FORM 51-101 F1

Hermes Financial Inc.

STATEMENT OF RESERVES DATA AND OTHER OIL & GAS INFORMATION AS OF December 31, 2010

Prepared by AJM Petroleum Consultants

April 21, 2011

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PART 1 DATE OF STATEMENT

Date of Statement: **April 21, 2011**
Effective Date: **December 31, 2010 of corporate reserves work**
Preparation Date: **April 21, 2011**

Hermes Financial Inc. ("Hermes") oil and gas reserves were evaluated by AJM Petroleum Consultants ("AJM"), effective December 31, 2010. AJM was engaged by the Company to evaluate proved and proved plus probable reserves: no valuation of possible reserves or resources was undertaken. The AJM evaluation was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook ("COGE Handbook").*

All of the Company's oil and gas reserves are located on-shore, in Canada.

The reserves on the properties described herein are estimates only. By nature, such forecasting of reserves and related economic parameters and analyses are forward-looking statements based on predictions of future events. Actual events or results may differ materially. Furthermore, the estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves.

In certain instances, numbers may not total due to computer-generated rounding.

PART 2 DISCLOSURE OF RESERVES DATA

Item 2.1 Reserves Data (Forecast Prices and Costs)

Item 2.1.1 Breakdown of Proved Reserves (Forecast Case)

Please refer to NI 51-101 Table 1 – Forecast – Summary of Oil and Gas Reserves in the Appendix.

Item 2.1.2 Net Present Value of Future Net Revenue (Forecast Case)

Please refer to NI 51-101 Table 2 – Forecast – Summary of Net Present Values of Future Net Revenue in the Appendix.

Item 2.1.3 Additional Information Concerning Future Net Revenue (Forecast Case)

Please refer to NI 51-101 Table 3 – Forecast – Total Future Net Revenue (Undiscounted), NI 51-101 Table 4B – Forecast - Unit Value of Net Present Value by Production Group in the Appendix.

Item 2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs)

Supplemental constant price estimates are not reported.

Item 2.3 Reserves Disclosure Varies with Accounting

The Company has no subsidiaries and is not a subsidiary of another company.

Item 2.4 Future Net Revenue Disclosure Varies with Accounting

The Company has no subsidiaries and is not a subsidiary of another company.

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used in Estimates

Supplemental constant price estimates are not reported.

Item 3.2 Forecast Prices Used in Estimates

Forecast oil and gas prices are laid out in the AJM Petroleum Consultants Price Forecast December 31, 2010 Table (see Appendix). All prices are stated in Canadian dollars unless otherwise indicated. Adjustments for oil differential and gas heating values are applied to these prices, as appropriate for each entity. Capital and operating costs are inflated.

PART 4 RECONCILIATIONS OF CHANGES IN RESERVES

Item 4.1 Reserves Reconciliation

Please refer to Table 5 - Reserves Reconciliation Summary in the Appendix.

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 Undeveloped Reserves

There were no Proved or Probable Undeveloped Reserves booked for 2009 or 2010. This Company had not previously filed reserves before 2009.

Item 5.2 Significant Factors or Uncertainties

Reserve estimates are subject to change with such factors as, updated production data, well performance and operational issues, ongoing development activities, price forecasts, and other economic conditions.

Item 5.3 Future Development Costs

Canada	Future Costs Net (M$)	
Year	Proved	Proved + Probable
2011	224.4	224.4
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016+	0	0
Total	224.4	224.4

Capital projects will be funded by public offering or private placements, and bank debt. Cost of funding will not impact project economics.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

Item 6.1.1 Major Property

The Bellshill Lake property was acquired December 2009, and is located approximately 25 miles southwest of Lloydminster, Alberta in Township 41, Ranges 12 to 13 W4M. The property contains eight producing oil wells and one standing well. Hermes holds a 43.74 to 87.5 percent working interest in these wells. Production from these wells is from the Dina, Ellerslie, and Winterburn Formations.

