

**TRAXION ENERGY INC.
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION
(Form 51-101F1)**

Part 1 – Date of Statement

This statement of reserves data and other oil and gas information is dated December 31, 2009.

The effective date is December 31, 2009.

The preparation date is March 11, 2010.

Part 2 – Disclosure of Reserves Data

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Traxion Energy Inc. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at December 31, 2009, and dated March 11, 2010 (the "Chapman Report"). Chapman is an independent qualified reserves evaluator and auditor.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2010

Reserves Category	Company Reserves ⁽¹⁾							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽⁹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing ⁽²⁾⁽⁶⁾			35	32				
Developed Non-Producing ⁽²⁾⁽⁷⁾								
Undeveloped ⁽²⁾⁽⁸⁾			30	27				
TOTAL PROVED⁽²⁾			64	59				
TOTAL PROBABLE⁽³⁾			226	208				
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾			291	267				

SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2009

Reserves Category	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr \$M	5%/yr. \$M	10%/yr. \$M	15%/yr. \$M	20%/yr. \$M	0%/yr \$M	5%/yr. \$M	10%/yr. \$M	15%/yr. \$M	20%/yr. \$M
PROVED										
Developed Producing ⁽²⁾⁽⁶⁾	2,110	1,708	1,429	1,228	1,077	2,110	1,708	1,429	1,228	1,077
Developed Non-Producing ⁽²⁾⁽⁷⁾										
Undeveloped ⁽²⁾⁽⁸⁾	1,331	995	766	601	479	1,331	995	766	601	479
TOTAL PROVED⁽²⁾	3,441	2,703	2,194	1,828	1,556	3,441	2,703	2,194	1,828	1,556
TOTAL PROBABLE⁽³⁾	12,941	9,408	7,105	5,531	4,409	9,507	6,954	5,279	4,126	3,298
TOTAL PROVED + PROBABLE⁽²⁾⁽³⁾	16,383	12,111	9,299	7,359	5,965	12,948	9,657	7,473	5,954	4,854

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2009**

	Revenue (\$M)	Royalties (\$M)	Operating Costs (\$M)	Development Costs (\$M)	Abandonment and Reclamation Costs (\$M)	Future Net Revenue Before Income Taxes (\$M)	Income Taxes (\$M)	Future Net Revenue After Income Taxes (\$M)
Total Proved ⁽²⁾	5,393	479	944	459	69	3,441	0	3,441
Total Proved Plus Probable ⁽²⁾⁽³⁾	25,258	2,069	4,346	2,244	216	16,383	(3,434)	12,948

**FUTURE NET REVENUE BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2009**

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (\$M)
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products) Heavy Oil (including solution gas and other by-products) Natural Gas (including by-products but not solution gas)	2,194
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products) Heavy Oil (including solution gas and other by-products) Natural Gas (including by-products but not solution gas)	9,299

**OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2010**

Reserve Group by Category	Reserves						Net Present	Unit Values
	Oil		Gas ⁽⁹⁾		NGL		Value (BIT)	@ 10%/yr
	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M\$	\$/STB
Light and Medium Oil								
Proved								
Developed Producing								
Developed Non-Producing								
Undeveloped								
Total Proved								
Probable								
Proved Plus Probable								
Heavy Oil								
Proved								
Developed Producing	35	32					1,429	4.64
Developed Non-Producing								
Undeveloped	30	27					766	28.35
Total Proved	64	59					2,194	37.19
Probable	226	208					7,105	34.16
Proved Plus Probable	291	267					9,299	34.83
Assoc & Non-Assoc Gas								
Proved								
Developed Producing								
Developed Non-Producing								
Undeveloped								
Total Proved								
Probable								
Proved Plus Probable								

Notes:

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "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.
3. "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.
4. "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.
5. "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 (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "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.
7. "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.
8. "Undeveloped" reserves are those reserves expected to be recovered from know 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.
9. Includes associated, non-associated and solution gas where applicable.

Part 3 - Pricing Assumptions

The following tables detail the benchmark reference prices for the regions in which the Company operated, as at December 31, 200_, reflected in the reserves data disclosed above under “Part 2 – Disclosure of Reserves Data”. The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. There will be adjustments to field prices from the benchmarks below

CHAPMAN PETROLEUM ENGINEERING LTD.
CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES
January 1, 2010

