

**MIRAGE ENERGY LTD.**

Statement of Reserves Data and Other Oil and Gas Information

Year Ended December 31, 2006

Dated April 30<sup>th</sup>, 2007

## SELECTED TERMS

"**ARTC**" means the Alberta Royalty Tax Credit;

"**Board**" means the Board of Directors of the Corporation;

"**CDN**" means Canadian;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**DeGolyer**" means DeGolyer and MacNaughton Canada Limited;

"**Degolyer Report**" means an evaluation of the Corporation's oil and natural gas reserves by DeGolyer with an effective date of December 31, 2006 contained in a report dated April 2<sup>nd</sup>, 2007

"**NI 51-101**" means National Instrument 51-101 Standards Of Disclosure For Oil and Gas Activities;

"**Mirage**" or the "**Corporation**" means Mirage Energy Ltd.; and

"**Statement**" means this statement of reserves data and other oil and gas information.

## ABBREVIATIONS

### Oil and Natural Gas Liquids

Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
NGLs	natural gas liquids
Stb	stock tank barrels of oil
Mstb	thousand stock tank barrels of oil
Mmboe	million barrels of oil equivalent
Bbls/d	barrels per day

### Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
Mmcf/d	million cubic feet per day
M <sup>3</sup>	cubic metres
Mmbtu	million British Thermal Units
GJ	Gigajoule

### Other

BOE or Boe	barrel of oil equivalent, using the conversion factor of 6 mcf of natural gas being equivalent to one bbl of oil
Boe/d	barrels of oil equivalent per day
WTI	West Texas Intermediate
API	the measure of the density or gravity of liquid petroleum products derived from a specific gravity
psi	pounds per square inch
\$000's or M\$	thousands of dollars
MM\$	millions of dollars

**Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.**

## CONVENTIONS

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

All dollar amounts set forth in this Statement are in Canadian dollars, except where otherwise indicated.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

## CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	mmbtu	0.950

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Statement constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect" and similar expressions, as they relate to the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to vary from those described in this Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Statement as intended, planned, anticipated, believed, estimated or expected.

### DISCLOSURE OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below is dated April 2, 2007. The effective date of the Statement is December 31, 2006 and the preparation date of the Statement is April 30<sup>th</sup>, 2007. Readers should note that tables may not add due to rounding. The Report of Management and Directors on Reserves Data and Other Oil and Gas Information in Form 51-101F3 and the Report on Reserves Data by DeGolyer in Form 51-101F2 are attached as Appendices "A" and "B", respectively, to this Statement.

#### Disclosure of Reserves Data

##### *Oil and Natural Gas Reserves*

The reserves data set forth below (the "**Reserves Data**") is based upon the DeGolyer Report. The Reserves Data summarizes the oil, liquids and natural gas reserves of Mirage and the net present values of future net revenue for these reserves using constant prices and costs and forecast prices and costs. The Reserves Data conforms with the requirements of NI 51-101. Mirage engaged DeGolyer to provide an evaluation of 100% of Mirage's proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. **It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the constant prices and costs assumptions and forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of the Corporation's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.**

We engaged DeGolyer to provide an evaluation of our proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of our reserves are in Canada and, specifically, in the Provinces of Saskatchewan and Alberta.

**SUMMARY OF OIL AND GAS RESERVES  
AND NET PRESENT VALUES OF FUTURE NET REVENUE  
AS OF DECEMBER 31, 2006  
CONSTANT PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas <sup>(1)</sup>		Natural Gas Liquids	
	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>
	(Mbbbls)	(Mbbbls)	(Mbbbls)	(Mbbbls)	(MMcft)	(MMcft)	(Mbbbls)	(Mbbbls)
PROVED								
Developed Producing	20	15	98	82	-	-	-	-
Developed Non-Producing	-	-	6	5	330	229	2	1
Undeveloped	-	-	101	82	-	-	-	-
TOTAL PROVED	20	15	205	169	330	229	2	1
PROBABLE	7	5	250	219	104	66	1	1
TOTAL PROVED PLUS PROBABLE	27	20	455	388	434	295	3	2
POSSIBLE	-	-	70	61	-	-	-	-
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	27	20	524	449	434	295	3	2

Notes:

- (1) Estimates of Reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" are Corporation's working interest share of remaining reserves before the deduction of royalties.
- (3) "Net Reverses" are Corporation's working interest share of remaining reserves less all Crow, freehold and overriding royalties and interests.

RESERVES CATEGORY	NET PRESENT VALUES (NPV) OF FUTURE NET REVENUE (FNR)									
	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0	5	10	15	20	0	5	10	15	20
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
PROVED										
Developed Producing	2,243	2,068	1,914	1,777	1,656	1,776	1,633	1,506	1,394	1,295
Developed Non-Producing	1,420	1,164	992	869	775	1,086	857	710	608	533
Undeveloped	624	462	326	213	117	386	255	146	56	(20)
TOTAL PROVED	4,287	3,694	3,232	2,859	2,548	3,248	2,745	2,362	2,058	1,808
PROBABLE	3,714	2,745	2,057	1,549	1,167	2,645	1,876	1,338	947	656
TOTAL PROVED PLUS PROBABLE	8,001	6,439	5,289	4,408	3,715	5,893	4,621	3,700	3,005	2,464
POSSIBLE	906	500	276	144	62	621	332	172	77	17
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	8,907	6,939	5,565	4,552	3,777	6,514	4,953	3,872	3,082	2,481

**TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
AS OF DECEMBER 31, 2006  
CONSTANT PRICES AND COSTS**

<b>RESERVES CATEGORY</b>	<b>REVENUE (M\$) <sup>(1)</sup></b>	<b>ROYALTIES (M\$) <sup>(2)</sup></b>	<b>OPERATING COSTS (M\$)</b>	<b>DEVELOPMENT COSTS (M\$)</b>	<b>WELL ABANDONMENT COSTS (M\$)</b>	<b>NET REVENUE (M\$)</b>	<b>INCOME TAXES (M\$)</b>	<b>FUTURE NET REVENUE AFTER INCOME TAXES (M\$)</b>
Proved Developed Producing	4,965	956	1,572	-	194	2,243	466	1,776
Proved Developed	7,807	1,615	2,067	221	241	3,663	801	2,862
TOTAL PROVED	<u>11,571</u>	<u>2,327</u>	<u>3,278</u>	<u>1,357</u>	<u>322</u>	<u>4,287</u>	<u>1,039</u>	<u>3,248</u>
TOTAL PROVED PLUS PROBABLE	<u>22,349</u>	<u>3,860</u>	<u>6,823</u>	<u>3,195</u>	<u>470</u>	<u>8,001</u>	<u>2,108</u>	<u>5,893</u>
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	<u>25,000</u>	<u>4,193</u>	<u>7,814</u>	<u>3,582</u>	<u>504</u>	<u>8,907</u>	<u>2,393</u>	<u>6,514</u>

Notes:

- (1) Total revenue includes revenue before royalty and includes other income before ARTC.  
(2) Royalties include crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC credits.

**FUTURE NET REVENUE  
BY PRODUCTION GROUP  
AS OF DECEMBER 31, 2006  
CONSTANT PRICES AND COSTS**

<b>RESERVES CATEGORY</b>	<b>PRODUCTION GROUP</b>	<b>FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)</b>
Proved	Light and Medium Crude Oil (including solution gas)	612
	Heavy Oil	1,813
	Natural Gas (including by-products but excluding gas from oil wells)	<u>807</u>
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	803
	Heavy Oil	3,356
	Natural Gas (including by-products but excluding gas from oil wells)	<u>1,130</u>

**SUMMARY OF OIL AND GAS RESERVES  
AND NET PRESENT VALUES OF FUTURE NET REVENUE  
AS OF DECEMBER 31, 2006  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas <sup>(1)</sup>		Natural Gas Liquids	
	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>	Gross <sup>(2)</sup>	Net <sup>(3)</sup>
	(Mbbls)	(Mbbls)	(Mbbls)	(Mbbls)	(MMcf)	(MMcf)	(Mbbis)	(Mbbls)
PROVED:								
Developed Producing	20	15	96	80	-	-	-	-
Developed Non-Producing	-	-	6	5	330	228	2	1
Undeveloped	-	-	100	82	-	-	-	-
TOTAL PROVED	20	15	202	167	330	228	2	1
PROBABLE	7	5	248	218	100	62	1	1
TOTAL PROVED PLUS PROBABLE	27	20	450	385	429	290	3	2
POSSIBLE	-	-	68	60	-	-	-	-
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	27	20	518	445	429	290	3	2

Notes:

- (1) Estimates of Reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" as Corporation's working interest share of remaining reserves before the deduction of royalties.
- (3) "Net Reserves" are Corporation's working interest share of remaining reserves less all Crow, freehold and overriding royalties and interests owned by others.

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0	5	10	15	20	0	5	10	15	20
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
PROVED:										
Developed Producing	2,484	2,296	2,129	1,980	1,848	1,936	1,784	1,649	1,530	1,424
Developed Non-Producing	1,485	1,204	1,020	891	793	1,145	892	733	624	546
Undeveloped	881	696	540	408	296	560	413	291	188	102
TOTAL PROVED	4,850	4,196	3,689	3,279	2,937	3,641	3,089	2,673	2,342	2,072
PROBABLE	4,373	3,275	2,501	1,933	1,503	3,083	2,230	1,636	1,205	881
TOTAL PROVED PLUS PROBABLE	9,223	7,471	6,190	5,212	4,440	6,724	5,319	4,309	3,547	2,953
POSSIBLE	1,148	649	375	216	118	780	431	237	124	54
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	10,371	8,120	6,565	5,428	4,558	7,504	5,750	4,546	3,671	3,007

**TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
AS OF DECEMBER 31, 2006  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	REVENUE (M\$) <sup>(1)</sup>	ROYALTIES (M\$) <sup>(2)</sup>	OPERATING COSTS (M\$)	DEVELOPMENT COSTS (M\$)	WELL ABANDONMENT COSTS (M\$)	NET REVENUE (M\$)	INCOME TAXES (M\$)	FUTURE NET REVENUE AFTER INCOME TAXES <sup>(1)</sup> (M\$)
Proved Developed Producing	5,347	1,018	1,637	-	208	2,484	548	1,936
Proved Developed	8,439	1,747	2,211	244	268	3,969	889	3,081
<b>TOTAL PROVED</b>	<b>12,661</b>	<b>2,545</b>	<b>3,519</b>	<b>1,383</b>	<b>364</b>	<b>4,850</b>	<b>1,210</b>	<b>3,641</b>
TOTAL PROVED PLUS PROBABLE	24,811	4,240	7,539	3,249	560	9,223	2,499	6,724
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	27,990	4,626	8,733	3,660	601	10,371	2,867	7,504

Notes:

- (1) Total revenue includes revenue before royalty and includes other income before ARTC.
- (2) Royalties include crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC credits.

