SOLARA EXPLORATION LTD.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

This statement of reserves data and other oil and gas information has been prepared on April 30th 2007 reflecting an effective date of December 31, 2006.

ABBREVIATIONS AND CONVERSIONS

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

$M	thousands of dollars
API	American Petroleum Institute
bbls	barrels
boe	barrels of oil equivalent (2)
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
bbl	barrels of oil & NGLs
Btu	British Thermal Unit
MMBtu	million British Thermal Units
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
Mstb	thousand stock tank barrels
NGLs	natural gas liquids
WTI	West Texas Intermediate (3)

(1) "°API "or "degrees API" is an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specific gravity of 28° API or higher is generally referred to as light crude oil

(2) Natural gas is equated to oil on the basis of 6 Mcf of natural gas = 1 barrel of oil equivalent (boe). Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf per 1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

(3) The reference price paid in US dollars at Cushing, Oklahoma for crude oil of standard grade.

NOTES AND DEFINITIONS

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.

“associated gas” means the gas cap overlying a crude oil accumulation in a reservoir.

“boe” means barrel of oil equivalent. In this report, natural gas is equated to oil on the basis of 6 Mcf of natural gas = I barrel of oil equivalent (boe). boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf per I boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

“constant prices and costs” means prices and costs used in an estimate that are:

> (a) the Corporation’s prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies; and
>
> (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).
>
> For the purpose of paragraph (a), the Corporation’s prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

“Corporation” or “Solara” means Solara Exploration Ltd..

“crude oil” or “oil” means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“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.

“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.

“development costs” means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs or support equipment and facilities and other costs of development activities, are costs incurred to:

> (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
>
> (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
>
> (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
>
> (d) provide improved recovery systems.

“development well” means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

“exploration costs” means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as “prospecting costs”) and after acquiring the property. Exploration costs, which include applicable operating Costs of support equipment and facilities and other costs of exploration activities, are:

(a) Costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as “geological and geophysical costs”);

(b) Costs of carrying and retiring unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

“exploratory well” means a well that is not a development well, a service well or a stratigraphic test well.

“field” means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological tem “structural feature” and “stratigraphic condition” are intended to denote localized geological features, in contract to broader terms such as “basin”, “trend”, “province”, “play” or “area of interest”.

“future prices and costs” means future prices and Costs that are:

(a) generally accepted as being a reasonable outlook of the future; and

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

“future income tax expenses” means future income tax expenses estimated (generally, year-by year):

(a)making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;

(b)without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

(c)taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d)applying to the future pre-tax net revenues relating to the reporting issuer’s oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

“future net revenue” means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non conventional reserves) estimated using constant prices and Costs or forecast prices and costs.

“gross” means:

(a) in relation to the Corporation’s interest in production or reserves, its “gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest.

“natural gas” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil

(solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

“natural gas liquids” means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non- hydrocarbons.

“net” means:

(a) in relation to the Corporation’s interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves;

(b) in relation to the Corporation’s interest in wells, the number of wells obtained by aggregating the Corporation’s working interest in each of its gross wells; and

(c) in relation to the Corporation’s interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

“non-associated gas” means an accumulation of natural gas in a reservoir where there is no crude oil.

“operating costs” or “production costs” means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"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.
“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.

“production” means recovering, gathering, treating, field or plant processing (e.g., processing gas to extract natural gas liquids) and field storage of oil and gas.

“property” includes:

(a) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interest, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operating of properties or otherwise serves as “producer” of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

“property acquisition costs” means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land, including rights to hydrocarbons, is purchased in fee; (c) brokers’ fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

“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.

“proved property” means a property or part of a property to which reserves have been specifically attributed.

“Reserves” are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from know accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

“reservoir” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“service well” means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

“solution gas” means natural gas dissolved in crude oil.

“stratigraphic test well” means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) “exploratory type” if not drilled into a proved property; or (b) “development type”, if drilled into a proved property. Development type stratigraphic wells are also referred to as “evaluation wells”.

