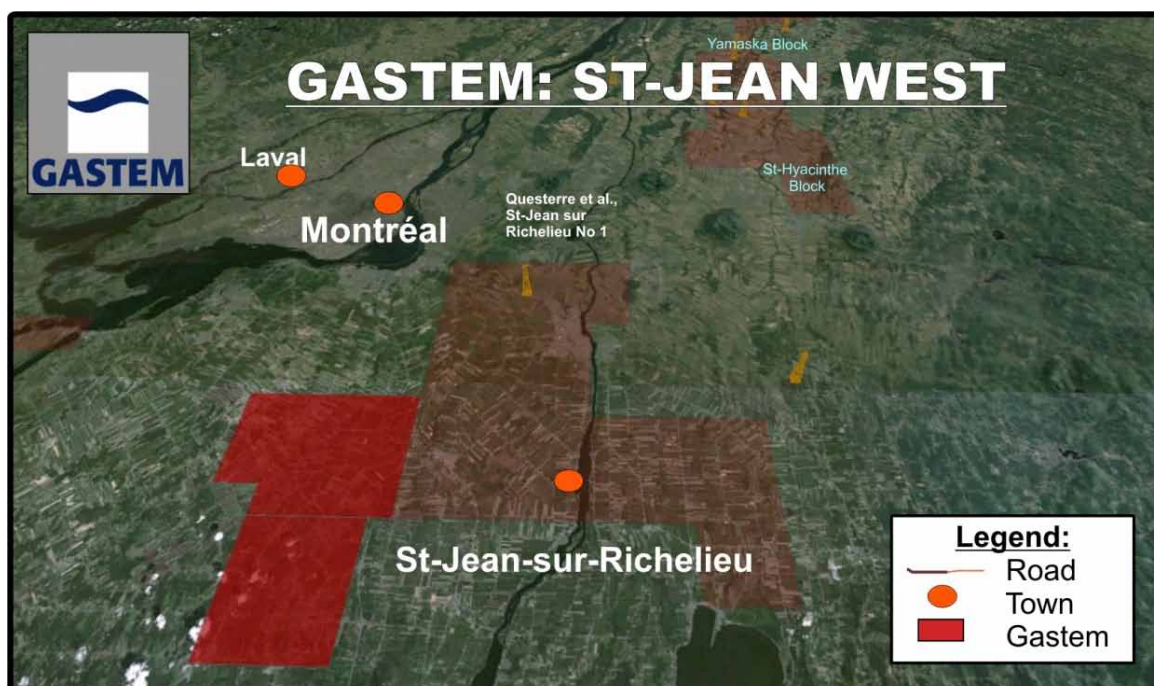


Figure 4 : St-Jean West Property Diagram

5.6 ST-JEAN EAST PROPERTY

The St-Jean East Property (Figure 5) consists of three exploration permits covering 79,537 hectares situated about 30 km southeast of Montreal, immediately to the west of the Richelieu River and north of the U.S. border (New York State and Vermont). This block is situated in the southern part of the Utica Shale “fairway” in the St. Lawrence Lowlands. Gastem has a 50% interest and Joint Operatorship with Questerre Energy (50% WI).

There was no exploration activity on the St-Jean East Property during 2009.

Epsilon Energy Ltd. has a 25% undivided participating interest on a well by well basis in Gastem’s interest in the St-Jean East Property.

2006-RS-138 (50% WI)	14 th July 2006	10,931 Ha
2006-RS-140 (50% WI)	14 th July 2006	18,981 Ha
2006-RS-142 (50% WI)	14 th July 2006	20,756 Ha
TOTAL GROSS		50,668 Ha
TOTAL NET		25,334 Ha

Table 5 : St-Jean East Permits



Figure 5 : St-Jean East Property Diagram

5.7 ST-JEAN NORTH PROPERTY

Gastem holds a 20% working interest on the Questerre Energy operated 21,834 hectares (2005-PG-773) permit, referred to as St-Jean North (Figure 6). This permit is adjacent to the Gastem St-Jean Property described above.

In 2008, Gastem participated in the drilling and completion of the Questerre et al. St-Jean-de-Richelieu No.1 well, in order to test the potential of the Utica shale in the southern part of the 'shale fairway' in the St. Lawrence Lowlands. The well was drilled and operated by Questerre Energy to a total depth of 442m KB with a significant quantity of core taken in the Ordovician shales. The partners ran a comprehensive suite of geophysical logs in the wellbore. . The well was fracture stimulated in January 2009 with some gas produced to surface, but operation and climatological issues limited the effectiveness of the completion. The well is currently suspended pending further work.

Permit Number	Acquisition Date	Surface Area
2005-PG-773 (20% WI)	14 th July 2006	21,834 Ha
TOTAL GROSS		21,834 Ha
TOTAL NET		4,336 Ha

Table 6: St-Jean North Permit



Figure 6 : St-Jean North Property Diagram

5.8 JOLY PROPERTY

In September 2007, Gastem signed a farm-in agreement with Intragaz to test the Joly structure situated on two exploration permits (2002PG669 and 2005PG788) and one production permit (1980 BP 103-C), with a total area of 14,050 hectares. These permits are located about 50 km southwest of Quebec City and cover the entire structure, which consists of two superposed Ordovician platform carbonate thrust sheets, in a similar structural setting as the adjacent St-Flavien gas field, which was converted to a natural gas storage reservoir, is operated by Intragaz.

Following the terms of the agreement Gastem, as operator, spudded Gastem Intragaz, Joly No.4 on permit 2002-PG-669 in December 2007. This deviated well reached a total depth of 1,016m (TVD 973m) on December 29th, 2007 and intersected the upper thrust sheet. However, the targeted formation, an oolitic dolostone unit with 6.7% primary porosity, was not encountered. The Joly 4 well was abandoned during Q2 of 2009.