**FUTURE NET REVENUE  
BY PRODUCTION GROUP  
AS OF DECEMBER 31, 2006  
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas)	605
	Heavy Oil	2,249
	Natural Gas (including by-products but excluding solution gas from oil wells)	835
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	785
	Heavy Oil	4,243
	Natural Gas (including by-products but excluding solution gas from oil wells)	1,162

**Definitions and Other Notes**

In the tables set forth above in "Disclosure of Reserves Data" and elsewhere herein the following definitions and other notes are applicable:

1. "Gross" means:
  - (a) in relation to Mirage's interest in production and reserves, its "Corporation gross reserves", which are Mirage's interest (operating and non-operating) share before deduction of royalties and without including any royalty interests of Mirage;
  - (b) in relation to wells, the total number of wells in which Mirage has an interest; and
  - (c) in relation to properties, the total area of properties in which Mirage has an interest.

2. "Net" means:
- (a) in relation to Mirage's interest in production and reserves, its "Corporation gross reserves", which are Mirage's interest (operating and non-operating) share after deduction of royalties obligations, plus Mirage's royalty interest in production or reserves;
  - (b) in relation to wells, the number of wells obtained by aggregating Mirage's working interest in each of its gross wells; and
  - (c) in relation to Mirage's interest in a property, the total area in which Mirage has an interest multiplied by the working interest owned by Mirage.
3. The crude oil, natural gas liquids and natural gas reserve estimates presented in the DeGolyer Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below:

*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 (see "*Economic Assumptions*" below).

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.

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

Each of the reserve categories (proved and probable) 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) 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 reserve 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 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; and
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative 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 certain levels associated with reserve estimates and the effect of aggregation is provided in the COGE Handbook.

#### 4. *Forecast prices and costs*

Future prices and costs that are:

- (a) generally acceptable 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 Mirage 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).

The forecast summary table under "*Pricing Assumptions*" below identifies benchmark reference pricing that apply to Mirage.

#### 5. *Constant prices and costs*

Prices and costs used in an estimate that are:

- (a) Mirage'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 Mirage 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 purposes of paragraph (a), Mirage's prices are the posted prices for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

#### 6. ARTC is included in the cumulative cash flow amounts. ARTC is based on the program announced November 1989 by the Alberta government with modifications effective January 1, 1995. Mirage qualifies for the maximum ARTC.

7. *Future Income Tax Expense*

Future income expenses estimate:

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes;
- (b) without deducting estimated future costs that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances; and
- (d) applying to the future pre-tax net cash flows relating to our oil and gas activities, the appropriate year-end statutory rates, taking into account future tax rates already legislated.

8. **"Development well"** means a well drilled inside the established limits of an oil and gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

9. **"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 reserves. More specifically, development costs, including applicable operating costs of 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, pumping equipment and wellhead assembly;
- (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 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.

10. **"Exploration well"** means a well that is not a development well, a service well or a stratigraphic test well.

11. **"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 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;
- (b) costs of carrying and retaining 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.

12. **"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.

## Pricing Assumptions

The following prices are the benchmark reference prices, as at December 31, 2006, and are reflected in the Reserves Data. These price assumptions were provided to Mirage by DeGolyer.

### SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS OF DECEMBER 31, 2006 CONSTANT PRICES AND COSTS

Year	Oil			Gas	Natural Gas			Inflation	
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40 degree API <sup>(3)</sup> (\$Cdn/bbl)	Heavy Oil Price 12 degree API (\$Cdn/bbl)	Natural Gas AECO Price <sup>(3)</sup> (\$Cdn/Mmbtu)	Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Butanes FOB Field Gate (\$Cdn/bbl)	Edmonton Propane FOB Field Gate (\$Cdn/bbl)	Inflation Rate <sup>(1)</sup> (%/Yr)	Exchange Rate <sup>(2)</sup> (\$US/\$Cdn)
2007	-	61.63	38.40	7.32	76.62	54.84	46.57	-	-

Notes:

- (1) Not applicable.
- (2) Not applicable.
- (3) Light oil and gas prices are as at December 31, 2006.
- (4) Natural gas liquids prices are based on the DeGolyer and MacNaughton Canada Limited 2007 forecast prices.
- (5) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

### SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS AS AT DECEMBER 31, 2006 FORECAST PRICES AND COSTS

Year	Crude Oil			Natural Gas	Natural Gas Liquids	Inflation Rates	Exchange Rate
	WTI Cushing \$/bbl US	Edmonton Reference \$/bbl Cdn	Hardisty 12 API \$/bbl Cdn	Alberta AECO Average Current \$/mmbtu Cdn	Condensate \$/bbl Cdn	%/year	(\$US/\$Cdn)
2007	65.00	75.12	44.34	7.32	76.62	0.0	0.862
2008	65.53	75.71	45.01	7.91	77.23	4.0	0.862
2009	64.27	74.26	45.21	7.72	75.74	3.0	0.862
2010	61.73	71.30	44.26	7.48	72.73	2.0	0.862
2011	59.07	68.20	43.15	7.68	69.57	2.0	0.862
2012	59.11	68.25	43.19	7.77	69.62	2.0	0.862
Thereafter	Various Escalation Rates						

