BREAKER ENERGY

Review of Work Program and Budget

Prepared For:

Breaker Energy Ltd.
1700, 736 – 6th Avenue S.W.
Calgary, Alberta
T2P 3T7

Prepared By:

Ryder Scott Company-Canada
Petroleum Consultants
1200, 530 – 8th Avenue S.W.
Calgary, Alberta
T2P 3S8

September 8, 2004

RYDER SCOTT COMPANY
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September 8, 2004

Mr. Ian Langdon
Vice President Engineering
Breaker Energy Ltd.
1700, 736 – 6th Avenue SW
Calgary, Alberta T2P 3T7

Dear Mr. Langdon:

Pursuant to your request, we have reviewed the proposed Work Program and Budget of Breaker Energy Ltd., herein after referred to as the "Company", as of September 8, 2004. We have also reviewed certain unproven acreage interests of the Company pertaining to exploration expenditures contained in the Company's Work Program and Budget. The Company's unproven acreage interests evaluated herein consist of those lands covered by a farmin and option agreement, negotiated by the Company with East Prairie Exploration Ltd. covering exploration prospects in High Prairie area of Northwestern Alberta (see Appendix 1, Figure 1 and 2). The lands covered under the farmin and option agreement comprise 23.75 sections of land (14,560 acres more or less) broken into four contiguous blocks, consisting of Alberta Crown PNG leases #5497050189, #5497100044, #0501070754, #0501070756, #5499110057 and #5400030027. The Work Program and Budget reviewed herein covers an fifteen month period from October 2004 until December 2005 (see Appendix 2).

As of the dating of this report, the Company had not earned an interest in any of the farmin lands and owned no reserves but it is meeting all of its commitments to date under the Farmin and Option for the High Prairie area.

We have also reviewed a Participation Agreement and Joint Venture Agreement negotiated by the Company with Regent Resources Ltd. (Regent). The general areas covered by this agreement has been defined (see Appendix 4, Figure 1 and 2) however as of the dating of this report, no drillable prospects have been identified and the Company has not earned or acquired any acreage interests in these areas, we did not review the hydrocarbon potential of these areas.

We have reviewed the current status of the Company's exploration activity on its identified prospects in the Farmin and Option for the High Prairie Area and it is our opinion, that at this time the Company's prospects should be considered as legitimate medium to high risk natural gas and oil exploration prospects.

The Company's prospects are located near transportation facilities and access to oil and gas markets.

It is our understanding that the Company intends to raise between \$8,000,000 and \$9,500,000 for net proceeds to the Company of between \$7,512,500 and \$8,915,000 (\$10,000,000 gross to the Company and net $9,382,500 if the Over-Allotment Option is exercised in full). It is further our understanding the Company has existing working capital of some $540,089 as of July 31, 2004.

The Company's Budget estimates total net expenditures of $8,915,000 (assuming the Maximum Offering is sold) for the proposed Fifteen-Month Work Program covering the period October 2004 to December 2005 (see Appendix 2).

It is our opinion that the Company's proposed Work Program is a reasonable and prudent exploration program. It is also our opinion that the Budget is a reasonable estimate of the cost to undertake the proposed Work Program.

The Company's Work Program lists a number of individual items, all of which are consistent with normal industry practice, in undertaking oil and gas exploration in Alberta.

It should be emphasized that the Company's exploration program is at an early stage and that it's proposed Work Program and Budget will likely be modified as a result of information obtained during the proposed exploration program and as new exploration opportunities are identified.

COMPANY PROSPECTS

INTRODUCTION

As of the dating of our report, the Company has no interests in any oil and gas properties.

It is our understanding that the Company plans to initially focus its drilling program on those lands covered by the High Prairie Farm-in Agreement. Approximately 48% of the Company's planned capital expenditure is for drilling, with a sizable seismic budget of 30% (almost all 3-D seismic) due to the structural nature of the plays in the area, and the significant value to be added by drilling the structures on their apex. The balance of the funds will be used for acquisition of additional land, completions, tie-ins and equipping of wells.

The Company will focus on areas, which have medium to higher drilling and operating costs with reasonable access to processing and transportation systems. In the High Prairie area, the Company will target prospective hydrocarbon reservoirs of Cretaceous and Devonian age with drilling depths between approximately 2,355 feet (718 m) and 7,405 feet (2,258 m). Dry hole costs range from between $250,000 to $900,000. The company intends to operate as many projects as possible in order to ensure control of the costs and timing of its future oil and gas investments.

In our opinion, the mixture of risk, cost to drill, complete and operate and hydrocarbon potential is a reasonable and prudent exploration strategy for a newly formed oil and gas company to pursue.