By drilling the Joly No. 4 well, Gastem earned a working interest for 35% of gas production and 34% of gas storage rights on two Intragaz permits, (2002-PG-669 and 2005-PG-778).

Permit Number	Acquisition Date	Surface Area
2002-PG-669	5 th September 2002	12,000 Ha
2005-PG-788	5 th September 2005	2,050 Ha
2000-BP-103-C (As 2005-PG-788)	Renewed for 10 years	(1,800 Ha)*
TOTAL GROSS		14,050 Ha
TOTAL NET		4,918 Ha

* the production lease overlies land included in PG-788

Table 7 : Joly Permits

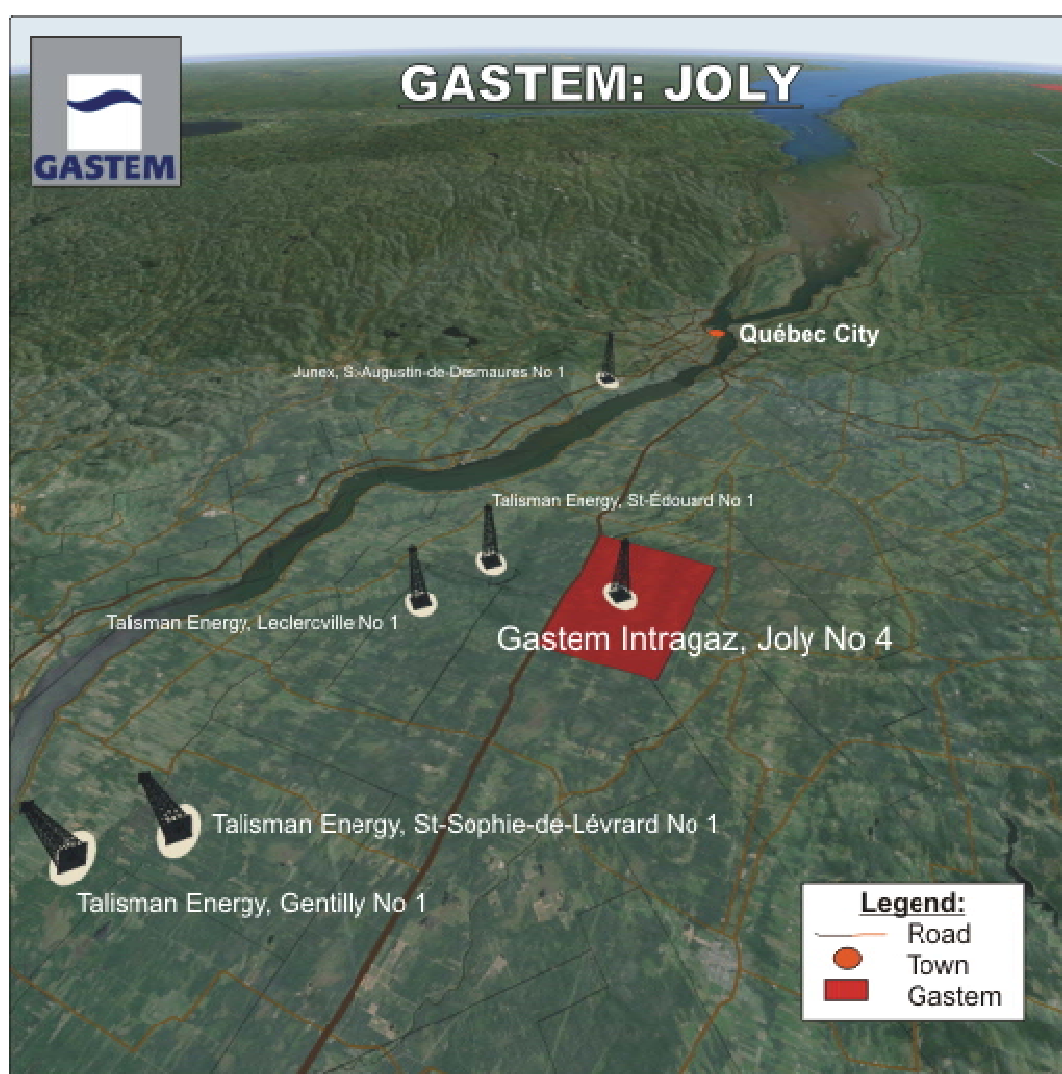


Figure 7 : Joly Property Diagram

5.9 MAGDALEN ISLANDS PROPERTY

In July 2008, the Company acquired the exploration permit for the Magdalen Islands (Iles de la Madeleine) in the Quebec Sector of the Gulf of St. Lawrence. The property covers some 17,520 hectares and is situated in the Magdalen Basin, in the southern sector of the Gulf.

Following the acquisition of the permits, Gastem undertook a detailed review of existing geoscientific data on and around the islands over the winter of 2008-2009. Boyd Petrosearch of Calgary, performed a comprehensive re-interpretation of the existing seismic and gravity data and produced an integrated geological model. An additional gravity survey was undertaken in the summer of 2009 to better resolve the extent and morphology of the salt diapir structures underlying the islands.