Reconciliations of Changes in Reserves and Future Net Revenue

**RESERVES RECONCILIATION – FORECAST PRICE CASE  
COMPANY SHARE NET  
AS AT DECEMBER 31, 2006**

	<b>Total Oil (BBL)</b>	<b>Light/Med Oil (BBL)</b>	<b>Heavy Oil (BBL)</b>	<b>Sales Gas (MMCF)</b>	<b>NGL (BBL)</b>	<b>BOE (BBL)</b>
<b>TOTAL PROVED PRODUCING</b>						
Opening Balance (Dec. 31, 2005)	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions <sup>(1)</sup>	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions <sup>(2)</sup>	99,129	99,129	-	-	-	99,129
Dispositions <sup>(2)</sup>	-	-	-	-	-	-
Economic Factors <sup>(3)</sup>	-	-	-	-	-	-
Productions	(3,687)	(3,687)	-	-	-	(3,687)
Closing Balance (Dec. 31, 2006)	95,442	95,442	-	-	-	95,442
<b>TOTAL PROVED DEVELOPED</b>						
Opening Balance (Dec. 31, 2005)	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions <sup>(1)</sup>	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions <sup>(2)</sup>	103,939	103,939	-	227	1,486	143,258
Dispositions <sup>(2)</sup>	-	-	-	-	-	-
Economic Factors <sup>(3)</sup>	-	-	-	-	-	-
Productions	(3,687)	(3,687)	-	-	-	(3,687)
Closing Balance (Dec. 31, 2006)	100,252	100,252	-	227	1,486	139,571
<b>TOTAL PROVED</b>						
Opening Balance (Dec. 31, 2005)	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions <sup>(1)</sup>	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions <sup>(2)</sup>	185,405	185,405	-	227	1,486	224,724
Dispositions <sup>(2)</sup>	-	-	-	-	-	-
Economic Factors <sup>(3)</sup>	-	-	-	-	-	-
Productions	(3,687)	(3,687)	-	-	-	(3,687)
Closing Balance (Dec. 31, 2006)	181,718	181,718	-	227	1,486	221,037
<b>TOTAL PROVED - PROBABLE</b>						
Opening Balance (Dec. 31, 2005)	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions <sup>(1)</sup>	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions <sup>(2)</sup>	408,880	408,880	-	290	1,864	459,077
Dispositions <sup>(2)</sup>	-	-	-	-	-	-
Economic Factors <sup>(3)</sup>	-	-	-	-	-	-
Productions	(3,687)	(3,687)	-	-	-	(3,687)
Closing Balance (Dec. 31, 2006)	405,193	405,193	-	290	1,864	455,390
<b>TOTAL PROVED – PROB + POS</b>						
Opening Balance (Dec. 31, 2005)	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions <sup>(1)</sup>	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions <sup>(2)</sup>	468,794	468,794	-	290	1,864	518,991
Dispositions <sup>(2)</sup>	-	-	-	-	-	-
Economic Factors <sup>(3)</sup>	-	-	-	-	-	-
Productions	(3,687)	(3,687)	-	-	-	(3,687)
Closing Balance (Dec. 31, 2006)	465,107	465,107	-	290	1,864	515,304

Notes:

- (1) Includes technical revisions due to reservoir performance, geological and engineering changes; economic revisions due to changes in economic limits; and working interest changes resulting from the timing of interest reversions.
- (2) Includes production attributable to any acquired interests from the acquisition date to effective date of the report and production realized from disposed interests from the opening balance date to the effective date of disposition.
- (3) Includes economic revisions related to price and royalty factor changes.

**RECONCILIATION OF CHANGES IN  
NET PRESENT VALUES OF FUTURE NET REVENUE  
DISCOUNTED AT 10% PER YEAR**

**PROVED RESERVES**

**CONSTANT PRICES AND COSTS – TOTAL COMPANY**

	(M\$)
Estimated Future Net Revenue After Income Taxes at December 31, 2005	-
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	(39)
Net Change in Prices, Production Costs and Royalties Related to Future Production	-
Changes in Previously Estimated Development Costs Incurred During the Period	3,936
Changes in Estimated Future Development Costs	(3,751)
Extensions and Improved Recovery	-
Discoveries	-
Acquisition of Reserves	3,271
Dispositions of Reserves	-
Net Change Resulting from Revisions in Quantity Estimates	-
Accretion of Discount	-
Net Change in Income Tax	(870)
Other	(185)
Estimated Future Net Revenue After Income Taxes at December 31, 2006	2,362

**Additional Information Relating to Reserves Data**

***Undeveloped Reserves***

The following table sets forth the volumes of proved undeveloped reserves that were attributed to each of Mirage's product types for the years ended December 31, 2005 and 2006 using both constant and forecast prices and costs.

Mirage plans to drill 9 wells under the proven undeveloped category. This consists of 5 wells in Buzzard, 2 wells in Lloydminster and 2 wells in Hayter. This program will result in a net production increase of 115.4 bpd of heavy oil. (Based on DeGolyer Report). Mirage had no reserves at December 31<sup>st</sup>, 2005 as the company was not formed and operating until August 2006 and therefore no reserves were assigned to these categories. Capital for this reserve category have been included in the DeGolyer Report.

**Proved Undeveloped Reserves**

Period Ended	Light and Medium Oil Liquids (Mbbls)	Heavy Oil (Mbbls)	Natural Gas (Mmcf)	Natural Gas Liquids (Mbbls)
December 31, 2006	0	101	0	0
December 31, 2005	0	0	0	0

The following table sets forth the volumes of probable undeveloped reserves that were attributed to each of Mirage's product types for the years ended December 31, 2005 and 2006 both constant and forecast prices and costs. Mirage did not have any oil and gas assets prior to 2005.

**Probable Undeveloped Reserves**

<b>Period Ended</b>	<b>Light and Medium Oil Liquids (Mbbls)</b>	<b>Heavy Oil (Mbbls)</b>	<b>Natural Gas (Mmcf)</b>	<b>Natural Gas Liquids (Mbbls)</b>
December 31, 2006	0	174.9	0	0
December 31, 2005	0	0	0	0

Mirage plans to drill 21 wells under the probable undeveloped category. This consists of 5 wells in Buzzard, 11 wells in Lloydminster, 2 wells in Hayter and 2 wells in Soda Lake . This program will result in a net production increase of 247 bpd of heavy oil. (Based on DeGolyer Report). Mirage had no reserves at December 31<sup>st</sup>, 2005 as the company was not formed and operating until August 2006 and therefore no reserves were assigned to these categories. Capital for this reserve category have been included in the DeGolyer Report.