Date	WTI [1] \$US/STB	Alberta Par Price [2] \$CDN/STB	Alberta Heavy [3] \$CDN/STB	Sask. Light [4] \$CDN/STB	Sask. Heavy [5] \$CDN/STB	B.C. Light [6] \$CDN/STB	Bank of Canada Average Noon Exchange rate \$US/\$CDN
HISTORICAL PRICES							
1994	17.16	22.27	18.19	20.76	19.16	21.12	0.73
1995	18.41	25.11	19.76	22.77	20.57	23.85	0.73
1996	21.98	29.39	25.09	28.41	26.07	27.99	0.73
1997	20.59	27.90	21.15	26.52	23.73	26.32	0.72
1998	14.46	20.39	14.68	19.31	17.01	19.38	0.68
1999	19.21	27.88	23.71	27.23	25.65	27.42	0.67
2000	30.39	44.90	34.51	43.37	40.12	n/a	0.67
2001	25.98	39.66	25.41	35.57	31.84	n/a	0.65
2002	26.09	40.63	32.20	37.67	34.57	n/a	0.64
2003	30.84	43.57	32.65	40.13	37.64	n/a	0.72
2004	41.48	52.89	37.52	48.96	45.74	n/a	0.77
2005	56.62	69.16	43.25	62.04	56.53	n/a	0.83
2006	65.91	72.88	50.40	66.77	61.23	n/a	0.88
2007	70.61	75.57	53.17	71.42	64.55	n/a	0.94
2008	99.70	102.98	83.88	98.02	92.45	n/a	0.94
2009	61.64	68.91	58.48	65.15	63.48	n/a	0.88
CONSTANT PRICES							
December 31, 2009 [7]	79.39	85.15	75.21	80.46	77.75	83.02	0.96
CURRENT YEAR FORECAST							
2010	80.00	83.21	70.31	78.38	75.17	81.13	0.95
FUTURE FORECAST							
2011	83.00	86.37	72.98	81.36	78.02	84.21	0.95
2012	86.00	89.53	75.65	84.33	80.88	87.29	0.95
2013	90.00	93.74	79.21	88.30	84.68	91.39	0.95
2014	94.00	97.95	82.77	92.27	88.48	95.50	0.95
2015	98.00	102.16	86.32	96.23	92.29	99.60	0.95
2016	101.00	105.32	88.99	99.21	95.14	102.68	0.95
2017	103.02	107.44	90.79	101.21	97.06	104.76	0.95
2018	105.08	109.61	92.62	103.25	99.02	106.87	0.95
2019	107.18	111.82	94.49	105.34	101.02	109.03	0.95
2020	109.33	114.08	96.40	107.46	103.06	111.23	0.95
2021	111.51	116.38	98.34	109.63	105.14	113.47	0.95
2022	113.74	118.73	100.33	111.84	107.26	115.76	0.95
2023	116.02	121.12	102.35	114.10	109.42	118.10	0.95
2024	118.34	123.57	104.41	116.40	111.63	120.48	0.95
2025	120.70	126.06	106.52	118.75	113.88	122.91	0.95
Constant thereafter							

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
 - [2] Equivalent price for Light Sweet Crude (D2/S2) landed in Edmonton, Alberta after exchange of 0.95US\$/C\$ from 2009 to 2025 during forecasting period and transportation differential of \$1.00 CDN/STB.
 - [3] Bow River at Hardisty, Alberta (905 kg/m3, 2.1% sulphur).
 - [4] Light Sour Blend at Cromer, Saskatchewan (850 kg/m3, 1.2% sulphur).
 - [5] Midale at Cromer, Saskatchewan (880 kg/m3, 2.0% sulphur).
 - [6] B.C. Light at Taylor, British Columbia (825 kg/m3, 0.5% sulphur).
 - [7] December 31, 2009 is the last trading day of 2009.

The Company's weighted average prices received this fiscal year are: \$---/Mscf for natural gas and \$54.41/MSTB.

Part 4 – Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the changes in the Company's gross reserves as at December 31, 2008 against such reserves as at December 31, 2009 based on the forecast price and cost assumptions:

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT DECEMBER 31, 2009

	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (Mbbbl)	Probable (Mbbbl)	Proved Plus Probable (Mbbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At Dec 31, 2008		17	17	142	229	371		989	989
Production(Sales)				9		9			
Dispositions				67	112	179		484	484
Acquisitions					112	112			
Discoveries									
Extensions									
Revisions to Previous Estimates									
Economic Factors		(17)	(17)	(2)	(3)	(4)		(505)	(505)
Technical									
Extensions & Improved Recovery									
At Dec 31, 2009		0	0	64	226	291		0	0

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The Company had proved undeveloped reserve as at December 31, 2009 or in prior years.

The following table sets forth the volumes of probable undeveloped net reserves that were attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time:

	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
2007	0	0	1138	0
2008	229	204	772	0
2009	0	208	0	0

The following discussion generally describes the basis on which the Company attributes probable and possible undeveloped reserves and its plans for developing those undeveloped reserves.