Item 6.1.2 Gross and net oil and gas wells

	Oil				Gas				Total Gross	Total Net
	Producing		Non-Producing		Producing		Non-Producing			
	Gross	Net	Gross	Net	Gross	Net	Gross	Net		
Canada										
Alberta										
Bellshill Lake	8	5.3	2	0.9					10	6.1
Cessford					1	0.1	15	2.6	16	2.7
Provost	1	0.3	7	1.2	2	0.1	10	0.8	20	2.4
Sullivan Lake	1	0.0			1	0.0	2	0.6	4	0.7
Valhalla	1	0.4	2	0.9					3	1.3
Alberta Total	**11**	**6.0**	**11**	**3.0**	**4**	**0.2**	**27**	**4.1**	**53**	**13.2**
Canada Total	**11**	**6.0**	**11**	**3.0**	**4**	**0.2**	**27**	**4.1**	**53**	**13.2**

Grand Total	**11**	**6.0**	**11**	**3.0**	**4**	**0.2**	**27**	**4.1**	**53**	**13.2**

Item 6.2 Properties with No Attributed Reserves

AJM evaluated all of Hermes properties and assigned reserves to each.

Item 6.3 Forward Contracts

There are no forward contracts applicable to any produced product.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

No. of Net Wells:

Included in evaluation	13.2	
Not included in evaluation	0	
Gross cost of abandonment*	Canada	60-70 M$ CAN/well

*costs as per AJM area averages

	Proved		Proved plus Probable	
Forecast Abandonment Costs*	**Undiscounted**	**Discounted at 10%**	**Undiscounted**	**Discounted at 10%**
	M$	M$	M$	M$
Canada				
Next 3 fiscal years	247.4	58.0	219.2	191.4
Following Years	761.2	474.7	845.2	303.4
Total	1008.6	532.7	1064.4	494.8

***For wells included in the evaluation only**

Item 6.5 Tax Horizon

The Company is currently not taxable. This is forecast to change in 2011.

Item 6.6 Costs Incurred

No acquisition, exploration or development costs were incurred in 2010.

Item 6.7 Exploration and Development Activities

Hermes Financial Inc. did not drill any wells in 2010.

Item 6.8 Production Estimates

		Forecast Production W.I. Volume Jan 1 - Dec 31/11	
		Proved	**Proved + Probable**
Bellshill Lake	Oil & NGLs(Mstb)	11	11
	Gas (MMcf)	2	2
Total	Oil & NGLs(Mstb)	14	15
	Gas (MMcf)	5	5

Item 6.9 Production History

Total Company

		Q1 2010	Q2 2010	Q3 2010	Q4 2010
Volumes					
oil	*(bbl)*	4,248	3,165	3,279	2,612
gas	*(Mcf)*	3,940	2,804	2,414	1,810
natural gas liquids	*(bbl)*	69	69	57	25
total	*(boe)*	4,974	3,702	3,738	2,938
Production					
oil	*(bbl/d)*	47.20	34.78	35.64	28.39
gas	*(Mcf/d)*	7.30	5.14	4.37	3.28
natural gas liquids	*(bbl/d)*	0.77	0.76	0.62	0.27
total	*(boe/d)*	55.26	40.68	40.63	31.94
Average Price					
oil	*($/bbl)*	69.95	60.83	56.45	61.03
gas	*($/Mcf)*	31.07	24.30	23.92	22.93
natural gas liquids	*($/bbl)*	46.26	44.51	39.84	54.51
total	*($/boe)*	64.49	55.91	52.70	57.06
OPEX, Royalties and Netbacks					
royalties paid	*($/boe)*	3.68	4.72	4.18	4.93
operating cost	*($/boe)*	35.63	41.40	41.71	43.56
netback	*($/boe)*	27.62	10.00	6.99	11.93

Bellshill Lake

		Q1 2010	Q2 2010	Q3 2010	Q4 2010
Volumes					
oil	*(bbl)*	2,690	2,959	2,942	2,483
gas	*(Mcf)*	482	621	501	283
natural gas liquids	*(bbl)*	55	60	41	19
total	*(boe)*	2,792	3,080	3,032	2,529
Production					
oil	*(bbl/d)*	29.89	32.52	31.98	26.99
gas	*(Mcf/d)*	5.36	6.82	5.45	3.08
natural gas liquids	*(bbl/d)*	0.61	0.66	0.45	0.21
total	*(boe/d)*	31.02	33.85	32.96	27.49
Average Price					
oil	*($/bbl)*	66.72	60.15	54.76	60.31
gas	*($/Mcf)*	6.67	4.62	4.80	4.91
natural gas liquids	*($/bbl)*	49.58	41.63	48.95	51.00
average	*($/boe)*	66.41	59.53	54.59	60.14
OPEX, Royalties and Netbacks					
royalties paid	*($/boe)*	6.26	5.26	4.82	5.41
operating cost	*($/boe)*	29.87	38.43	37.30	37.56
netback	*($/boe)*	30.28	15.84	12.47	17.17