Permit Number	Acquisition Date	Surface Area
2008-PG-990 (100% WI)	9 th July 2008	17,520 Ha
TOTAL GROSS / NET		17,520 Ha

Table 8 : Magdalen Island Permit

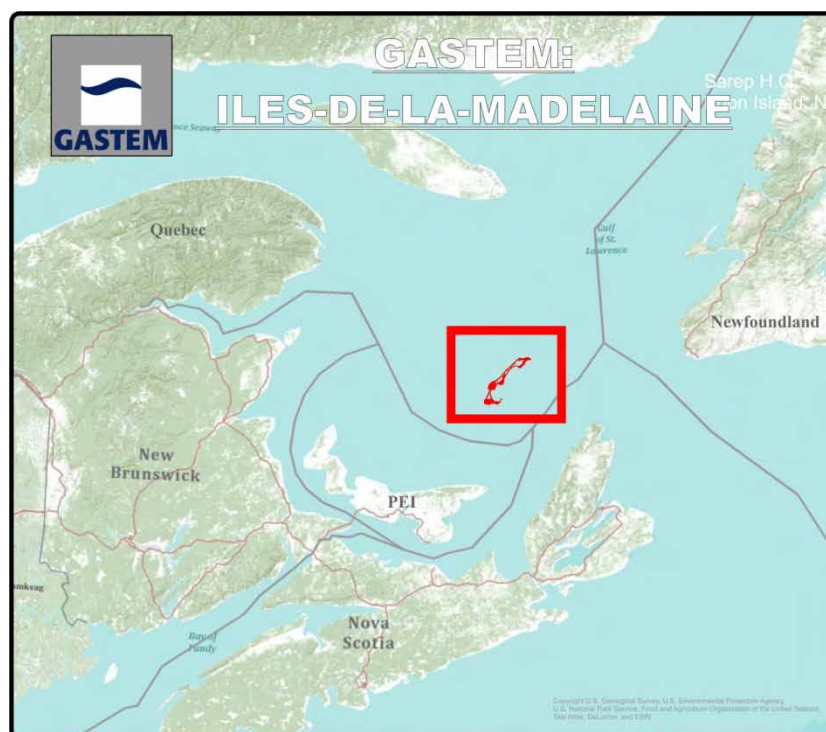


Figure 8 : Magdalen Islands Property Diagram

5.10 MATAPEDIA – CYR PROPERTY

At the start of 2009, the Gastem operated Matapedia-Cyr Property (Figure 9) consisted of sixteen 100%-owned exploration permits with an area of 296,095 gross hectares and one 70% owned exploration permit with a gross area of 609 hectares for a total of 296,704 gross hectares located on the Gaspé Peninsula in Quebec. During the course of 2009 the land position was rationalised, with 3 permits being abandoned and a further 5 resized. As of the 31st of December 2009 the block (Figure 10) comprised 13 permits with an area of 189,320 hectares and one 70% owned exploration permit with a gross area of 609 hectares for a total of 189,929 gross hectares. The permit numbers and areas before and after the permit rationalisation are shown in Tables 8 and 9 respectively.

In 2005, Gastem participated in the drilling of the Hydro-Quebec Pétrole et Gaz (HQPG), Miguasha No.1 well on the tip of the Miguasha Peninsula. As a result of this earned interest, Gastem was issued the 2003-PG-712 permit in January 2007, totalling 609 hectares, adjacent to the abandoned HQPG, Miguasha No.1 well. Questerre Energy also participated in the Miguasha No.1 well and as a result holds a 30% interest in the 2003-PG-712 permit, with Gastem retaining operatorship and a 70% interest.

In September 2009, Gastem undertook a 36 km 2-D seismic survey across the Causapscal Anticline in the northern part of the block and tied into the 1972, La Verendrye No1 well in an area of “live oil” seeps observed during the 2007 and 2008 surface geochemistry surveys.

Epsilon Energy Ltd. has a 25% undivided participating interest on a well by well basis on Gastem’s Matapedia-Cyr Property.