“support equipment and facilities” means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

“Undeveloped” reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., 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 sub-divide 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.

“unproved property” means a property or part of a property to which no reserves have been specifically attributed.

“well abandonment costs” means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the well site.

OIL AND NATURAL GAS RESERVES AND NET PRESENT VALUE OF FUTURE NET REVENUE

In accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, GLJ Petroleum Consultants ("GLJ") prepared a report (the "GLJ Report") dated April 26th, 2007. The GLJ Report evaluated, as at December 31, 2006, the Corporation's oil, NGLs and natural gas reserves. The tables below are a summary of the oil, NGLs and natural gas reserves of the Corporation and the net present value of future net revenue attributable to such reserves as evaluated in the GLJ Report based on constant and forecast price and cost assumptions. The tables summarize the data contained in the GLJ Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to the Corporation's reserves is stated without provision for interest costs and general administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by GLJ.

The recovery and reserve estimates of the Corporation's oil, NGLs and natural gas reserves provided herein are estimates only, prepared in accordance with National Instrument 51-101. The accuracy of any reserves and production estimate is a function of the quality and quantity of available data and of engineering interpretation and judgment. While reserves and production estimates presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

Revenue projections presented herein are based in part on forecasts of market prices, currency exchange rates, inflation, market demand and government policy which are subject to many uncertainties and may, in future, differ materially from the forecasts utilized herein. Present values of revenues documented herein do not necessarily represent the fair market value of the reserves evaluated herein.

The GLJ Report is based on certain factual data supplied by the Corporation and GLJ's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Corporation's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to GLJ and accepted without further investigation. GLJ accepted this data as presented and neither title searches nor field inspections were conducted.

Solara Exploration Ltd. has retained GLJ Petroleum Consultants, to evaluate the Corporation's proved and probable oil and natural gas reserves. As stated above, GLJ has evaluated Solara's reserves ("the GLJ Report") in accordance with standards contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards p Disclosure for Oil and Gas Activities ("NI 51-101"). This instrument adopted by the Canadian Securities Administrators sets out standards of disclosure for oil and gas activities and mandates the application of evaluation standards defined in the Society of Petroleum Evaluation Engineers, Canadian Oil and Gas Evaluation Handbook. The information that follows has been derived from the GLJ Report.

Reserves and Future Net Revenue

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Solara Exploration Ltd. ("Solara" or the "Corporation") as evaluated by GLJ Petroleum Consultants Ltd as at December 31, 2006 (the "GLJ Report").

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 Corporation's reserves. There is not assurance that the forecast price and cost assumptions contained in the GLJ Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the GLJ Report. The recovery and reserves estimates on the Corporation's properties described herein are estimates only. The actual reserves on the

Corporation's properties may be greater or less than those calculated. The Corporation has only Canadian Assets

The product reference prices used in the constant price and cost evaluations in the GLJ December 31, 2006 Report were as follows: Edmonton Light oil: $67.58/bbl; AECO-C gas: $6.07/MMBtu.

The pricing assumptions used in the GLJ December 31, 2006 escalated pricing and costs Report with respect to net values of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth below.

FORECAST OF FUTURE PRICES

Year	Edmonton Light Sweet Crude Oil $Cdn/bbl	AECO_C Spot Gas $/MMBtu	Inflation Rate %/year	Exchange Rate $US/$Cdn
2007	70.25	7.20	-	0.87
2008	68.00	7.45	2.0	0.87
2009	65.75	7.75	2.0	0.87
2010	64.50	7.80	2.0	0.87
2011	64.50	7.85	2.0	0.87
2012	65.00	8.15	2.0	0.87
2013	66.25	8.30	2.0	0.87
2014	67.75	8.50	2.0	0.87
2015	69.00	8.70	2.0	0.87
2016	70.50	8.90	2.0	0.87
2017	71.75	9.10	2.0	0.87
Thereafter	+2.0%	+2.0%	2.0	0.87

Light and Medium Oil includes the value of Solution gas and include Natural Gas Liquids. Weighted Average prices received for 2006 were $46.38 per barrel of oil, $8.58 per Mcf of gas, and $73.45 per barrel of liquids.