RESERVE DEFINITIONS

Reserves are classified in accordance with the following definitions which meet the standards established by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities and found in Appendix 1 to Companion Policy 51-101 CP, Part 2 Definition of Reserves.

Reserve Categories

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

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable and are disclosed.

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

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.

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.

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.

Development and Production Status

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

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.

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.

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.

Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Appendix

NI 51-101 Table 1 – Forecast"
NI 51-101 Table 2 – Forecast"
NI 51-101 Table 3 – Forecast"
NI 51-101 Table 4B – Forecast"
NI 51-101 Table 5 – Reserves Reconciliation Summary – Company Gross
AJM Petroleum Consultants Price Forecast

NI 51-101 F2

Hermes Financial Inc.
NI 51-101 FORECAST CASE
OIL AND GAS RESERVES SUMMARY
AJM December 31, 2010 Forecast Pricing

Effective: December 31, 2010 — Canada

VOLUMES IN IMPERIAL UNITS

	Oil						Natural Gas													
	Light, Medium and Shale		Heavy		Bitumen		Solution		Associated and Non-Associated		Coalbed Methane		Natural Gas Liquids		Sulphur		Total Boe			
Category	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross MMcf	Co. Share Net MMcf	WI Gross MMcf	Co. Share Net MMcf	WI Gross MMcf	Co. Share Net MMcf	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mlt	Co. Share Gross Mlt	WI Gross MBoe	Co. Share Net MBoe		
PDP	4.9	4.8	29.7	27.1	0.0	0.0	5.0	4.1	20.2	17.9	0.0	0.0	0.5	0.4	0.0	0.0	39.3	35.9		
PDNP	12.7	10.7	17.4	14.8	0.0	0.0	4.1	3.3	0.0	0.0	0.0	0.0	0.4	0.3	0.0	0.0	31.1	26.3		
TP	17.6	15.4	47.0	41.9	0.0	0.0	9.0	7.4	20.2	17.9	0.0	0.0	0.9	0.7	0.0	0.0	70.4	62.6		
PB	8.8	7.5	29.6	25.5	0.0	0.0	6.2	5.1	10.0	8.8	0.0	0.0	0.6	0.4	0.0	0.0	41.7	35.8		
P+P	26.4	23.0	76.7	67.4	0.0	0.0	15.2	12.4	30.2	26.6	0.0	0.0	1.5	1.1	0.0	0.0	112.1	98.0		

VOLUMES IN IMETRIC UNITS

	Oil						Natural Gas											
	Light, Medium and Shale		Heavy		Bitumen		Solution		Associated and Non-Associated		Coalbed Methane		Natural Gas Liquids		Sulphur		Total Boe	
Category	WI Gross E^3m^3	Co. Share Net E^3m^3	WI Gross E^3m^3	Co. Share Net E^3m^3	WI Gross E^3m^3	Co. Share Net E^3m^3	WI Gross E^6m^3	Co. Share Net E^6m^3	WI Gross E^6m^3	Co. Share Net E^6m^3	WI Gross E^6m^3	Co. Share Net E^6m^3	WI Gross E^3m^3	Co. Share Net E^3m^3	WI Gross E^3t	Co. Share Gross E^3t	WI Gross E^3m^3e	Co. Share Net E^3m^3e
PDP	0.8	0.8	4.7	4.3	0.0	0.0	0.1	0.1	0.6	0.5	0.0	0.0	0.1	0.1	0..0	0.0	6.2	5.7
PDNP	2.0	1.7	2.8	2.4	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	4.9	4.2
TP	2.8	2.5	7.5	6.7	0.0	0.0	0.3	0.2	0.6	0.5	0.0	0.0	0.1	0.1	0.0	0.0	11.2	9.9
PB	1.4	1.2	4.7	4.1	0.0	0.0	0.2	0.1	0.3	0.2	0.0	0.0	0.1	0.1	0.0	0.0	6.6	5.7
P+P	4.2	3.6	12.2	10.7	0.0	0.0	0.4	0.4	0.8	0.8	0.0	0.0	0.2	0.2	0.0	0.0	17.8	15.6