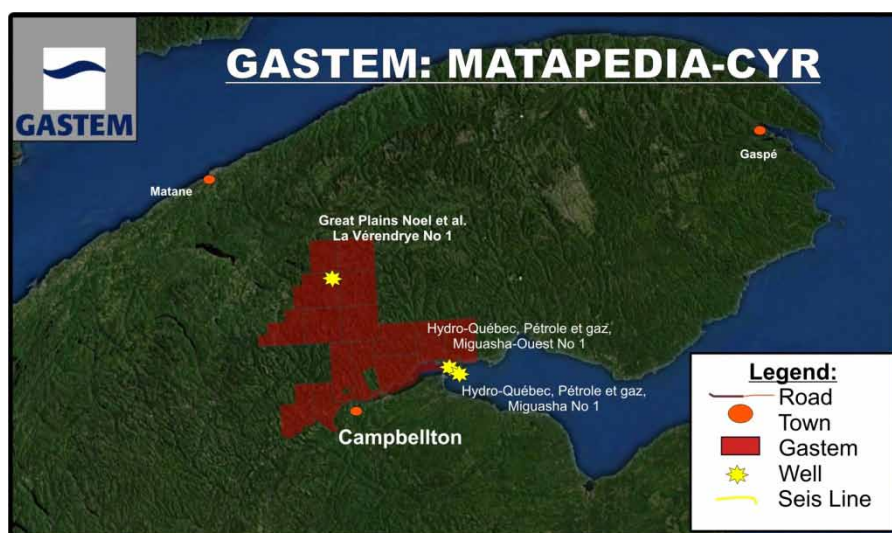


Figure 9 : Matapedia-Cyr Property Diagram as of January 1st 2009

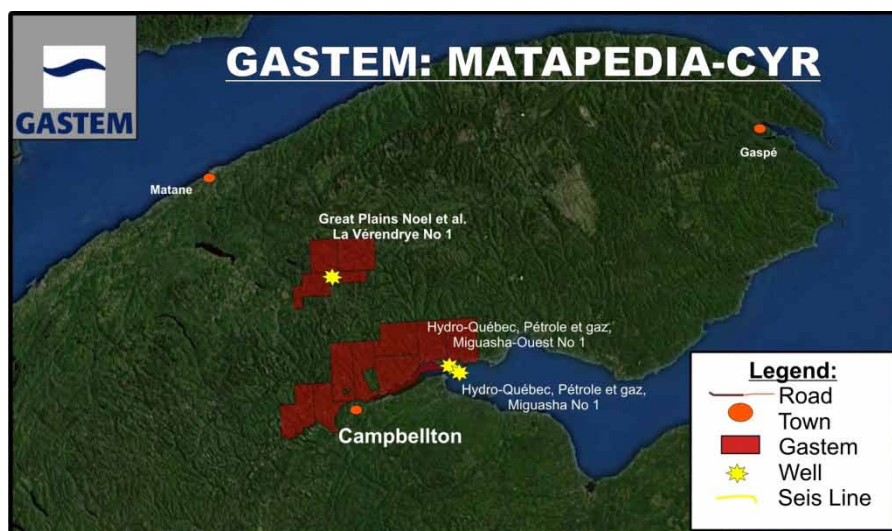


Figure 10: Matapedia-Cyr Property Diagram as of December 31st 2009

Permit Number	Acquisition Date	Surface Area
2003-PG-712 (70% WI)	15/01/2003	609 Ha
2006-RS-143 (100% WI)	14/07/2006	14,254 Ha
2006-RS-144 (100% WI)	14/07/2006	15,309 Ha
2006-RS-145 (100% WI)	14/07/2006	19,007 Ha
2006-RS-146 (100% WI)	14/07/2006	5,100 Ha
2006-RS-152 (100% WI)	14/07/2006	21,000 Ha
2006-RS-153 (100% WI)	14/07/2006	14,722 Ha
2007-PG-939 (100% WI)	23/10/2007	9,216 Ha
2007-PG-940 (100% WI)	23/10/2007	11,128 Ha
2007-PG-941 (100% WI)	23/10/2007	13,483 Ha
2007-PG-942 (100% WI)	23/10/2007	18,998 Ha
2007-PG-943 (100% WI)	23/10/2007	18,200 Ha
2007-PG-944 (100% WI)	23/10/2007	22,327 Ha
2007-PG-945 (100% WI)	23/10/2007	6,576 Ha
TOTAL GROSS		189,929 Ha
TOTAL NET		189,746 Ha

Table 9 : Matapedia-Cyr Permits as of December 31st 2009

5.11 HALDIMAND PROJECT

In August 2005, Gastem signed an earn-in agreement with Petrolia, of Rimouski Quebec, with respect to a 10% working interest in the Petrolia, Haldimand No.1 well (C131) and surrounding structure. In March 2006, Petrolia announced an oil discovery at Haldimand. Preliminary testing recovered 156 barrels of oil (47°API) and extended production testing produced an average of 40BOE per day. Upon the announcement of a discovery, the operator Junex, exercised its back-in option for 50% of Petrolia's share. As of the 1st of January 2009 the ownership of the prospect was: Gastem 10%, Petrolia 45% and Junex 45%.

During the fall and winter of 2008/2009, the partners undertook a joint work program including a 13 km² 3-d seismic survey and a target for the proposed Haldimand No2 well was identified. The Petrolia Haldimand No2 well spudded on the 18th September with the initial results being released on the 22nd October 2009, neither Gastem nor Junex participated in the Haldimand No2 well. On the 19th October, 2009 Petrolia announced that an agreement had been reached regarding their purchasing Gastem's 10% interest in the project.



Figure 11 : Haldimand Project Diagram

5.12 ST-SIMON PROJECT

In July 2005, Gastem concluded a farm-in agreement with Junex for 10% working interest in the Shell, St-Simon No.1-JUNEX (A152) well and associated structure, located near St-Hyacinthe in the St. Lawrence Lowlands, southeast of Montréal.

The St-Simon play was a re-entry on the Shell, St-Simon No.1 well, which was originally drilled in 1969 and is situated within permit number 2003PG761, owned by Junex. Drilling operations were terminated in October 2005, and Junex reported, in November 2005, that they had encountered a natural gas zone, identified by Shell in 1969 at 2,519 m depth, in the Black River Formation dolomites. After a ‘self-cleaning’ phase, consisting of using gas pressure within the borehole and surrounding material to eject the fluids introduced into the well during the 1969 drilling campaign, the operator has suspended operations pending the development of a formation testing protocol. No further work was performed in 2009.

6 GASTEM-USA, OPERATIONS IN THE UNITED STATES

6.1 NEW YORK STATE PROJECT

In January 2008 Gastem-USA, a wholly owned subsidiary of Gastem signed an agreement with Utica Energy LLC for an earn-in option on 29,000 acres in New York State. The acreage is located in and around Otsego County, NY and is prospective for the Utica shale, the Devonian Marcellus Shale and Oneida member of the Clinton Sand group.

According to the terms of the initial agreement, Gastem would earn a 65% interest by drilling and completing 5 vertical wells and one horizontal well prior to January 16th, 2009. Due to regulatory issues in New York State, the issuance of drilling & completion permits within the state was effectively suspended during early 2008 and the earn-in agreement was modified in October 2008 with Gastem-USA's interest being earned by drilling 8 vertical wells and the deadline was extended to January 16th, 2010 contingent on the issuance of drilling permits.

The agreement was renegotiated in 2009 and the revised terms were announced by Gastem on the 29th September, 2009. Under the terms of the latest agreement Gastem-USA would earn an 80% interest in the acreage (34,150 acres) by drilling and completing one vertical well and paying Utica Energy \$35,000 and 3,500,000 common shares of Gastem.

Gastem-USA fulfilled the terms of the September 2009 agreement by drilling and completing the Ross No1 well near the town of Milford in Otsego County and is operator of the project with an 80% interest. The well was drilled to the base of the Utica Shale with cores being recovered both in the Utica and in the Marcellus Shales for subsequent analysis. The Ross No 1 well was fracture stimulated in the Utica shale and a Drill Stem Test (DST) was undertaken in the Oneida Sands. The results of the frac and DST from the Ross No1 well were announced by Gastem on the 27th of January 2010.

Gastem-USA continues to develop the regional and local geological models and acquire leases within the area of interest. The current land position is approximately 34,000 acres and the company continues to develop its land position in and around Otsego County.