OIL AND GAS RESERVES
BASED ON CONSTANT PRICES AND COST
EFFECTIVE DECEMBER 31, 2006

	Light and Medium Oil		Natural Gas		Heavy Oil	
	Gross (Mstb)	Net (Mstb)	Gross (MMcf)	Net (MMcf)	Gross (Mstb)	Net (Mstb)
Proved Developed Producing	44	42	793	671	156	148
Proved Developed Non-Producing	48	37	1506	1177	30	27
Proved Undeveloped	-	-	16	15	-	-
Total Proved	92	81	2315	1863	186	176
Total Probable	53	45	1478	1224	77	72
Total Proved Plus Probable	145	126	3793	3086	263	248

NET PRESENT VALUES OF FUTURE NET REVENUE
BASED ON CONSTANT PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Before Deducting Income Taxes Discounted At					After Deducting Income Taxes Discounted At				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved Developed Producing	7,601	6,725	6,053	5,521	5,088	7,601	6,725	6,053	5,521	5,088
Proved Developed Non-Producing	4,911	4,310	3,827	3,433	3,107	4,012	3,513	3,115	2,791	2,524
Proved Undeveloped	34	26	20	16	12	25	18	14	10	7
Total Proved	12,546	11,061	9,901	8,970	8,207	11,638	10,256	9,182	8,322	7,619
Total Probable	7,474	5,572	4,330	3,471	2,853	5,502	4,036	3,092	4,447	1,986
Total Proved Plus Probable	20,019	16,633	14,231	12,442	11,060	17,140	14,292	12,274	10,769	9,605

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
BASED ON CONSTANT PRICES AND COSTS

EFFECTIVE DECEMBER 31, 2006

	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Development Costs (M$)	Abandonment Costs (M$)	Future Net Revenue Before Income Taxes (M$)	Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved	27,572	3,612	8,817	1,866	732	12,546	908	11,638
Total Proved Plus Probable	42,980	5,649	13,709	2,752	851	20,019	2,879	17,140

FUTURE NET REVENUE BY PRODUCTION GROUP
BASED UPON CONSTANT PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M$)
Total Proved	Light and medium crude oil (including solution gas and other by-products)	1,270
	Heavy Oil (including solution gas and other by-products)	3,419
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	5,213
Total Proved Plus Probable	Light and medium crude oil (including solution gas and other by-products)	1,769
	Heavy Oil (including solution gas and other by-products)	4,876
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	7,587

OIL AND GAS RESERVES
BASED ON FORECAST PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Light and Medium Oil		Natural Gas		Heavy Oil	
	Gross (Mstb)	Net (Mstb)	Gross MMcf	Net MMcf	Gross (Mstb)	Net (Mstb)
Proved Developed Producing	44	42	824	699	156	148
Proved Developed Non-Producing	54	37	1517	1188	30	28
Proved Undeveloped	-	-	16	15	-	-
Total Proved	92	80	2357	1901	186	176
Total Probable	52	45	1498	1246	78	73
Total Proved Plus Probable	146	125	3855	3147	264	248

NET PRESENT VALUES OF FUTURE NET REVENUE
BASED ON FORECAST PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Before Deducting Income Taxes Discounted At					After Deducting Income Taxes Discounted At				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved Developed Producing	9,345	8,252	7,421	6,766	6,235	9,345	8,252	7,421	6,766	6,235
Proved Developed Non-Producing	6,606	5,793	5,146	4,621	4,188	4,780	4,187	3,719	3,342	3,032
Proved Undeveloped	58	46	37	29	24	42	32	25	20	16
Total Proved	16,010	14,091	12,603	11,417	10,448	14,167	12,471	11,165	10,128	9,284
Total Probable	9,990	7,360	5,699	4,570	3,765	7,232	5,266	4,044	3,222	2,638
Total Proved Plus Probable	25,999	21,451	18,302	15,987	14,213	21,400	17,737	15,209	13,349	11,922

TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Development Costs (M$)	Abandonment Costs (M$)	Future Net Revenue Before Income Taxes (M$)	Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved	32,893	4,409	9,770	1,869	834	16,010	1,842	14,167
Total Proved Plus Probable	52,683	7,022	15,853	2,788	1,020	25,999	4,600	21,400

FUTURE NET REVENUE BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M$)
Total Proved	Light and medium crude oil (including solution gas and other by-products)	1,261
	Heavy Oil (including solution gas and other by-products)	4,345
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	6,997
Total Proved Plus Probable	Light and medium crude oil (including solution gas and other by-products)	1,764
	Heavy Oil (including solution gas and other by-products)	6,113
	Natural Gas (including by-products but excluding solution gas and by-products from oil wells)	10,426

RECONCILIATION OF COMPANY NET
RESERVES BY PRINCIPAL PRODUCT TYPE
BASED ON FORECAST PRICES AND COSTS
EFFECTIVE DECEMBER 31, 2006

The following table sets forth a reconciliation of the changes in the Corporation's light and medium crude oil and associated and non-associated gas (combined) reserves as at December 31, 2006 based on the forecast price and cost assumptions set forth above:

	Light and Medium Oil			Natural Gas			Heavy Oil		
	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)
At December 31, 2005	35	18	53	215	343	558	-	-	-
Extensions	13	4	17	1,046	477	1,,523	73	36	109
Improved Recovery	-	-	-	293	158	451	-	-	-
Technical Revisions	(2)	(3)	(5)	(33)	(68)	(101)	2	-	2
Discoveries	-	-	-	43	15	58	12	8	20
Acquisitions	13	12	24	434	322	755	103	28	131
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-
Production	(6)	-	(6)	(96)	1246	(96)	(14)	-	(14)
At December 31, 2006	52	32	84	1,901	1,246	3,147	176	73	248

Note that the technical revisions for heavy oil are a result of rounding differences.

The following table sets forth changes between future net revenue estimates attributable to net proved reserves as at December 31, 2006 against such reserves as at December 31, 2005.

RECONCILIATION OF CHANGES IN NET PRESENT VALUES OF FUTURE NET REVENUE DISCOUNTED AT 10% BASED ON CONSTANT PRICES AND COSTS

	After Tax 2006 (M$)	Before Tax 2006 (M$)
Estimated Future Net Revenue at December 31, 2005	2,000	2,019
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	-1,255	-1,,255
Net Change in Prices, Production Costs and Royalties Related to Future Production	-489	-489
Development Costs During the Period	17,046	17,046
Changes in Forecast Development Costs	-18,575	-18,575
Extensions and Improved Recovery	5,602	5,602
Discoveries	369	369
Acquisitions of Reserves	3,230	3,230
Dispositions of Reserves	-	-
Accretion of Discount	202	202
Net Change Resulting from Revisions in Quantity Estimates	-110	-110
Net Change in Income Taxes	-700	-
All Other Changes	1,862	1,862
Estimated Future Net Revenue at December 31, 2006	9,182	9,901

UNDEVELOPED RESERVES

The following table sets forth the gross forecast volumes of proved undeveloped reserves that were first attributed for each of the Corporation's product types for the most recent five financial years and in the aggregate before such time:

	Light and Medium Oil (Mbbl)	Natural Gas (MMcf)	Cumulative Natural Gas (MMcf)	Comments
Aggregate prior to 2001	-	-	-	
2002	-	-	-	
2003	-	-	-	
2004	-	-	-	
2005	-	13	13	Rec'd Public Listing
2006	-	3	16	

The following discussion generally describes the basis on which the Corporation attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in, wells drilled near the end of the fiscal year or wells further away for the Corporation's gathering systems. In addition, such reserves may relate to planned infill drilling locations.