Hermes Financial Inc.
NI 51-101 FORECAST CASE
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
AJM December 31, 2010 Forecast Pricing (CAD)

Effective December 31, 2010 — **Canada**

	Before Income Taxes					**After Income Taxes**					**Unit Value Before Income Taxes**
	0%	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**	**Discounted at10%**
RESERVES CATEGORY	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	$/boe
Proved Developed Producing	-57.2	97.9	180.2	223.6	245.5	-57.2	97.9	180.2	223.6	245.5	5.02
Proved Developed Non-Producing	686.3	561.8	465.5	389.5	328.6	635.8	514.9	421.7	348.5	290.0	17.68
Proved Undeveloped	-10.4	11.4	18.7	20.3	19.8	-17.6	4.0	11.3	12.9	12.5	0.00
Proved	618.7	671.0	664.3	633.4	593.9	561.0	616.7	613.2	585.0	548.0	10.68
Probable	1,319.4	1,006.3	769.7	599.1	476.4	1,137.6	861.4	652.0	501.9	394.8	21.49
Proved Plus Probable	1,938.1	1,677.3	1,434.1	1,232.5	1,070.2	1,698.6	1,478.2	1,265.2	1,086.9	942.8	14.63
Proved Plus Probable Plus Possible	1,938.1	1,677.3	1,434.1	1,232.5	1,070.2	1,698.6	1,478.2	1,265.2	1,086.9	942.8	14.63

Taxpool: Hermes Financial Inc. Tax Pool: Canada. Unit Value calculation based on Net BOE reserves.

Hermes Financial Inc.
NI 51-101 FORECAST CASE
TOTAL FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
AJM December 31, 2010 Forecast Pricing (CAD)

Effective December 31, 2010 **Canada**

	Revenue*	Royalties	Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue BTax	Income Taxes	Future Net Revenue ATax
CATEGORY	M$	M$	M$	M$	M$	M$	M$	M$
Proved Developed Producing	2,730.5	232.8	1,556.7	0.0	982.2	-57.2	0.0	-57.2
Proved Developed Non-Producing	2,516.1	384.5	1,220.9	224.4	0.0	686.3	50.5	635.8
Proved Undeveloped	0.0	0.0	0.0	0.0	10.4	-10.4	7.2	-17.6
Proved	5,246.6	617.3	2,777.6	224.4	1,008.6	618.7	57.7	561.0
Probable	3,734.1	528.2	1,830.7	0.0	55.8	1,319.4	181.7	1,137.6
Proved Plus Probable	8,980.8	1,145.5	4,608.3	224.4	1,064.4	1,938.1	239.5	1,698.6
Proved Plus Probable Plus Possible	8,980.8	1,145.5	4,608.3	224.4	1,064.4	1,938.1	239.5	1,698.6

Taxpool: Hermes Financial Inc. Tax Pool: Canada. *Revenue includes product revenue and other income from facilities, wells and corporate if specified.

Hermes Financial Inc.
NI 51-101 FORECAST CASE
UNIT VALUE OF NET RESERVES BY PRODUCTION GROUP
AJM December 31, 2010 Forecast Pricing (CAD)