Figure 12 : New York Utica Shale Project Diagram

6.2 VIRGINIA COAL-BED METHANE PROJECT, VIRGINIA

The Virginia Coal-Bed Methane (CBM) project is in the very early stages of development therefore specific locations are not disclosed in this report. Gastem-USA has identified a prospective “Fairway” of approximately 50,000 acres area where the target coal seams are approximately 2,000 to 4,500 feet deep. Data from the area suggests the target coal seams have an approximate thickness of twenty feet with an additional twenty feet of gas bearing bony coal seams and carbonaceous shales within the coal intervals. Gas content of the coal seams has been estimated at ~500 scf/ton based on desorption and isotherm analysis. Within Gastem-USA’s area of interest, there is potential for associated production from various shale and tight-sand formations.

During 2009 Gastem-USA acquired an initial 1,200 acres of mineral leases in the Commonwealth of Virginia in order to develop a viable land position prior to testing and developing this CBM play.

6.3 AMBER BANK PROJECT, WEST VIRGINIA

In February 2007, Gastem signed an agreement with Epsilon Energy Ltd. of Concord, Ontario. Gastem purchased 25% of Epsilon’s interest in 24 wells (2.67 net wells to Gastem) drilled during 2007 and early 2008, on the Amber Bank field in the State of West Virginia. In return, Gastem granted Epsilon a 25% undivided participating interest in certain Gastem properties in Quebec. Furthermore, Epsilon benefits from a standard ‘in or out’ provision on a well by well basis.

The Amber Bank project is located in Jackson and Roane Counties approximately 60 kilometres north-north east of Charleston, WV. The project is operated by Hard Rock Explorations. Production is from three shallow Devonian-aged shales, namely the Lower Huron, Rhinestreet, and Marcellus.

Epsilon Energy and Gastem sold their joint interest to the field operator, Hard Rock Explorations as announced by Epsilon Energy on 16th June 2009.

Independent reserves and production data disclosed in Annex A of this document have been compiled by Schlumberger Data and Consulting Services, Pittsburgh PA according to the NI 51-101 legislation and the COGE Handbook. The 51-101 compliant statements and tables are included below and in Appendix A of this document.

Appendix A – STATEMENT OF RESERVES DATA (51-101-F1)

This report was prepared for the purpose of evaluating the Company's P&NG reserves according to Canadian Oil and Gas Evaluation Handbook (COGEH) reserve definitions and standards and consistent with National Instrument 51-101 (NI 51-101). In accordance with these standards, and by reference in NI 51-101, certain tables are presented for both forecast and constant prices and costs, which summarise the reserves and net present values as of December 31st, 2009.

Form 51-101F1 which follows, presents a Statement on Reserves Data by Independent Qualified Reserves Evaluator or Auditor.

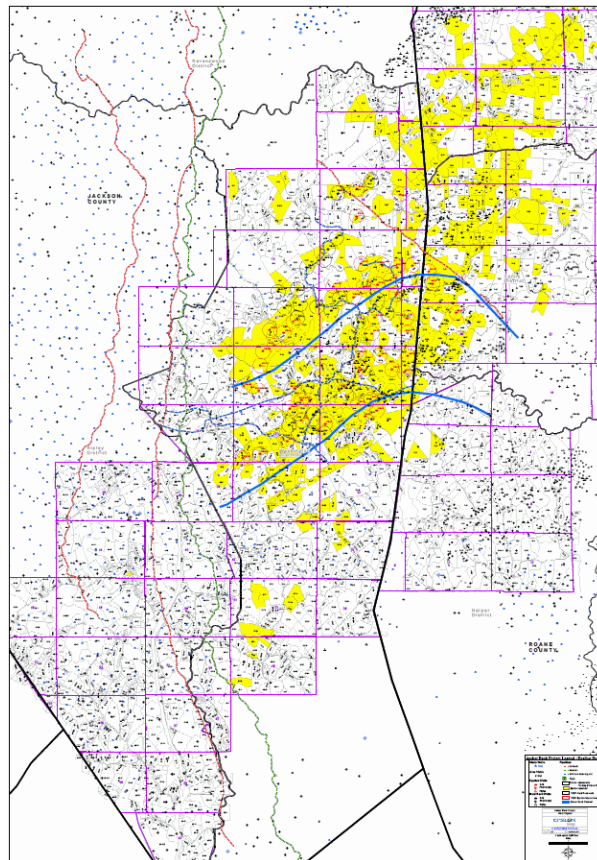


Fig. 1 – Gastem's Amber Bank project within Epsilon Energy's North American project areas.

DISCUSSION

Introduction

At the request of Gastem, DCS has prepared a reserve and economic evaluation of certain proved petroleum interests as of 31 December 2009. The interests are associated with the Amber Bank project located in West Virginia. As of 31 December 2009, the Company had sold their interests and have no reserves associated with the properties. The Lead Evaluator for this evaluation was Charles M. Boyer II, P.G., and his Certificate of Qualification and those of the evaluation team are included in **Exhibit 1** to this report. We have prepared this report without reservation. No reconciliations for the immediately preceding period were performed.

Reserves Estimates

The results of this evaluation are summarized in **Tables 1** and **2** for the Constant and Forecast Prices and Costs cases, respectively. The summary estimated cash flows are summarized in **Tables 3** and **4** for the Constant and Forecast cases, respectively. **Attachments 1** and **2** contain the summary level cash flows by reserve category for this evaluation. Detailed economic output for both the Constant and Forecast pricing and production plots for each project and well are contained in the **Appendix** to this report.

Reserve Estimation Methodology

Production data analysis, conventional decline curve analysis, volumetrics, and analog production data were used to estimate the remaining future producing reserves for the projects in this evaluation. All production data through either April or May, 2009 (the time of the sale) were provided to us by Epsilon in electronic tables or gathered from state and public data sources. We analyzed the historical data using one of the above analysis techniques and projected future performance for 65 years or economic limit, whichever comes first.