The GLJ Report contains proved undeveloped reserves for one gas well recompletion expected to commence on July 1, 2007 at an initial rate of 1 boepd (net to the Corporation) in the Provost Area. The GLJ Report contains proved undeveloped Natural Gas and NGL reserves attributable to the Corporation of 15 MMcf and a net present value of $37,000 (before and after tax, discounted at 10% per year, based on forecast prices and costs) for this well.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The GLJ Report does not contain any probable undeveloped reserves for the Corporation. The Corporation had no Probable Undeveloped Reserves

FUTURE DEVELOPMENT COSTS

FUTURE DEVELOPMENT COSTS

	Total Proved Estimated Using Constant Prices and Costs (M$)	Total Proved Estimated Using Forecast Prices and Costs (M$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (M$)
2006	1,723	1,723	2,390
2007	1,43	146	251
2008	-	-	-
2009	-	-	-
2010	-	-	-
Total for all years undiscounted	1,886	1,869	2,788
Total for all years discounted at 10%/year	1,767	1,770	2,544

Solara's internally generated net revenue will be used to fund the future development costs disclosed above.

SIGNIFICANT FACTORS OR UNCERTAINTIES AFFECTING RESERVES DATA

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic

conditions. The Corporation's reserves are evaluated by GLJ Petroleum Consultants, an independent engineering firm.

As circumstances change and additional data become available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can be either positive or negative.

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Corporation held a working interest as at December 31, 2006

	Gross Wells		Net Wells	
	Producing	Non Producing	Producing	Non Producing
Gas Wells	30	33	7.78	15.88
Oil Wells	26	7	11.33	3.75

Costs Incurred

The following table summarizes the capital expenditures made by the Corporation on oil and natural gas properties for the year ended December 31st, 2006.

Property Acquisition Costs ($)		Exploration Costs ($)	Development Costs ($)
Proved Properties	Unproved Properties		
4,855,889	-	14,208,736	1,335,771

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Corporation completed during its 2006 financial year:

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Oil Wells	7	3.5	4	2.94
Gas Wells	18	8.76	10	4.13
Service Wells	-	-	-	-
Dry Holes	9	2.65	-	-
Total Wells	34	11.41	14	7.07

Properties with No Attributed Reserves

The Corporation currently holds 19 properties with no attributed reserves other than disclosed in its reserve GLJ Report. The Corporation has 14,663.95 gross (3,386.58 net) acres of undeveloped lands.

Forward Contracts

Currently, other than contracts pertaining to land and office rental space and contracts that can be cancelled within 30 days the Corporation has 2 Gas Purchase Contracts. The first is a life of reserves contract with Pan-Alberta Gas. It covers section 2-19-20W4 and is priced on their weighted average price received from a basket of sales contracts. The second is with Cargill Gas Marketing Limited which is in the process of being assigned to the Corporation. This contract is life of reserves based and covers only the Colony interval for section 14-37-5W4. Sales price is referenced to AECO spot price.

Abandonment and Reclamation Costs

The GLJ Reserve Report includes a total cost of $1,020,000 to perform the downhole abandonment of each well included in the report. This figure discounted at 10% is $414,000. The Corporation has independent from the GLJ report determined that the salvage value of the equipment used in the production of the wells should be sufficient to cover the expense of performing the surface reclamation of the well sites and abandonment of the wells not included in the report. Undiscounted GLJ has predicted $107,000 to be spent on abandonments over the next 4 years. The Corporation has one net wells to abandon.

Tax Horizon

The Corporation does not expect to be taxable in the immediate foreseeable future.

Production Estimates

The following table sets forth the working interest volume of production estimated for the 2007:

	Gas Mcf/d	Oil bopd	NGL bpd	boepd	Sounding Lake
Proved Developed Producing	736	126	4	252	107
Proved Developed Non Producing	1051	33	26	234	32
Proved Undeveloped	5	0	1	1	0
Total Proved	**1791**	**159**	**29**	**486**	**139**
Total Probable	258	7	2	53	6
Proved Plus Probable	**2048**	**166**	**31**	**539**	**146**

Production History

The following table sets forth certain information in respect of production, product prices received royalties, production costs and netbacks received by the Corporation the year ended December 31st, 2006 and the three (3) months ended December 31st, 2006.