Effective December 31, 2010	**Canada**					
	Reserves					
	Oil	**Gas**	**NGL**	**BOE**	**NPV**	**Unit Value**
	Net	**Net**	**Net**	**Net**	**10%**	
	Mbbl	MMcf	Mbbl	boe	M$	$/boe
LIGHT & MEDIUM OIL						
Proved Developed Producing	4.8	0.5	0.0	4,849.8	-42.0	-8.66
Proved Developed Non-Producing	10.7	0.0	0.0	10,676.4	204.9	19.19
Proved	15.4	0.5	0.0	15,526.2	162.9	10.49
Probable	7.5	0.6	0.0	7,626.2	163.2	21.4
Proved Plus Probable	23.0	1.2	0.0	23,152.4	326.1	14.08
Proved Plus Probable Plus Possible	23.0	1.2	0.0	23,152.4	326.1	14.08
HEAVY OIL						
Proved Developed Producing	27.1	3.6	0.3	27,964.4	390.2	13.95
Proved Developed Non-Producing	14.8	3.3	0.3	15,647.7	260.6	16.65
Proved Undeveloped	0.0	0.0	0.0	0.0	18.7	0.0
Proved	41.9	6.8	0.6	43,612.1	669.5	15.35
Probable	25.5	4.4	0.4	26,675.6	595..7	22.33
Proved Plus Probable	67.4	11.3	1.0	70,287.7	1,265.1	18.0
Proved Plus Probable Plus Possible	67.4	11.3	1.0	70,287.7	1,265.1	18.0
ASSOCIATED AND NON-ASSOCIATED GAS						
Proved Developed Producing	0.0	17.9	0.1	3,057.5	-168.0	-54.96
Proved	0.0	17.9	0.1	3,057.5	-168.0	-54.96
Probable	0.0	8.8	0.0	1,508.0	10.8	7.19
Proved Plus Probable	0.0	26.6	0.1	4,565.5	-157.2	-34.43
Proved Plus Probable Plus Possible	0.0	26.6	0.1	4,565.5	-157.2	-34.43
TOTAL						
Proved Developed Producing	31.8	21.9	0.4	35,817.7	180.2	5.02
Proved Developed Non-Producing	25.5	3.3	0.3	26,324.1	465.5	17.68
Proved Undeveloped	0.0	0.0	0.0	0.0	18.7	0.0
Proved	57.3	25.2	0.7	62,195.8	664.3	10.68
Probable	33.1	13.9	0.4	35,809.8	769.7	21.49
Proved Plus Probable	90.4	39.1	1.1	98,005.5	1,434.1	14.63
Proved Plus Probable Plus Possible	90.4	39.1	1.1	98,005.5	1,434.1	14.63

*Heavy includes ultra heavy in Alberta

Hermes Financial Inc.
NI 51-101 FORECAST CASE
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE

Effective December 31, 2010 — **Canada**

Opening: AJM December 31, 2009 Forecast Pricing
Closing: AJM December 31, 2010 Forecast Pricing

	Light & Medium Oil			Heavy Oil			Associated & Non-Associated Gas			Coalbed Methane		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf
Opening Balance	10.8	7.7	18.5	54.0	31.1	85.1	46.6	19.4	66.0	0.0	0.0	0.0
Production	-1.8	0.0	-1.8	-9.7	0.0	-9.7	-5.3	0.0	-5.3	0.0	0.0	0.0
Technical Revisions	8.6	1.1	9.7	2.7	-1.5	1.3	-12.0	-3.2	-15.2	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquistions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	17.6	8.8	26.4	47.0	29.6	76.7	29.2	16.2	45.4	0.0	0.0	0.0

Light and Medium Oil contains Shale Oil, Heavy includes Bitumen and Ultra Heavy, Assoc and Non-Assoc Gas includes Shale Gas and Gas Hydrate.