HIGH PRAIRIE FARMIN AGREEMENT

The Company entered into the High Prairie Farmin Agreement with East Prairie Exploration Ltd. covering some 23.75 gross sections (14,560 gross acres) with rights to various zones (see Appendix

3). Pursuant to the terms of the High Prairie Farmin Agreement, the Company has agreed to drill one well on or before January 31, 2005. The Company will pay 100 percent of the cost of drilling and completing or abandoning the well. In return, the Company will earn an undivided 100 percent interest before payout in the High Prairie Farmin Lands, subject to a convertible gross overriding royalty of 1/23.8365 of monthly production in cubic metres (minimum of 5 percent and maximum of 15 percent) on oil and 15 percent on other products. East Prairie Exploration Ltd. will have the option to convert the royalty to a 35 percent working interest after payout. Upon completion of the drilling of the initial well, the Company will have a continuing option to drill additional wells at locations of its choice on the undrilled High Prairie Farmin Lands and to earn an interest therein on the same terms. The Company may exercise its option in respect of each option well by providing notice of such exercise within 30 days of the rig release date for the previous earning well. Once it has exercised an option, the Company will be obligated to spud the option well within sixty (60) days of the election by the Company to drill that well, subject to surface access, regulatory approvals and rig availability. Earning for each Option Well shall be comparable to the first well. The Company's option will expire at such time that the Company has earned an interest in all High Prairie Farmin Lands or the option has been surrendered by the Company or otherwise terminated.

HIGH PRAIRIE WORK PROGRAM

Introduction

The High Prairie area is characterized by deep, light oil in the Gilwood and Swan Hills formations, and shallow sweet gas in multiple Cretaceous zones. Excepting the Swan Hills and some Viking and Bluesky/Gething stratigraphic pools, most of the hydrocarbons are structurally trapped due to Peace River Arch-aged faults that have been reactivated by Laramide mountain building.

Breaker has access to 23.75 sections of land, almost all of which have P&NG rights from surface to basement, with long tenure, at 100% WI (see Appendix 3). These lands are broken into four contiguous blocks referenced as the Northern, North-Central, South-Central, and Southern blocks. The Northern and North-Central blocks have nearby infrastructure for gas and oil, and good access, including summer access over most of the Northern block. The vast majority of planned expenditures are on the Northern and North-Central blocks (ten sections in total), where wells can be tied in quickly and produce cash flow soon after completion. The Company is planning one well on each of the South and South-Central blocks to provide a stepping-off point for future growth.

The greatest periods of industry activity in the area were driven by oil exploration and development – Swan Hills in the 50's and 60's, and Gilwood in the mid to late 80's. Gas has only rarely and spottily been pursued in the area to date, due to small pool sizes, lack of infrastructure, low prices, and the inability of 2-D seismic data to locate the structures exactly to avoid water.

(TEXT INTENTIONALLY DELETED)

(TEXT INTENTIONALLY DELETED)

Brief reasons for each planned well, and the location of a sizable 3-D seismic program, will be given in detail in the next section. Individual wells will target either the Cretaceous (to the Viking or Gething horizons) at a depth of approximately 2295 to 2950 ft and at a cost of approximately $150-250M each, or the Gilwood horizon located at approximately 7545 ft at a cost of approximately $900M. The program provides a natural hedge between gas and oil, with both lower risk, lower reward wells vs. higher risk, higher reward wells. The proposed 3-D seismic program will help target all zones and reduce risk throughout. Proper well placement in the reservoir will ensure that the recovery per well is efficient as possible under primary production.

3-D Seismic Program - Northern Block

(TEXT INTENTIONALLY DELETED)

Gilwood Oil Targets - Northern Block

(TEXT INTENTIONALLY DELETED)

(TEXT INTENTIONALLY DELETED)

Other Non-budgeted Potential Locations:

(TEXT INTENTIONALLY DELETED)

CRETACEOUS GAS TARGETS

Northern Block

(TEXT INTENTIONALLY DELETED)

(TEXT INTENTIONALLY DELETED)

Other Non-budgeted Potential Locations:

(TEXT INTENTIONALLY DELETED)

North-Central Block

(TEXT INTENTIONALLY DELETED)

South-Central Block

(TEXT INTENTIONALLY DELETED)

(TEXT INTENTIONALLY DELETED)

Southern Block

(TEXT INTENTIONALLY DELETED)

Other non-budgeted potential locations:

(TEXT INTENTIONALLY DELETED)

REGENT PARTICIPATION AND JOINT VENTURE AGREEMENT

The Company has entered into a Participation and Joint Venture Agreement with Regent Resources Ltd. (Regent) which calls for the expenditure of $500,000 to $2,000,000 of Flow-Through Funds which are raised by Breaker pursuant to the Public Offering and have been allocated by Breaker to Regent for exploration and development expenditures under this Agreement.