**Significant Factors or Uncertainties**

The evaluated oil and gas properties of Mirage have no material extraordinary risks or uncertainties beyond those which are inherent of an oil and gas producing company.

**Future Development Costs**

The following table sets forth development costs deducted in the estimation of Mirage's future net revenue attributable to the reserve categories noted below. All of Mirages's reserves and subsequent future net revenue are located in Canada.

<b>Year</b>	<b>Constant Prices and Costs</b>		<b>Forecast Prices and Costs</b>	
	<b>Proved Reserves (M\$)</b>	<b>Proved Plus Probable Reserves (M\$)</b>	<b>Proved Reserves (M\$)</b>	<b>Proved Plus Probable Reserves (M\$)</b>
2007	1,157	2,565	1,157	2,565
2008	96	443	100	460
2009	-	19	-	20
2010	-	-	-	-
2011	-	-	-	-
Remaining	104	169	127	205
<b>Total</b>	<b>1,357</b>	<b>3,195</b>	<b>1,383</b>	<b>3,249</b>
Undiscounted	1,357	3,195	1,383	3,249
Discounted at 10%/yr	1,229.39	2,911.91	1,241.25	2,942.28

Note:

(1) Future development costs will be funded out of cash flow and existing working capital.

Mirage will require up to \$1.232 MM to fund its 2007 drilling program for nine wells. Mirage will drill 5 Sparky oil wells at Buzzard ( average working interest of 19%), 2 Lloyd/Sparky oil wells at Lloydminster (average working interest of 50%) and 2 McLaren oil wells at Hayter (average working interest 50%). Mirage will fund this program through the use of it's banking credit facility and private equity placements.

## Other Oil and Gas Information

### *Oil and Gas Properties*

The following is a description of Mirage's principal oil and natural gas properties on production or under development as at December 31, 2006. All of these properties are located in the provinces of Alberta and Saskatchewan in the country of Canada.

## PRODUCING LANDS

### ALBERTA

#### **Gold Creek**

Gross Land: 256 hectares  
Net Lands: 25.6 hectares

**Well:** 100/04-26-068-06W6/00  
Working Interest: 10%  
Zone: Halfway/Nik  
Status: Standing Gas

#### **Hector:**

Gross Land: 64 hectares  
Net Land: 6.4 hectares

**Well:** 100/04-24-016-17W4/00  
Zone: Mississippian  
Status: Oil

#### **Isley:**

Gross Land 64 hectares  
Net Land: 9.6 hectares

**Well:** 100/10-14-051-05W4/00  
Working Interest: 15%  
Zone: Sparky  
Status: Producing Oil

#### **Little Bow:**

Gross Land: 768 hectares  
Net Land; 192 hectares

**Well:** 100/12-30-015-20W4/00  
Working Interest: 25%  
Zone: MilkRiver/Med Hat  
Status: Shut In Gas

**Well:** 100/04-31-015-20W4/00  
Working Interest: 25%  
Zone: MilkRiver/Med Hat  
Status: Shut In Gas

**Well:** 102/16-35-015-20W4/02 & 03  
Working Interest: 45%  
Zone: Glauconitic  
Status: Shut In Gas

**Lloydminster:**

Gross Land: 96 hectares  
Net Land: 40 hectares

**Well:** 100/12-04-049-01W4/00  
Working Interest: 50%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Well:** 102/11-14-049-01W4/00  
Working Interest: 50%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Well:** 100/05-20-049-01W4/00  
Working Interest: 25%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Well:** 102/12-20-049-01W4/00  
Working Interest: 25%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Well:** 100/16-22-049-01W4/00  
Working Interest: 50%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Well:** 100/16-14-050-01W4/00  
Working Interest: 50%  
Zone: Lloydminster/Sparky  
Status: Producing Oil

**Pembina:**

Gross Land: 64 hectares  
Net Land: 168 hectares

**Well:** 102/16-28-047-03W5/00  
Working Interest: 25%  
Zone: Cardium  
Status: Oil

**Simonette:**

Gross Land: 256  
Net Land: 19.2

**Well:** 102/08-25-062-25W5/00  
Working Interest: 15%  
Zone: Cadotte  
Status: Shut In Gas

**Tangent:**

Gross Land: 256 hectares  
Net Land: 76.8 hectares

**Well:** 102/16-33-080-24W5/00  
Working Interest: 30%

Zone: Montney/Bluesky  
Status: Producing Oil

**Willisden Green:**

Gross Land: 128 hectares  
Net Land: 22.4 hectares

Working Interest: 17.5%  
Well: 100/10-06-042-06W5/00  
Zone: Ellerslie  
Status: Shut In Gas

**SASKATCHEWAN (Producing Properties)**

**Buzzard:**

Gross land: 242.664 hectares  
Net land: 129.351 hectares

**Well:** 111/01-04-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Oil

**Well:** 111/08-07-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/09-07-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/015-07-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/16-07-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Oil

**Well:** 101/10-08-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/12-08-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/14-08-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 111/15-08-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Well:** 121/06-10-047-26W3/00  
Working Interest: 20%  
Zone: Sparky  
Status: Producing Oil

**Dee Valley:**

Gross Land: 32.56  
Net Land 6.512

Working Interest: 20%  
Well: 112/11-14-048-22W3/00  
Zone: Sparky  
Status Producing Oil