AJM Petroleum Consultants

Canadian Domestic Price Forecast
Base Case Forecast Effective December 31, 2009

					Crude Oil Pricing							Natural Gas Liquids Pricing Edmonton Par Prices				Natural Gas Pricing							
		Price Inflation Rate	Cost Inflation Rate	Cdn to US Exchange Rate	WTI at Cushing Oklahoma US$/bbl Real	WTI at Cushing Oklahoma US$/bbl Current	Edmonton City Gate Cdn$/bbl Real	Edmonton City Gate Cdn$/bbl Current	Med. Oil 29 Deg. API Cromer, Sk. Cdn$/bbl Current	Bow River 25 Deg. API Hardisty Cdn$/bbl Current	Heavy Oil 12 Deg. API Hardisty Cdn$/bbl Current	Ethane Cdn$/bbl Current	Propane Cdn$/bbl Current	Butane Cdn$/bbl Current	Pentanes + Condensate Cdn$/bbl Current	Alberta Reference Average Price Cdn$/mcf Current	Alberta AECO Average Price Cdn$/mcf Real	Alberta AECO Average Price Cdn$/Mcf Current	Alberta System Plant Gate Sales Cdn$/mcf Current	Alberta Direct Plant Gate Sales Cdn$/mcf Current	B.C. Direct Stn. 2 Sales Cdn$/mcf Current	Sask. Direct Plant Gate Sales Cdn$/mcf Current	NYMEX US$/Mcf Real
H	**1997**	1.6%	1.6%	0.722	$26.48	$20.60	$35.97	$27.98	$23.71	$21.26	$14.35	n/a	$19.41	$19.02	$30.85	$1.87	$2.20	$1.71	$1.78	$1.69	$1.98	$1.74	$3.33
i	**1998**	0.7%	0.7%	0.675	$18.20	$14.38	$25.41	$20.08	$16.94	$14.63	$9.43	n/a	$11.97	$12.92	$22.35	$1.94	$2.62	$2.07	$1.90	$1.95	$2.00	$2.13	$2.67
s	**1999**	1.8%	1.8%	0.648	$24.24	$19.29	$34.44	$27.41	$21.72	$20.29	$17.62	$8.09	$13.21	$14.39	$20.94	$2.48	$3.46	$2.75	$2.22	$2.50	$2.52	$2.61	$2.63
t	**2000**	2.6%	2.6%	0.674	$37.30	$30.22	$54.73	$44.33	$39.89	$34.46	$28.57	$14.10	$32.59	$36.51	$46.30	$4.51	$6.18	$5.01	$4.84	$4.86	$4.89	$5.05	$5.33
o	**2001**	2.5%	2.5%	0.646	$31.10	$25.87	$47.08	$39.17	$31.54	$25.12	$18.07	$17.20	$30.62	$30.49	$43.03	$5.39	$7.53	$6.27	$5.42	$6.11	$6.26	$6.10	$4.72
r	**2002**	2.3%	2.3%	0.636	$30.59	$26.11	$47.24	$40.33	$35.52	$31.89	$27.63	$11.21	$20.92	$27.78	$41.22	$3.88	$4.77	$4.07	$3.85	$3.91	$3.93	$4.08	$3.93
i	**2003**	2.8%	2.8%	0.710	$35.51	$31.01	$49.82	$43.51	$37.47	$32.96	$27.35	$18.43	$32.31	$36.03	$45.18	$6.12	$7.67	$6.70	$6.11	$6.53	$6.32	$6.67	$6.27
c	**2004**	1.8%	1.8%	0.770	$46.14	$41.45	$58.95	$52.96	$45.76	$38.01	$30.44	$19.04	$35.20	$44.07	$55.49	$6.31	$7.32	$6.57	$6.32	$6.40	$6.44	$6.84	$6.96
a	**2005**	2.2%	2.2%	0.823	$61.86	$56.61	$75.75	$69.33	$57.39	$45.68	$33.77	$23.80	$43.23	$51.91	$74.67	$8.31	$9.60	$8.78	$8.56	$8.61	$8.13	$8.51	$9.74
l	**2006**	2.0%	2.0%	0.882	$70.56	$66.06	$78.34	$73.34	$62.42	$52.04	$39.68	$19.81	$44.11	$58.16	$78.19	$6.56	$6.99	$6.54	$6.63	$6.35	$6.45	$7.11	$7.21
	2007	2.1%	2.1%	0.921	$75.76	$72.38	$80.69	$77.09	$65.18	$53.86	$39.75	$18.41	$49.77	$59.40	$81.67	$6.20	$6.74	$6.44	$6.31	$6.22	$6.17	$6.54	$7.29
	2008	2.4%	2.4%	0.951	$102.00	$99.58	$105.33	$102.83	$93.26	$83.97	$73.17	$22.61	$56.94	$83.56	$109.80	$7.88	$8.37	$8.18	$8.13	$7.94	$8.09	$8.19	$9.09
	2009	0.4%	0.4%	0.874	$61.60	$61.60	$66.00	$66.00	$62.53	$59.72	$54.28	$11.63	$33.13	$55.69	$68.99	$3.87	$3.94	$3.94	$3.92	$3.72	$4.09	$4.20	$3.85
0	**12 Mths H**	0.4%	0.4%	0.874	$61.60	$61.60	$66.00	$66.00	$62.53	$59.72	$54.28	$11.63	$33.13	$55.69	$68.99	$3.87	$3.94	$3.94	$3.92	$3.72	$4.09	$4.20	$3.85