Probable Undeveloped Reserves

The Company will proceed with developing those reserves which are undeveloped based on commodity prices and availability of resources including financing. Producing offset wells exhibiting productive characteristics are studied and using petroleum geological mapping techniques probable reserves are developed.

The Company's probable undeveloped reserves are 214Mbbbl in Buffalo Coulee, Dodsland, Dodsland West and Onward Saskatchewan

Significant Factors or Uncertainties

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

Future Development Costs

The following table shows the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)
2010	459	2244
2011		
2012		
2013		
2014		
Total for 5 years	459	2244
Remainder	32	69
Total for all years	491	2313

The Company has been successful in raising its required capital through equity financings and plans to continue to do so for the development costs specified above. The effect of the costs of the expected funding would have no impact on the revenues or reserves currently being reported.

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at December 31, 2009_

Area	Oil		Natural Gas	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
Producing	2	1	0	0
Non-producing	0	0	4	1.2

All of the Company's producing wells are in Saskatchewan. The Company has an interest in 4 non-producing gas wells in South and South Eastern Alberta

Properties with No Attributed Reserves

The Company has, at December 31, 2009 a 51% interest in 20 sections of land in Saskatchewan in the Kindersley area, some of which a no reserves attributed to it. In Alberta, the company has varied interests in 5 sections of land that has no attributed reserves.

Forward Contracts

Currently, the Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The estimated abandonment and restoration costs used by Chapman are based on the AEUB Directive 11, which details the typical costs of abandonment and reclamation by well type in each specific geographic region. The Company expects to have costs relating to 5 net wells, including the locations to be drilled. All costs have been included in the Chapman report.

FUTURE ABANDONMENT AND RESTORATION COSTS

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0
Total for three years	0	0	0	0
Remainder	32	8	69	22

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)
Total for all years	32	8	69	22

Tax Horizon

The Company is not expected to become taxable under the proved plus probable plus possible cash flows forecast in this report.

Costs Incurred

The following table summarizes the capital expenditures made by the Company on oil and natural gas properties for the year ended December 31, 2009_

Property Acquisition Costs (\$M)		Exploration Costs (\$M)	Development Costs (\$M)
Proved Properties	Unproved Properties		
0	0.22	0.08	0.03

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Company completed during its 2009 financial year:

	Exploratory Wells		Development Wells	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
Oil Wells			1	.5
Gas Wells				
Service Wells				
Dry Holes				
Total Completed Wells				

The Company conducted one well tie-in and one well workovers during the fiscal year ended December 31, 2009.

Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2010:

AREA	TOTAL PROVED RESERVES			
	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Buffalo Coulee		6		
Onward		2		
Total for all areas		8		

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbbl)
Buffalo Coulee		14		-
Dodsland		1		
Dodsland West		1		
Onward		2		
		20		
Total for all areas		20		

These values are gross to Company's working interest before the deduction of royalties payable to others.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

	Three Months Ended December 31, 2009	Three Months Ended September 30, 2009	Three Months Ended June 30, 2009	Three Months Ended March 31, 2009
Average Daily Production				
Light and Medium Oil (Bbl/d)	16	18	30	35
Natural Gas (Mscf/d)	---	---	---	---
Average Net Prices Received				
Light and Medium Oil (\$/Bbl)	66.83	63.35	60.04	39.23
Natural Gas (\$/Mscf)	---	---	---	---
Royalties				
Light and Medium Oil (\$/Bbl)	8.55	8.22	10.08	5.69
Natural Gas (\$/Mscf)	---	---	---	---
Production Costs				
Light and Medium Oil (\$/Bbl)	27.25	25.73	16.85	18.71
Natural Gas (\$/Mscf)	---	---	---	---
Netback Received				
Light and Medium Oil (\$/Bbl)	31.02	29.40	33.11	14.83
Natural Gas (\$/Mscf)	---	---	---	---

ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mscf	thousand standard cubic feet
Bbls	barrels	MMscf	million standard cubic feet
Mbbls	thousand barrels	Mscf/d	thousand standard cubic feet per day
MMbbls	million barrels	MMscf/d	million standard cubic feet per day
MSTB	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bscf	billion standard cubic feet
NGLs	natural gas liquids	GJ	gigajoule
STB	stock tank barrels of oil		
STB/d	stock tank barrels of oil per day		
Other			
AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.		
BIT	Before Income Tax		
AIT	After Income Tax		
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mscf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mscf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.		
BOE/d	barrel of oil equivalent per day		
m ³	cubic metres		
\$M	thousands of dollars		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		