Working Interest: 20%  
Well: 101/12-14-048-22W3/00  
Zone: Sparky  
Status Producing Oil

**Hillmond:**

Gross Land: 16.2  
Net Land 3.24

Working Interest: 20%  
Well: 111/01-16-051-26W3/00  
Zone: Sparky  
Status Producing Oil

**Soda Lake:**

Gross Land: 259 hectares  
Net Land: 51.8 hectares

Working Interest: 20%  
**Well:** 121/05-22-047-24W3/00  
Zone: Lloyd/Sparky/McLaren  
Status: Oil & Gas

**UNDEVELOPED LANDS:**

**Evi:**

Gross Land: 128  
Net Land: 24

Working Interest: 25%  
Land Description: Twp 87 Rge 12 W5M NW4  
PNG to base Granite Wash  
Well: 100/13-04-087-12W5/00 (D&A)

Working Interest: 12.5%  
Land Description: Twp 87 Rge 12 W5M NE4  
PNG to base Granite Wash

**Havter**

Gross Land: 64 hectares  
Net Land: 32 hectares

Working Interest: 50%  
Land Description: Twp 38 Rge 1 W4M Lsds 2, 4, 5 Sec 16  
All PNG

Twp 38 Rge 1 W4M Lsd 12 Sec 28  
PNG to base Mannville

**Hector:**

Gross Land: 448  
Net Land 44.8

Working Interest 10%  
Land Description: Twp 16 Rge 17 W4M Sec 24  
PNG to base ARCS

Wells: 100/11-24-016-17W4/00  
102/07-24-016-17W4/00

Land Description: Twp 16 Rge 17 W4M Sec 23  
PNG below base Mannville

**Isley:**

Gross Land: 192 hectares  
Net Land: 28.8 hectares

Working Interest: 15%  
Land Description: Twp 51 Rge 5 W4M S&NW14  
All PNG

**Joffre:**

Gross Land: 128 hectares  
Net Land 25.6 hectares

Working Interest: 20%  
Land Description: Twp 38 Rge 27 W4M E2  
PNG to base Edmonton

**Kirkwall:**

Gross Land: 256  
Net Land 64

Working Interest: 25%  
Land Description: Twp 26 Rge 4 W4M Sec 28

**Little Bow:**

Gross Land: 512 hectares  
Net Land: 121.6 hectares

Working Interest: 25%  
Land Description: Twp 16 Rge 20 W4M Sec 2  
PNG to base Mississippian

Working Interest: 22.5%  
Land Description: Twp 16 Rge 18 W4M Sec 3

All PNG

**Lloydminster:**

Gross Land: 288 hectares

Net Land: 66 hectares

Working Interest: 25%  
Twp 49 Rge 1 W4M Lsds 12, 13 Sec 14  
All PNG  
Twp 49 Rge 1 W4M Lsd 15 Sec 22  
All PNG  
Twp 50 Rge 1 W4M SE14  
PNG to base Mannville  
Twp 50 Rge 1 W4M Lsds 3, 4, 5 Sec 14  
PNG to base Mannville

Working Interest: 12.5%  
Twp 49 Rge 1 W4M Lsds 11, 13, 14 Sec 22  
PNG to base Mannville

Working Interest: 50%  
Twp 50 Rge 2 W4M Lsd 4 Sec 2  
All PNG  
Twp 50 Rge 2 W4M Lsds 7, 9, 10 Sec 2  
All PNG

**N. Morinville**

Gross Land: 192

Net Land 66.56

Working Interest: 18%  
Land Description: Twp 54 Rge 26 W4M N10  
All PNG

Working Interest: 50%  
Land Description: Twp 54 Rge 25 W4M SW18

**Paddle River:**

Gross Land 256 hectares

Net Land: 64 hectares

Working Interest 25%  
Land Description: Twp 56 Rge 7 W5M Sec 28  
PNG to base Cardium

**Pembina:**

Gross Land: 320 hectares

Net Land: 54.4 hectares

Working Interest: 15%  
Land Description: Twp 47 Rge 3 W5M N22  
PNG from base Belly River to base Viking  
Twp 47 Rge 3 W5M SE28  
PNG from base Belly River to base Cardium

Working Interest: 20%  
Land Description: Twp 47 Rge 3 W5M W28  
PNG from base Belly River to base Cardium

**Provost:**

Gross Land: 1088 hectares  
Net Land: 176 hectares

Working Interest: 15%  
Land Description: Twp 39 Rge 4 W4M: Sec 29, 30  
PNG to base Winterburn  
Twp 39 Rge 5 W4M NE36  
PNG to base Winterburn  
Twp 40 Rge 4 W4M Sec 6  
PNG to base Winterburn

Wells: 100/15-36-039-05W4/00 (D&A)  
100/03-06-040-4W4/00 (D&A)

Working Interest: 20%  
Land Description: Twp 40 Rge 5 W4M Sec 1  
All PNG

**Sinclair:**

Gross Land: 512 hectares  
Net Land: 102.4 hectares

Working Interest: 20%  
Land Description: Twp 73 Rge 12 W6M Secs 20, 21  
PNG below base Dunvegan

**Sylvan Lake:**

Gross Land: 256 hectares  
Net Land: 51.2 hectares

Working Interest: 20%  
Land Description: Twp 38 Rge 3 W5M Lsds 9, 16 Sec 28  
PNG below base Jurassic  
Twp 38 Rge 3 W5M Lsds 10, 15 Sec 28, S&NW 28  
PNG below base Pekisko