F	**2010**	0.0%	0.0%	0.950	$75.00	$75.00	$77.55	$77.55	$65.05	$60.55	$58.85	$16.50	$42.65	$62.05	$81.45	$5.55	$5.80	$5.80	$5.50	$5.60	$5.50	$5.75	$5.75
o	**2011**	2.0%	2.0%	0.950	$80.00	$81.60	$82.80	$84.45	$71.45	$66.45	$62.85	$19.20	$46.45	$67.55	$88.65	$6.45	$6.60	$6.70	$6.40	$6.50	$6.40	$6.65	$6.50
r	**2012**	2.0%	2.0%	0.950	$82.50	$85.85	$85.45	$88.90	$75.40	$69.90	$64.20	$20.25	$48.90	$71.10	$93.35	$6.80	$6.80	$7.05	$6.75	$6.85	$6.75	$7.00	$6.75
e	**2013**	2.0%	2.0%	0.950	$85.00	$90.20	$88.05	$93.45	$79.45	$73.45	$65.45	$21.45	$51.40	$74.75	$98.15	$7.15	$7.00	$7.45	$7.15	$7.25	$7.15	$7.40	$6.90
c	**2014**	2.0%	2.0%	0.950	$90.00	$97.40	$93.35	$101.05	$86.05	$79.05	$68.05	$21.73	$55.60	$80.85	$106.10	$7.25	$7.00	$7.55	$7.25	$7.35	$7.25	$7.50	$7.00
a	**2015**	2.0%	2.0%	0.950	$95.00	$104.90	$98.60	$108.85	$93.85	$86.85	$73.65	$22.35	$59.85	$87.10	$114.30	$7.45	$7.00	$7.75	$7.45	$7.55	$7.45	$7.70	$7.20
s	**2016**	2.0%	2.0%	0.950	$100.00	$112.60	$103.85	$116.95	$101.95	$94.95	$79.55	$22.80	$64.30	$93.55	$122.80	$7.65	$7.00	$7.90	$7.60	$7.70	$7.60	$7.85	$7.50
t	**2017**	2.0%	2.0%	0.950	$100.00	$114.85	$103.85	$119.30	$104.30	$97.30	$79.70	$23.85	$65.60	$95.45	$125.25	$8.00	$7.20	$8.25	$7.95	$8.05	$7.95	$8.20	$7.65
	2018	2.0%	2.0%	0.950	$100.00	$117.15	$103.85	$121.70	$106.70	$99.70	$79.90	$24.75	$66.95	$97.35	$127.80	$8.30	$7.30	$8.55	$8.25	$8.35	$8.25	$8.50	$7.80
	2019	2.0%	2.0%	0.950	$100.00	$119.50	$103.85	$124.10	$109.10	$102.10	$80.10	$25.65	$68.25	$99.30	$130.30	$8.60	$7.40	$8.85	$8.55	$8.65	$8.55	$8.80	$7.90
	2020	2.0%	2.0%	0.950	$100.00	$121.90	$103.85	$126.60	$111.60	$104.60	$82.60	$26.55	$69.65	$101.30	$132.95	$8.90	$7.50	$9.15	$8.85	$8.95	$8.85	$9.10	$8.00
	2021	2.0%	2.0%	0.950	$100.00	$124.35	$103.85	$129.15	$114.15	$107.15	$85.15	$27.15	$71.05	$103.30	$135.60	$9.05	$7.50	$9.35	$9.05	$9.15	$9.05	$9.30	$8.00
	2022	2.0%	2.0%	0.950	$100.00	$126.80	$103.85	$131.70	$116.70	$109.70	$87.70	$27.60	$72.45	$105.35	$138.30	$9.25	$7.50	$9.50	$9.20	$9.30	$9.20	$9.45	$8.00
	2023	2.0%	2.0%	0.950	$100.00	$129.35	$103.85	$134.35	$119.35	$112.35	$90.35	$28.20	$73.90	$107.50	$141.05	$9.45	$7.50	$9.70	$9.40	$9.50	$9.40	$9.65	$8.00
	2024	2.0%	2.0%	0.950	$100.00	$131.95	$103.85	$137.05	$122.05	$115.05	$93.05	$28.80	$75.40	$109.65	$143.90	$9.60	$7.50	$9.90	$9.60	$9.70	$9.60	$9.85	$8.00
	2025	2.0%	2.0%	0.950	$100.00	$134.60	$103.85	$139.80	$124.80	$117.80	$95.80	$29.40	$76.90	$111.85	$146.80	$9.85	$7.50	$10.10	$9.80	$9.90	$9.80	$10.05	$8.00
	2026	2.0%	2.0%	0.950	$100.00	$137.30	$103.85	$142.55	$127.55	$120.55	$98.55	$30.00	$78.40	$114.05	$149.70	$10.00	$7.50	$10.30	$10.00	$10.10	$10.00	$10.25	$8.00
	2027	2.0%	2.0%	0.950	$100.00	$140.00	$103.85	$145.40	$130.40	$123.40	$101.40	$30.60	$79.95	$116.30	$152.65	$10.25	$7.50	$10.50	$10.20	$10.30	$10.20	$10.45	$8.00
	2028	2.0%	2.0%	0.950	$100.00	$142.80	$103.85	$148.35	$133.35	$126.35	$104.35	$31.20	$81.60	$118.70	$155.75	$10.45	$7.50	$10.70	$10.40	$10.50	$10.40	$10.65	$8.00
	2029	2.0%	2.0%	0.950	$100.00	$145.70	$103.85	$151.30	$136.30	$129.30	$107.30	$31.95	$83.20	$121.05	$158.85	$10.65	$7.50	$10.95	$10.65	$10.75	$10.65	$10.90	$8.00
	2029+	2.0%	2.0%	0.950	0.0%	2.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%