Epsilon or Gastem provided a list of wells that were currently not yet drilled and completed. Reserves for these wells were based on analog wells and typical production curves by area. We then scheduled production using typical production curves by area adjusted for well type.

Reserve estimates are strictly technical judgments. The accuracy of any reserve estimate is a function of the quality of data available and of the engineering and geological interpretations. The reserve estimates presented in this report are believed reasonable; however, they are estimates only and should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify their revision.

Reserve Categories

We assigned reserves to the proved developed producing (PDP) and proved undeveloped (PUD) reserve categories. No probable reserves associated with Gastem's former interests are identified at this time. Oil and gas reserves by definition fall into one of the following categories: proved, probable, and possible. The proved category is further divided into: developed and undeveloped. The developed reserve category is even further divided into the appropriate reserve status subcategories: producing and non-producing. Non-producing reserves include shut-in and behind-pipe reserves. We evaluated proved reserves in this report and all reserve categories used in this report conform to the Section 5 of the COGE Handbook. These definitions are presented in **Exhibit 2** of this report.

The reserves and income attributable to the various reserve categories included in this report have not been adjusted to reflect the varying degrees of risk associated with them.

Economic Terms and Cash Flow Analysis

Net revenue (sales) is defined as the total proceeds from the sale of oil, condensate, natural gas liquids (NGL), and natural gas before any deductions. Future net income (cashflow) is future net revenue less net lease operating, transportation, processing, and marketing expenses, and state severance or production taxes. General and administrative (G&A) expenses are deducted from future net income (cashflow) only for outside operated wells. These G&A expenses are charged to each particular well or unit on a monthly basis. No provisions for Federal income taxes are made in this evaluation.

The present worth (discounted cashflow) at various discount rates is calculated on a monthly basis using ARIES™, a software package used extensively in the petroleum industry for reserve and valuation analysis. The present worth is shown to indicate the effect of time on the value of money and should not be construed as being the fair market value of the properties.

Pricing And Economic Parameters

All product prices, costs, and economic parameters used in this report were supplied by Epsilon or Gastem. Data from Epsilon or Gastem were accepted as presented. Pricing and costs used in the evaluation were 1) held constant for the life of the project (Constant Case) and 2) forecasted to future projections (Forecast Case). Results of the evaluation using these two data sets are presented in this report. All economics were run to economic life or 65 years, whichever occurs first.

All gas prices used in this report were based on the 31 December 2009 evaluation prices provided to us by Epsilon or Gastem. For the Constant Case, the base gas price used was \$US 3.866/MMBtu. The Constant Case price used in preparation of this report was based on the twelve month unweighted arithmetic average of the first day of the month price for the period January through December 2009. For the Forecast Case, the gas price used was that shown in **Table 5**. The Forecast Case pricing was based on the published 1 January 2010 McDaniel & Associates Consultants Ltd. pricing for Henry Hub. The pricing in both cases was adjusted for the local basis differential, transportation and marketing, and quality.

Table 5
Forecast Case Gas Prices
McDaniel & Associates Consultants Ltd.
1 January 2010

Year	GAS Price
	\$US/MMBtu
2010	6.05
2011	6.90
2012	7.30
2013	7.70
2014	8.15
2015	8.50
2016	8.75
2017	8.90
2018	9.10
2019	9.30
2020	9.45
2021	9.65
2022	9.85
2023	10.05
2024	10.25
Thereafter	Escalate @ 2.0% per annum

Capital and operating costs for the wells in this report were based on the costs provided to us by Epsilon or Gastem. For the Constant Case, all operating costs were held flat for the life of the well. For the Forecast Case, capital and operating costs were held constant for 2010 and then

escalated at 2 percent per year thereafter. Capital and operating costs and expenses used are provided in **Table 6**.

Table 6
Capital Costs, Operating Costs And Expenses

	YE2008 Value
Amber Bank	
Capital Costs:	
Remaining Zones of Salt Wells, M\$US	150.000
Plugging, M\$US	15.000
Operating Costs:	
Fixed, \$US /Well/Month	770
Severance Tax, %	5.000
Ad Valorem Tax, \$US /Mscf	0.050
Pricing:	
BTU Factor	1,150
Gas Price Basis Adjustment, \$US /MMBtu	0.300
Gathering & Transportation Fees, \$US /MMBtu	0.935
Firm Transportation Fees, \$US /MMBtu	0.230

Ownership

The leasehold interests were supplied by Epsilon or Gastem and were accepted as presented. No attempt was made by the undersigned to verify the title or ownership of the interests evaluated.

General

All data used in this study were obtained from Epsilon, Gastem, public industry information sources, or the non-confidential files of DCS.

For the purposes of this report, a field inspection of the properties has not been performed nor has the mechanical operation or condition of the wells and their related facilities been examined. The potential environmental liabilities, attendant to ownership and/or operation of the properties, have not been addressed in this report. Abandonment and clean-up costs of \$US15,000 per well net of possible salvage value of the equipment were included in this report.

In evaluating the information at our disposal related to this report, we have excluded from our consideration all matters that require a legal or accounting interpretation, or any interpretation other than those of an engineering or geological nature.

In assessing the conclusions expressed in this report pertaining to all aspects of oil and gas evaluations, especially pertaining to reserve evaluations, there are uncertainties inherent in the interpretation of engineering data, and such conclusions represent only informed professional judgments.

25 March 2010
Page 8

Data and worksheets used in the preparation of this evaluation will be maintained in our files in Pittsburgh and will be available for inspection by anyone having proper authorization by Gastem.

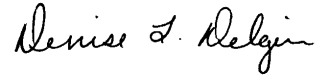
This report was prepared solely for the use of the party to whom it is addressed and any disclosure made of this report and/or the contents by said party thereof shall be solely the responsibility of said party, and shall in no way constitute any representation of any kind whatsoever of the undersigned with respect to the matters being addressed.