**Tangent:**

Gross Land: 256 hectares  
Net Land: 76.8 hectares

Working Interest: 30%  
Land Description: Twp 81 Rge 24 W5M Sec 9  
PNG to base Bluesky Bullhead

**Utikima:**

Gross Land: 384 hectares  
Net Land: 69.12

Working Interest: 18%  
Land Description: Twp 81 Rge 9 W5M N&SW20, N23  
Twp 82 Rge 10 W5M SW 13  
PNG to base Banff

**Zama:**

Gross Land: 64 hectares  
Net Land: 21.333 hectares

Working Interest: 33.333%  
 Land Description: Twp 116 Rge 4 W6M SE35  
 PNG below base Sulphur Point

### Oil and Gas Wells

The following table sets forth the number and status of wells in which Mirage has a working interest as at December 31, 2006.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	6	2.6	3	0.6	0	0.0	6	1.2
Saskatchewan	11	1.9	4	0.7	0	0.0	0	0
Total	17	4.5	7	1.3	0	0	6	1.2

### Properties with No Attributable Reserves

The following table sets out Mirage's developed and undeveloped land holdings as at December 31, 2006.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	4230	1168	13518	3426.73	17748	4594.73
Saskatchewan	2056.41	218.56	0	0	2056.41	218.56
Total	6286.41	1386.56	13518	3426.73	19804.41	4813.29

Mirage intends to drill 9 development wells (2.9 net) and no exploration wells in 2007. Five wells will be drilled in Buzzard, Saskatchewan for Sparky oil, 2 wells will be drilled in the Lloydminster, Alberta area for Lloydminster oil and 2 wells will be drilled in the Hayter, Alberta area for McLaren oil. Mirage has one expiry drilling commitment for 2007. Mirage has 51.8 net acres of its undeveloped land holdings that will expire by December 31, 2007. The aforementioned work program will satisfy this commitment and anticipate no expiries in 2007.

### Forward Contracts

Mirage has no forward contracts.

### Abandonment and Reclamation Costs

In respect of abandonment and reclamation costs for surface leases, wells, facilities and pipelines, the Corporation estimates such costs using experience in the area and historical capital to abandon and reclaim the well sites. These have been reflected in the reserve report. The Corporation currently has on its books 2 wells (0.3 net wells) which require wellsite reclamation and no wells that require abandonment at this time. Mirage will have these wellsites reclaimed at the discretion of the Operator. The undiscounted abandonment and reclamation cost for each category are listed below. The net present value discounted at 10% for these costs are \$142,000 in the proven category and \$285,600 in the proven plus probable category. Expected future abandonment costs related to facilities are expected to match salvage value recovery. The Company does not envision abandoning any wells except the aforementioned in the next three years.

Mirage will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. These ongoing obligations are expected to be funded out of cash flow and is summarized in the following table:

	<u>Total Abandonment and Reclamation Costs Including Well Abandonment and Disconnect Costs all Net of Salvage<sup>(1)</sup> (M\$)</u>
<b>Total Proved Reserves (yr)</b>	
2007	-
2008	-

2009	62
2010	-
2011	23
Remaining	279
Total	364

**Proved Plus Probable**

**Reserves (yr)**

2007	-
2008	-
2009	62
2010	-
2011	11
Remaining	487
Total	560

Note:

(1) Costs shown are greater than those included in the Reserves Report as all disconnect and facility reclamation is included.

**Tax Horizon**

The Corporation was not required to pay any cash income taxes for the period ended December 31, 2006. Based on current estimates of the Corporation's future taxable income and levels of tax deductible expenditures, management believes that Mirage will not be required to pay cash taxes until 2008 or later.

**Capital Expenditures**

The following table summarizes capital expenditures (including capitalized general and administrative expenses) related to Mirage's activities for the year ended December 31, 2006.

Property acquisition costs	0
Proved properties	210,688
Unproved properties	1,043,199
Exploration costs	2,125,760
Development costs	3,927,686
Total	<u>7,307,333</u>

**Exploration and Development Activities**

The following table sets forth the gross and net exploratory and development wells in which Mirage participated during the year ended December 31, 2006. Mirage participated in the drilling of two exploration wells in the Hector area. These wells both targeted the Nisku. One well successfully tested the Mississippian and was cased while the other well was dry and abandoned.

	<b>Exploration Wells</b>	
	<b>Gross</b>	<b>Net</b>
Oil	1	0.1
Natural Gas	0	0
Service	0	0
Dry	1	0.1
Total:	<u>2</u>	<u>0.2</u>

	Development Wells	
	Gross	Net
Oil	23	5.60
Natural Gas	6	1.18
Service	0	0
Dry	4	0.75
Total:	33	7.53

Mirage intends to drill 9 development wells (2.9 net) and no exploration wells in 2007. Five wells will be drilled in Buzzard, Saskatchewan for Sparky oil, 2 wells will be drilled in the Lloydminster, Alberta area for Lloydminster oil and 2 wells will be drilled in the Hayter, Alberta area for McLaren oil.

### Production Estimates

The following table sets out the volume of Mirage's production estimated for the year ended December 31, 2007 which is reflected in the estimate of future net revenue disclosed in the tables contained under the heading "Disclosure of Reserves Data" above.

Reserves Category	Constant Prices and Costs Net Daily Production <sup>(2)</sup>	Forecast Prices and Costs Net Daily Production <sup>(2)</sup>
Light and Medium Oil (bbls/d)	23	23
Heavy Oil (bbls/d)	127	126
Associated and Non-Associated Gas (Mcf/d)	192	192
Natural Gas Liquids (bbls/d)	2	2
Total <sup>(1)</sup> (boe/d)	183	183

Notes:

- (1) Barrels of Oil Equivalent (boe) have been reported based on natural gas conversion of 6 Mcf/1 bbl.  
(2) Net production is Corporation interest after all royalty deductions.