It is our understanding that terms of the agreement are as follows: Regent will define Drillable Prospects on Petroleum Properties owned or to be acquired by it within the area defined as the Focus Area (excluding the areas outlined and identified as Bigoray, Minnehik and Thorsby) as outlined on the map set forth in Appendix 4 (Figures 1 and 2) which it may select and offer to Breaker by providing written notice thereof to Breaker by specifying:

(a) the geographical and geological description of the Petroleum Property comprising the drillable Prospect and the proposed location of the initial well to be drilled, if available;
(b) the nature and size of the interest which Regent has, or which it may acquire, and any relevant encumbrances;
(c) the nature and size of the interest, including the associated burdens and encumbrances (the "Participating Interest"), which Breaker may acquire on an unpromoted basis (vis-à-vis Regent) which shall not be less than 15% nor more than 50% of Regent's interest therein; provided, however, that the parties may mutually agree to vary such percentages in the Petroleum Properties which Regent has acquired or has the right to acquire;
(d) the Acquisition Costs or estimated Acquisition Costs and the estimated Drilling Costs of Regent's interest in the Drillable Prospect and the estimated date for the commencement of the operations; and
(e) any and all geological, geophysical, engineering, and economic information available to Regent which relates to the Drillable Prospect.

Subject to the exercise of any Right of First Refusal, and subject to each earlier time period within which Regent may be required to act, Breaker shall have the first right for a period of seven (7) business days from receipt of such notice to elect to acquire the interest offered in the Drillable Prospect by giving written notice to Regent of its decision to acquire such interest. Failure by Breaker to give notice in the foregoing time and manner shall be deemed to be an election by Breaker not to participate. If Breaker elects not to participate in a Drillable Prospect, such Drillable Prospect shall be subject to an Area of Exclusion for Breaker, and Breaker shall not acquire or negotiate to acquire an interest in the Area of Exclusion for a period of one (1) year from the date it received the written notice with respect to such Drillable Prospect from Regent.

All further costs respecting a Joint Venture Property shall be borne by the parties in proportion to their respective interests in the particular Venture Property in accordance with the provisions of the Operating Procedure or Third Party Operating Agreement.

Upon election by Breaker to acquire an interest in a Drillable Prospect and the payment of its applicable portion of the Acquisition Costs, Regent shall convey, or hold in trust for Breaker if a conveyance is not possible, and Breaker shall acquire the interest with respect to which the election is made. If Breaker does not elect to acquire an interest in a Drillable Prospect, Regent shall thereafter have no obligation to again offer such Drillable Prospect or any portion thereof to Breaker, and Regent's commitment regarding expenditure of the Allocated Amount by Breaker shall be reduced by the total Acquisition Costs and Drilling Costs which would have been incurred by breaker had Breaker elected to participate in the Drillable Prospect for 50% of Regent's interest.

All operations conducted by Regent on Joint Venture Properties shall be conduct pursuant to the Operating Procedure. If a Joint Venture Property is subject to a Third Party Operating Agreement then Regent shall use its best efforts to have Breaker novated into the Third Party Operating Agreement.

An Area of Mutual Interest will be established around each Joint Venture Property. If up to and including a period of one year from the termination of the Acquisition phase or December 31, 2005, either party shall acquire, directly or indirectly, an interest or the right to earn an interest in the Area of Mutual Interest, the Acquiring Party shall give notice to the Non-Acquiring party of such acquisition specifying the consideration paid or payable and the terms or conditions, if any, under which any interest is to be earned. The Non-Acquiring Party shall have ten (10) business days after receipt of such notice within which to elect by written notice to the Acquiring Party to acquire a percentage interest equal to its participating interest under the applicable Operating Procedure in the interest of the Acquiring Party thereby by paying a proportionate share of the consideration paid or payable by the acquiring party in respect thereof. Any interests in the lands within the Area of Mutual Interest acquired by the parties hereto shall, from the date of such joint acquisitions, be subject to the provisions of the Operating Procedure or the Third Party Operating Agreement, as the case may be. If the Non-Acquiring Party fails to elect to acquire an interest in the lands contained within the area of Mutual Interest, then it shall thereafter have no rights or claims upon those lands described in the notice given by the Acquiring Party.

Regent Work Program

As of the dating of this report, no drillable locations had been identified on the lands covered by the Regent Agreement and therefore Ryder did not review the subject lands. However the Company intends to actively pursue exploration opportunities on the subject lands and has included expenditures for future exploration on the Regent lands in their budget (see Appendix 3).