We appreciate the opportunity to perform this evaluation and are available should you need further assistance in this matter.

Sincerely yours,



Charles M. Boyer II, PG, CPG
Operations Manager
Pittsburgh Consulting Services



Denise L. Delozier
Technical Director of Reserves
North America

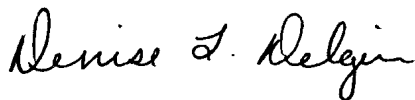
Certificates of Qualification of Independent Reserves Evaluators

CERTIFICATE OF QUALIFICATION

I, Denise L. Delozier, Senior Engineer, of 2901 Third Avenue, Altoona, Pennsylvania, 16602, USA, hereby certify:

1. I am an employee of Data & Consulting Services Division of Schlumberger Technology Corporation, which prepared a detailed analysis of the Appalachian Basin petroleum properties of Gastem Inc. The effective date of this evaluation is 31 December 2009.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Gastem Inc. or its affiliated companies.
3. I attended The Pennsylvania State University and I graduated with a Bachelor of Science Degree in Petroleum and Natural Gas Engineering in 1983; and I have in excess of 15 years' experience in the conduct of evaluation and engineering studies relating to Appalachian Basin oil and gas fields.
4. A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of the information available from public information and records, the files of Gastem Inc., and the appropriate regulatory authorities.

Denise L. Delozier
Pittsburgh, Pennsylvania, USA
25 March 2010



CERTIFICATE OF QUALIFICATION

I, Charles M. Boyer II, Certified Petroleum Geologist, of 136 Hickory Heights Drive, Bridgeville, PA 15017, USA, hereby certify:

1. I am an employee of Data & Consulting Services Division of Schlumberger Technology Corporation, which prepared a detailed analysis of the Appalachian basin petroleum properties of Gastem Inc. The effective date of this evaluation is 31 December 2009.
2. I do not have, nor do I expect to receive, any direct or indirect interest in the securities of Gastem Inc. or its affiliated companies.
3. I attended The Pennsylvania State University and I graduated with a Bachelor of Science Degree in Geological Sciences in 1976; I am a Certified Petroleum Geologist of the American Association of Petroleum Geologists (Reg. No. 5733); I am a Registered Professional Geologist in the Commonwealth of Pennsylvania (Reg. No. PG004509) and I have in excess of 20 years' experience in the conduct of evaluation and engineering studies relating to Appalachian Basin oil and gas fields.
4. A personal field inspection of the properties was not made; however, such an inspection was not considered necessary in view of the information available from public information and records, the files of Gastem Inc., and the appropriate regulatory authorities.

Charles M. Boyer II, PG, CPG
Pittsburgh, Pennsylvania, USA
25 March 2010



***COGE HANDBOOK RESERVES DEFINITIONS USED IN THIS
EVALUATION***

DEFINITIONS OF RESERVES

The following definitions and guidelines have been prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) after many years of consultations and deliberations. These definitions and guidelines must be used by qualified evaluators when evaluating and reporting oil and gas reserves and related substances.

The definitions and guidelines are designed to assist:

- Evaluators in making reserves estimates on a reasonably consistent basis;
- Users of evaluation reports in understanding what such reports contain and, if necessary, in judging whether evaluators have followed generally accepted standards.

The guidelines outline

- General criteria for classifying *reserves*,
- Procedures and methods for estimating *reserves*,
- Confidence levels of individual entity and aggregate *reserves* estimates,
- Verification and testing of *reserves* estimates.

The determination of *oil* and *gas reserves* involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of *proved*, *probable*, and *possible reserves* have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of *reserves* requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific *reserves* classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply *reserves* definitions. These concepts are presented and discussed in greater detail within the guidelines in Section 5.5 (of the *COGE Handbook*).

The following definitions apply to both estimates of individual *reserves* entities and the aggregate of *reserves* for multiple entities.

Reserve Categories

Reserves are estimated remaining quantities of *oil* and *natural gas* and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- Analysis of drilling, geological, geophysical and engineering data;
- The use of established technology; and

- Specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed. For the purpose of NI 51-101, the key economic assumptions are the prices and costs used in the estimate, namely:
 - (a) Constant prices and costs as of the last day of the year; or
 - (b) Forecast prices and costs.

Reserves are classified according to the degree of certainty associated with the estimates

- (a) **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*.
- (b) **Probable reserves** are those additional *reserves* that are less certain to be recovered than *proved reserves*. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated *proved* plus *probable reserves*.
- (c) **Possible reserves** are those additional *reserves* that are less certain to be recovered than *probable reserves*. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

Other criteria that must also be met for the categorization of *reserves* are provided in Section 5.5 of the *COGE Handbook*.

Development and *Production* Status

Each of the *reserves* categories (proved, probable, and possible) may be divided into developed and undeveloped categories:

- (a) **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 (for example, 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.
 - (i) **Developed producing reserves** 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 shut-in, they must have previously been on *production*, and the date of resumption of *production* must be known with reasonable certainty.
 - (ii) **Developed non-producing reserves** are those *reserves* that either have not been on *production*, or have previously been on *production*, but are shut-in, and the date of resumption of *production* is unknown.
- (b) **Undeveloped reserves** are those *reserves* expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of *production*. They must fully meet the requirements of the *reserves* classification (*proved*, *probable*, *possible*) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool *reserves* between the *developed* and *undeveloped* categories or to subdivide the *developed reserves* for the pool between *developed producing* and *developed non-producing*. This allocation should be based on the estimator's assessment as to the *reserves* that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and *production* status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which *reserves* calculations are performed) and to reported *reserves* (which refers to the highest- level sum of individual entity estimates for which *reserves* estimates are presented). Reported *reserves* should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated *proved reserves*;
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable reserves*; and
- At least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated *proved* plus *probable* plus *possible reserves*.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various *reserves* categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of *reserves* estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional clarification of certainty levels associated with *reserves* estimates and the effect of aggregation is provided in Section 5.5.3 of the *COGE Handbook*.