### Production History, Prices Received And Capital Expenditures

The following tables summarize certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for the periods indicated below:

	Quarter Ended			
	2006			
	Dec. 31	Sept. 30	June 30	March 31
Average Daily Production <sup>(1)</sup>				
Light and Medium Crude Oil (Bbls/d)	-	-	-	-
Heavy Oil (Bbls/d)	27.41	10.24	-	-
Gas (Mcf/d)	-	-	-	-
NGLs (Bbls/d)	-	-	-	-
Combined (Boe/d)	27.41	10.24	-	-
Average Price Received				
Light and Medium Crude Oil (\$/Bbl)	-	-	-	-
Heavy Oil (\$/Bbl)	39.11	40.63	-	-
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	39.11	40.63	-	-

	Quarter Ended			
	2006			
	Dec. 31	Sept. 30	June 30	March 31
<b>Royalties Paid</b>				
Light and Medium Crude Oil (\$/Bbl)	-	-	-	-
Heavy Oil (\$/Bbl)	5.68	8.27	-	-
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	5.68	8.27	-	-
<b>Production Costs<sup>(2)(3)</sup></b>				
Light and Medium Crude Oil (\$/Bbl)	-	-	-	-
Heavy Oil (\$/Bbl)	21.33	31.23	-	-
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	21.33	31.23	-	-
<b>Netback Received<sup>(4)</sup></b>				
Light and Medium Crude Oil (\$/Bbl)	-	-	-	-
Heavy Oil (\$/Bbl)	12.2	1.38	-	-
Gas (\$/Mcf)	-	-	-	-
NGLs (\$/Bbl)	-	-	-	-
Combined (\$/Boe)	12.2	1.38	-	-

Notes:

- (1) Before deduction of royalties.
- (2) Operating expenses are composed of direct costs incurred to operate both oil and gas wells. A number of assumptions have been made in allocating these costs between oil, natural gas and natural gas liquids production.
- (3) Operating recoveries associated with operated properties are included in operating costs.
- (4) Netbacks are calculated by subtracting royalties and operating costs from revenues.

The following table indicates Mirage's average daily production from all its properties for the year ended December 31, 2006.

	<b>Light and Medium Crude Oil (Bbls/d)</b>	<b>Heavy Oil (Bbls/d)</b>	<b>Gas (Mcf/d)</b>	<b>NGLs (Bbls/d)</b>	<b>BOE (Boe/d)</b>
<b>Alberta</b>					
Lloydminster	-	9.68	-	-	9.68
Hillmond	-	1.29	-	-	1.29
Tangent	-	0.41	-	-	0.41
Pembina	-	0.21	-	-	0.21
<b>Saskatchewan</b>					
Buzzard	-	15.54	-	-	15.54
Rush Lake	-	0.58	-	-	0.58
Morgan	-	0.15	-	-	0.15
<b>Total</b>	-	<b>27.86</b>	-	-	<b>27.86</b>

## APPENDIX "A"

### REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Management of Mirage is responsible for the preparation and disclosure of information with respect to the oil and gas activities of Mirage in accordance with securities regulatory requirements. This information includes reserves data, which consists of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2006 using constant prices and costs; and
- (ii) the related estimated future net revenue.

An independent qualified reserves evaluator has evaluated Mirage's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserve Committee of the board of directors of Mirage, has:

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

The Reserve Committee of the board of directors of Mirage, has reviewed Mirage's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserve Committee, approved:

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

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

(signed) "*Rene LaPrade*"  
Rene LaPrade  
President and Chief Executive Officer

(signed) "*Murray MacLean*"  
Murray MacLean  
Chief Financial Officer

(signed) "*Rene LaPrade*"  
Rene LaPrade  
Director

(signed) "*Peter Boswell*"  
Peter Boswell  
Director

May 4, 2007

**APPENDIX "B"**

**REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED  
RESERVES EVALUATOR AND AUDITOR  
FORM 51-101F2**

*Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.*

To the Board of Directors of Mirage Energy Ltd. (the "Corporation")

1. We have evaluated the Corporation's reserves data as at December 31, 2006. The reserves data consist of the following:
  - (a) provide and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs and the related estimated future net revenue; and
  - (b) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using constant prices and costs and the related estimated future net revenue.
2. The reserves data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. 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).
4. 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.
5. The following table sets forth the estimated future net revenue (before the 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 Corporation evaluated by us for the year ended December 31, 2006, and identifies the respective portions thereof that we have evaluated and audited and reported on to the Corporation's board of directors.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation/ Audit Report	Location of Reserves (County or Foreign Geographic Area)	Net Present Value of Future Net Revenue (\$ thousands - before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
DeGolyer and MacNaughton Canda Limited	Appraisal Report as of December 31, 2006 on Certain Properties owned by Mirage Energy Ltd. dated April 2, 2007	Canada	-	\$6,190M	-	\$6,190M

6. In our opinion, the reserves data respectively evaluated and audited 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.
7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after their respective preparation dates.

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

Executed as to our report referred to above:

DEGOLYER and MACNAUGHTON

CANADA LIMITED

"Colin P. Outtrim"

Colin P. Outtrim, P.Eng.

**PERMIT TO PRACTICE**

**DeGolyer and MacNaughton**

**Canada Limited**

Signature "*Colin P. Outtrim*"

Date April 2, 2007

**PERMIT NUMBER: P 5568**

The Association of Professional Engineers,  
Geologists and Geophysicists of Alberta