<u>COMPANY BUDGET</u>

The Company has prepared a fifteen month budget that details exploration expenditures covering the period from October 2004 to December 2005 (see Appendix 3). The budget contains expenditures pertaining to nine wells to be drilled on lands covered by the High Prairie Farm-in Agreement, acquisition of additional seismic in the High Prairie area, the Regent Agreement and expenditures on future internally generated prospects and/or new third party agreements (additional exploration and development activities).

The Company's Budget estimates total net expenditures of $8,915,000 (assuming the Maximum Offering is sold) for the proposed Fifteen-Month Work Program covering the period October 2004 to December 2005.

The Company's Budget and Work Program will likely change due to information obtained during the course of its exploration and development program and new exploration prospects and opportunities identified. This is particularly true for the Regent agreements and additional exploration and development activities. The actual timing and cost of these is uncertain.

In our opinion, the budget is a reasonable estimate of the cost to undertake the proposed Work Program.

The extent and character of all factual information supplied by the Company including ownership, geological and geophysical data, well data, production, prices, revenues, operating costs, contracts and other relevant data were relied upon by us in preparing this report and has been accepted as represented without independent verification.

This report was prepared by Ryder Scott Company Petroleum Engineers for the exclusive use of Breaker Energy Ltd., TSX Venture Exchange and relevant Canadian Security Commissions and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other that Breaker Energy Ltd., the TSX Exchange and relevant Canadian Security Commissions without the knowledge and consent of Ryder Scott Company Petroleum Engineers. We reserve the right to revise any opinions provided herein if any relevant data existing prior to preparation of this report was not made available or if any data provided is found to be erroneous.

Yours very truly,

RYDER SCOTT COMPANY-CANADA

Jane Tink, P.Eng.
Vice President

PERMIT TO PRACTICE
RYDER SCOTT COMPANY

Signature ______________________

Date __________________________

PERMIT NUMBER: P 6092
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

John Hanko, P.Geol.
Vice-President

CERTIFICATE OF QUALIFICATION

I, JANE LOUISE TINK, Professional Engineer, in the province of Alberta, Canada, HEREBY CERTIFY:

1. THAT I am a registered Professional Engineer in the province of Alberta and reside in the M.D. of Foothills No. 31, Alberta.

2. THAT I graduated from the University of Calgary with a Bachelor of Science degree in Civil Engineering in 1984.

3. THAT I have been employed in the petroleum industry since graduation in 1984. During the time of employment I have been directly involved in reservoir engineering, petrophysical analysis, reservoir simulation, drilling, completion and property evaluation.

4. THAT I am presently an employee of Ryder Scott Company which prepared an evaluation effective September 8, 2004 for Breaker Energy Ltd.

5. THAT the parameters and conditions employed in the evaluation of interests of Breaker Energy Ltd. effective September 8, 2004 were examined by me and adopted as representative and appropriate in establishing true value of these properties.

6. THAT the aforementioned report was not based on a personal field examination of the properties in question; however, such an examination was not deemed necessary in view of the information available from public sources and the files of Breaker Energy Ltd.

7. THAT I have not received, nor do I expect to receive, any direct or indirect interest in the holdings discussed, or in the securities of the Company.

8. THAT I have not examined the chain of title for the properties discussed but have relied on descriptions furnished by the client.

____
Jane L. Tink, P.Eng.

September 8, 2004

CERTIFICATE OF QUALIFICATION

I, JOHN HANKO, Professional Geologist, in the province of Alberta, Canada, HEREBY CERTIFY:

1. THAT I am a registered Professional Geologist in the province of Alberta and reside in the city of Calgary, Alberta.

2. THAT I graduated from the University of Calgary with a Bachelor of Science degree in Geology in 1988.

3. THAT I have been employed in the petroleum industry since graduation in 1988. During the time of employment I have been directly involved in reservoir geology and petrophysical analysis.

4. THAT I am presently an employee of Ryder Scott Company which prepared an evaluation effective September 8, 2004 for Breaker Energy Ltd.

5. THAT the parameters and conditions employed in the evaluation of interests of Breaker Energy Ltd. effective September 8, 2004 were examined by me and adopted as representative and appropriate in establishing true value of these properties.

9. THAT the aforementioned report was not based on a personal field examination of the properties in question; however, such an examination was not deemed necessary in view of the information available from public sources and the files of Breaker Energy Ltd.

6. THAT I have not received, nor do I expect to receive, any direct or indirect interest in the holdings discussed, or in the securities of the Company.