	Twelve Months Ended December 31, 2006	Three Months Ended March 31, 2006	Three Months Ended June 30, 2006	Three Months Ended September 30, 2006
Average Daily Production				
Oil (bbl/d)	60.4	10.3	72.0	80.9
Natural Gas (Mcf/d)	339.6	89.0	49.7	428.6
Average Net Prices Received				
Oil ($/bbl)	58.99	55.54	62.37	62.15
Natural Gas ($/Mcf)	6.55	8.27	6.51	8.27
Royalties				
Oil ($/bbl)	4.69	7.06	6.53	4.94
Natural Gas ($/Mcf)	1.50	0.12	1.09	0.82
Production Costs				
Oil ($/bbl)	14.30	16.20	14.12	12.60
Natural Gas ($/Mcf)	2.35	6.10	2.37	2.11
Netback Received				
Oil ($/bbl)	40.00	32.28	41.72	44.61
Natural Gas ($/Mcf)	2.70	2.05	3.05	5.34

Operational Areas

Production figures referenced below are as identified in the above referenced GLJ report.

1) Sounding Lake (Operated Oil and Gas), Alberta
Solara through farm in, acquisition, and successfully bidding at Crown Land Sales has acquired and interest in 4.5 sections of mineral rights in the Sounding lake area. Currently Solara has an interest in 18 wells, 2 are abandoned, 4, are suspended, and 12 are producing. Working interests vary from 50 to 100%.

Solara operated the drilling and completion operation of 6 wells equipping 5 for pumping oil and evaluating tying in the last. In addition to these operations Solara operated the tie in of an existing well. It is anticipated that following geological and geophysical review additional locations will be drilled this year.

This property is expected to produce 118 Mcfd of gas and 115 bopd in 2007 on a proved and probable basis.

2) Majorville (Operated and Non Operated Gas), Alberta
Through acquisition and drilling Solara has an interest in 9 wells in this area. Five wells are producing, 3 wells are waiting on tie in, and one well is proposed for recompletion. Working interest varies from 12.5 % in 3 non-operated wells to 91.25% in a suspended well proposed for recompletion. Three of these wells were drilled and completed in 2006 and are waiting on weather for tie in. Solara has 75% working interest in these wells. Four wells produce from the Belly River sands while the 5th well produces from the Ostracod.

This property is expected to produce 487 Mcfd and 1 bopd in 2007 on a proved and probable basis.
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3) Gilby Pembina (Non operated Oil and Gas)

Through acquisition and drilling Solara has an interest in 6 wells. Two of these wells are currently producing. The company participated in drilling 4 of these wells in 2006. Two of these 4 wells are scheduled for tie in the second quarter. An additional well is waiting equipping, while the ??3 well?? is expected to be shut in for some time waiting for development in the area to provide economics for tie in. Additional drilling is expected in this area for 2007

This property is expected to produce 348 Mcfd, 5 bopd, and 10 bbls of ngl per day in 2007 on a proved and probable basis.

4) Viking Kinsella (Non operated Gas), Alberta
Through drilling Solara has an interest in 8 wells and 1 dry and abandoned well. All 8 wells are producing. There are no drilling prospects planned for this area in 2007.

This property is expected to produce 336 Mcfd in 2007 on a proved and probable basis.

5) Other Properties (Operated and Non Operated) Alberta
Solara has significant interests in several other properties.

Acadia with 1 well waiting on tie in and 1 well waiting on recompletion (7 boepd),

Peace River Arch (9 boepd)

Harmatten with 1 well waiting on production (32 boepd)

Youngstown an operated property with 2 sections of undeveloped land and 3 wells 2 waiting on tie in and 1 well producing (18 boepd)

Tomahawk with 1 well expected to produce 18 boepd

Provost Area with several non-operated wells expected to produce 27 boepd