Appendix B - Form NI 51-101 - F2

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATORS

25 March 2010

Gastem Inc.
1155 University, Suite 1215
Montreal
Quebec, Canada H3B 3L7

REPORT ON RESERVES DATA

To the board of directors of Gastem Inc. (the Company):

1. We have evaluated certain of the Company's reserves data as of 31 December 2009. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as of 31 December 2009, estimated using forecast prices and costs. As of 31 December 2009, the Company had sold their interests and have no reserves associated with the properties.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data, based on our evaluation.

We carried out our 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 we 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 percent, included in the reserves data of the Company evaluated by us for the period ended 31 December 2009, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate), 000\$	
			Evaluated	Total
Charles M. Boyer II, PG, CPG	Petroleum Reserves Evaluation Report of Certain Properties in West Virginia, USA 31 December 2009 Prepared 25 March 2010	West Virginia USA	0.000	0.000

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are 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.

Executed as to our report referred to above:

Charles M. Boyer II, PG, CPG
Pittsburgh, Pennsylvania, USA
25 March 2010



1310 Commerce Drive
Park Ridge 1
Pittsburgh, PA 15275-1011
Tel: 412-787-5403
Fax: 412-787-2906



25 March 2010

Gastem Inc.
1155 University, Suite 1215
Montreal
Quebec, Canada H3B 3L7

To Whom It May Concern:

EXECUTIVE SUMMARY

At the request of Gastem Inc., (Gastem), Data & Consulting Services Division of Schlumberger Technology Corporation (DCS) has prepared a reserve and economic evaluation of certain proved petroleum interests as of 31 December 2009.

The results of this evaluation are summarized in **Tables 1** through **4**. As of 31 December 2009, the Company had sold their interests and have no reserves associated with the properties. The results are summarized in **Tables 1** and **3** for the Constant Prices and Costs case, and **Tables 2** and **4** for the Forecast Prices and Costs case. All values were estimated in US dollars (\$US). No probable reserves associated with Gastem's former interests are identified at this time. **Attachments 1** and **2** contain the summary level cash flows by reserve category for this evaluation. Detailed economic output for both the Constant and Forecast pricing and production plots for each project and well are contained in the **Appendix** to this report.

The Amber Bank project in West Virginia was evaluated in this study. This project is operated by Hard Rock Exploration, Inc. Gastem was partnered with Epsilon Energy Ltd. (Epsilon) in the project but had sold their interests and have no reserves associated with the properties at 31 December 2009. **Fig. 1** locates the Amber Bank project within Epsilon's North American project areas.

Actual future prices may vary significantly from the prices used in this evaluation; therefore, future hydrocarbon volumes recovered and the income received from these volumes may vary significantly from those estimated in this report. The present worth is shown to indicate the effect of time on the value of money and should not be construed as being the fair market value of the properties.

Table 3

**Summary Estimated Cash Flows Of
Certain Petroleum Reserves Summarized By Reserve Category
Constant Prices And Costs
Gastem Inc.
As Of 31 December 2009**

	Proved Developed Producing <u>Reserves</u>	Proved Undeveloped <u>Reserves</u>	Total Proved <u>Reserves</u>	Total Proved + Probable <u>Reserves</u>
<u>Remaining Net Reserves, MMscf</u>	0.000	0.000	0.000	0.000
<u>Income Data (M\$US)</u>				
Revenue	0.000	0.000	0.000	0.000
Production Taxes	0.000	0.000	0.000	0.000
Operating Costs	0.000	0.000	0.000	0.000
Development Costs	0.000	0.000	0.000	0.000
Future Net Income (FNI)	0.000	0.000	0.000	0.000
Net PV @ 10% (M\$US)	0.000	0.000	0.000	0.000

Table 4

**Summary Estimated Cash Flows Of
Certain Petroleum Reserves Summarized By Reserve Category
Forecast Prices And Costs
Gastem Inc.
As Of 31 December 2009**

	Proved Developed Producing <u>Reserves</u>	Proved Undeveloped <u>Reserves</u>	Total Proved <u>Reserves</u>	Total Proved + Probable <u>Reserves</u>
<u>Remaining Net Reserves, MMscf</u>	0.000	0.000	0.000	0.000
<u>Income Data (M\$US)</u>				
Revenue	0.000	0.000	0.000	0.000
Production Taxes	0.000	0.000	0.000	0.000
Operating Costs	0.000	0.000	0.000	0.000
Development Costs	0.000	0.000	0.000	0.000
Future Net Income (FNI)	0.000	0.000	0.000	0.000
Net PV @ 10% (M\$US)	0.000	0.000	0.000	0.000

Appendix C - Form NI 51-101 - F3

FORM 51-101F3 REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Gastem 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 are estimates of proved reserves and probable reserves and related future net revenue as at December 31st, 2009, estimated using forecast prices and costs.

An independent qualified reserves evaluator has 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 Technical 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, in the event of a proposal to change the independent qualified reserves evaluator, to inquire whether there had been disputes between the previous independent qualified reserves evaluator and management; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

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, Statement of Reserves Data and Other Oil and Gas Information containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2, Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor which is the report of the independent [qualified reserves evaluator[s] or qualified reserves auditor[s]] on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements 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.

(s) Raymond Savoie

[Raymond Savoie, Chief Executive Officer]

(s) Glenn Kelly

[Glenn Kelly, Director]

(s) Jonathan Kelafant

[Jonathan Kelafant, Director]

(s) Geraint Lloyd

[Geraint Lloyd, VP Exploration]

March 25th, 2010