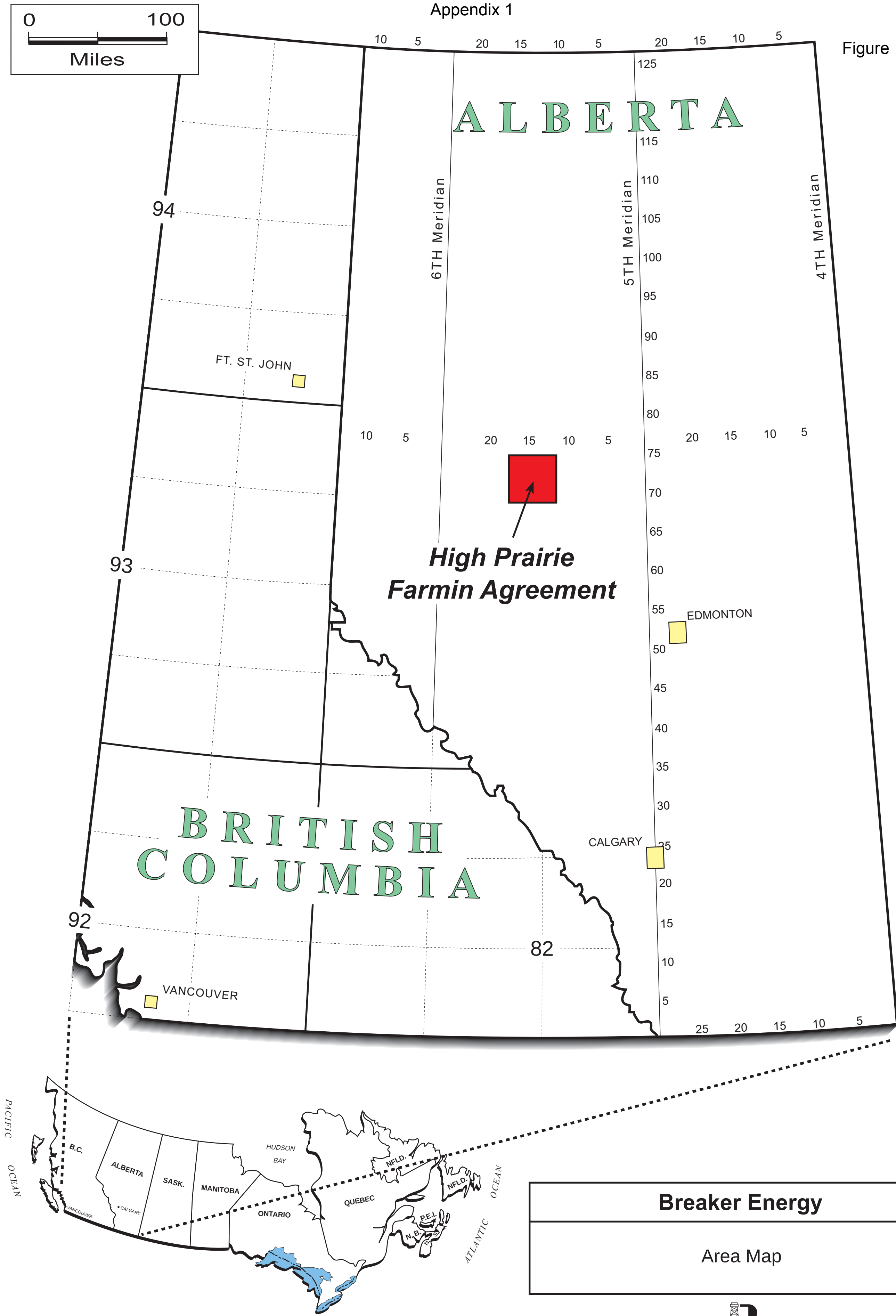
7. THAT I have not examined the chain of title for the properties discussed but have relied on descriptions furnished by the client.

____
John Hanko, P.Geol.

September 8, 2004

Appendix 1

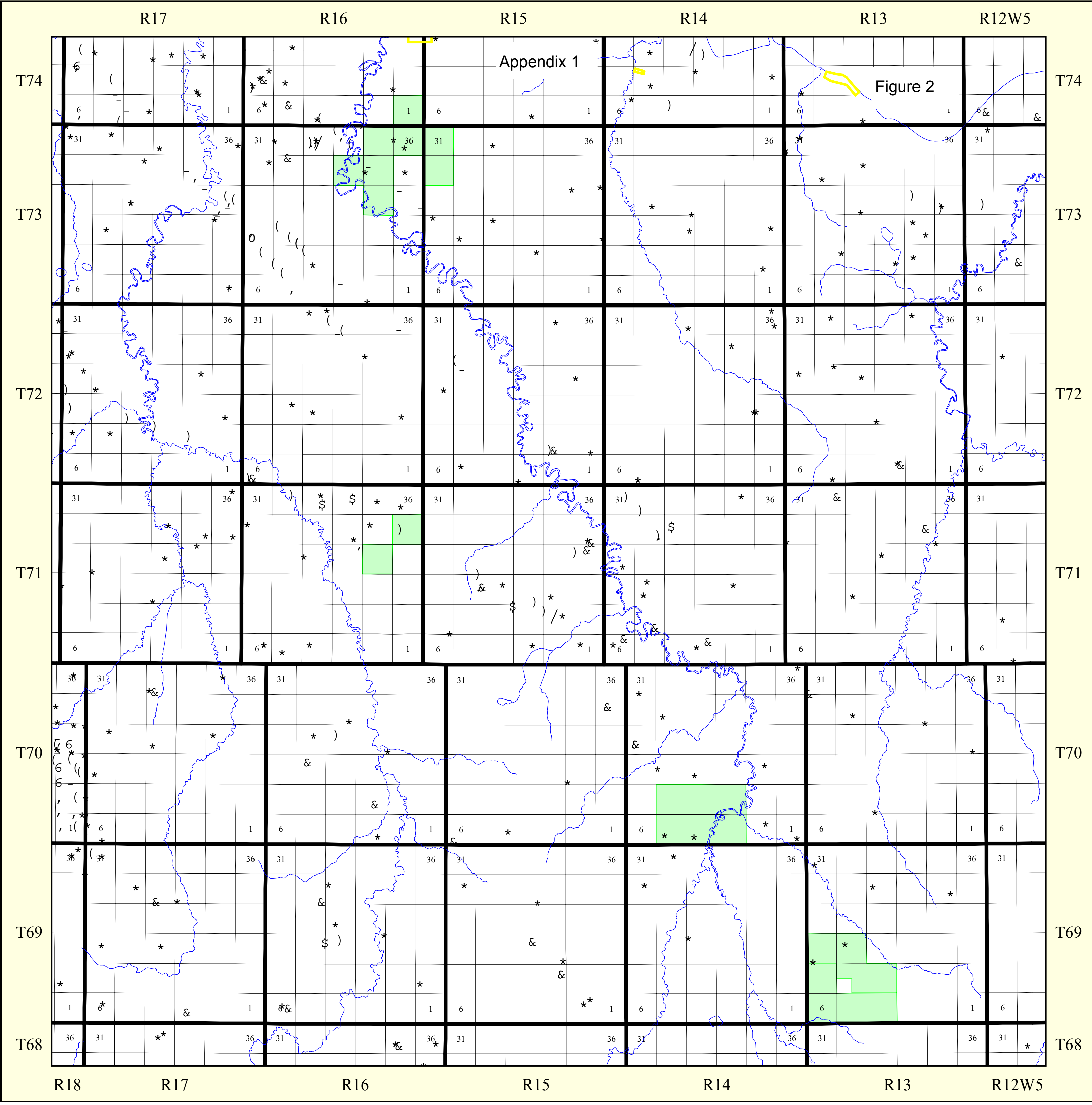
Figure 1



Breaker Energy

Area Map

RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS



WELL LEGEND

Bottom Hole Locations:

$	Location	&	Suspended
'	Service or Drain	(	Oil
)	Gas	*	Dry & Abandoned
,	Suspended Oil	-	Abandoned Oil
.	Suspended Gas	/	Abandoned Gas
0	Abandoned Service	6	Injection

LAND LEGEND

Land Lists:

Farm In Lands

Ryder Scott Company

Breaker Energy Ltd.

Map Software by IHS Energy

Vol. 14 No. 07, Jul 7 2004
(403) 770-4646

Author: dawnf
Date: August 10, 2004
File: Breaker.MAP
Scale: 1 : 275000

Scale 1:275000

0 Kilometers 12

0 Miles 7

Appendix 2

BREAKER ENERGY LTD. - CAPITAL BUDGET ($1000)

Activity Area	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	
High Prairie Farmin Area						
(TEXT INTENTIONALLY DELETED)						
High Prairie Farmin Area quarterly/final totals	975	2,828	1,900	800	175	**6,678**
Regent Resources Agreement (A)						**1,500**
Internally Generated Exploration (B)						**737**
(Exact timing for A and B cannot be predicted with certainty)						
Total Budgeted Expenditure ($000)						**8,915**

Breaker Energy Ltd.
1700, 736-6th Ave. SW
Calgary, AB
T2P 3T7

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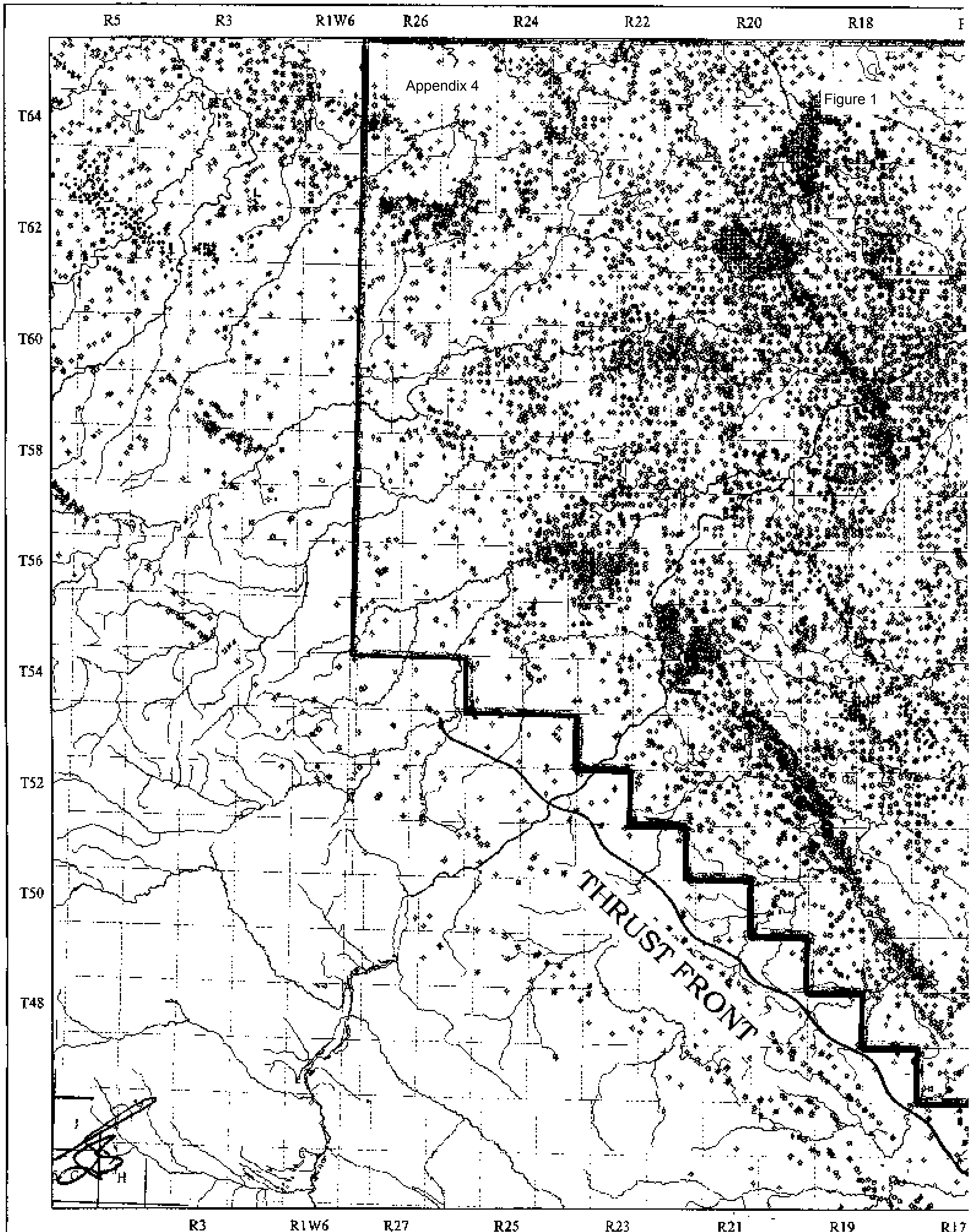
Mr. D. Polley Vice President Exploration
Breaker Energy Ltd.

Appendix 3

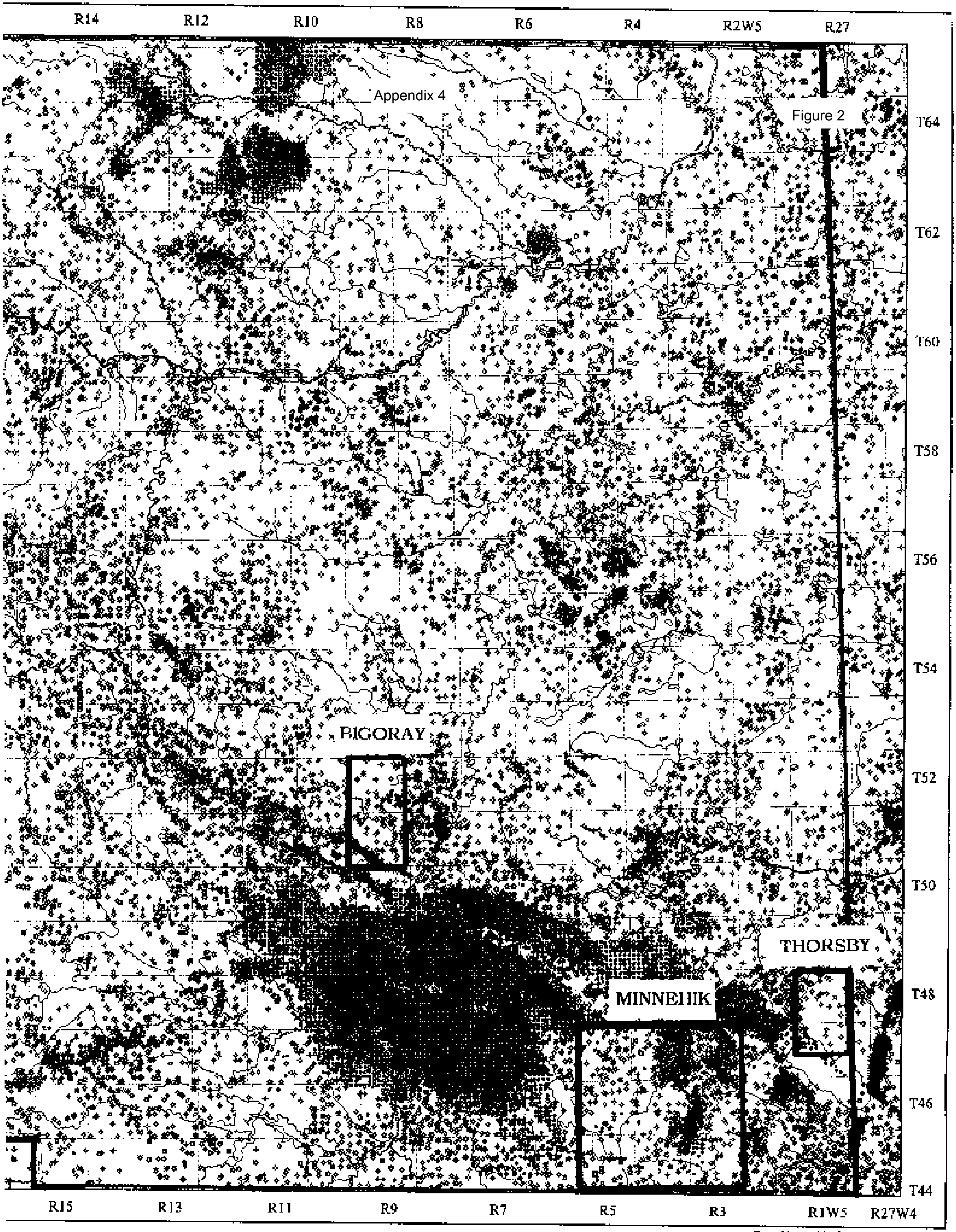
Farmout Lands:

Title Documents	Farmout Lands	Farmor's WI	Farmor's Additional WI	Encumbrances
Crown PNG Licence #5497050189	69-13 W5M: 4-7; N&SE 8; 9; 17; 18 PNG from surface to basement	50%	50%	Crown Royalty
Crown PNG Licence #5497100044	70-14 W5M: 3-5; 8-10 PNG from surface to basement	50%	50%	Crown Royalty
Crown PNG Lease #0501070754	71-16 W5M: 23 PNG from surface to basement	50%	50%	Crown Royalty
Crown PNG Lease #0501070756	71-16 W5M: 25 PNG from surface to basement excluding NG from top to base of Peace River Group	50%	50%	Crown Royalty
Crown PNG Licence #5499110057	73-15 W5M: 30;31 73-16 W5M: 35; 36 74-16 W5M: 1 PNG from surface to basement	50%	50%	Crown Royalty
Crown PNG Licence #5400090027	73-16 W5M: 23; 26; 27 PNG from surface to basement	50%	50%	Crown Royalty



R5
R3
R1W6
R26
R24
R22
R20
R18
Appendix 4
Figure 1
T64
T62
T60
T58
T56
T54
T52
T50
T48
THRUST FRONT
R3
R1W6
R27
R25
R23
R21
R19
R17

File: None


R14
R12
R10
R8
R6
R4
R2W5
R27
Appendix 4
Figure 2
T64
T62
T60
T58
T56
T54
BIGORAY
T52
T50
THORSBY
MINNEHIK
T48
T46
T44
R15
R13
R11
R9
R7
R5
R3
R1W5
R27W4