Notes:
- All prices are in Canadian dollars except WTI and NYMEX gas which are in U.S. dollars.
- Edmonton city gate prices based on light sweet crude posted at major Canadian refineries. (40 Deg. API < 0.5% Sulphur)
- Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point.
- 1 Mcf is equivalent to 1 mmbtu.
- System gas prices includes TCGSL, Progas, Pan Alberta and Alliance.
- Real dollars listed include future growth in prices with no escalation considered.
- Alberta gas prices, except AECO, include an Average cost of service to the plant gate.
- The Alberta Royalty Tax Credit (ARTC) was eliminated effective January 1, 2007.

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

To the Board of Directors of Hermes Financial Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2010. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2010, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year end December 31, 2010, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management/Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited $M	Evaluated $M	Reviewed $M	Total $M
AJM Petroleum Consultants	Hermes Financial Inc. Reserve Estimation and Economic Evaluation	Canada	-	$1,434.1	-	$1,434.1

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

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

Executed as to our report referred to above:

AJM Petroleum Consultants
Fifth Avenue Place, East Tower
6th Floor, 425 – 1st Street S.W.
Calgary, Alberta
T2P 3P8

Original signed by: "Douglas S. Ashton"
Douglas S. Ashton, P. Eng.
Vice President Engineering
Execution date: April 20, 2011

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

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("*NI 51-101*").

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.[1]

2. The report referred to in item 3 of section 2.1 of *NI 51-101* must in all material respects be as follows:

Report of Management and Directors
on Reserves Data and Other Information

Management of HERMES FINANCIAL INC. (the "Company") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2010, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator is presented below will be filed with securities regulatory authorities concurrently with this report].

The board of directors of the Company has

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

1 For the convenience of readers, CSA Staff Notice 51-324 *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* sets out the meanings of terms that are printed in italics in sections 1 and 2 of this Form or in *NI 51-101*, *Form 51-101F1*, *Form 51-101F2* or Companion Policy 51-101CP.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator 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. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

"Signed"

DAVID G. WEHRHAHN, CEO

"Signed"

CHRISTOPHER F. YEE, CFO

"Signed"

DAVID A. BURROUGHS, DIRECTOR

"Signed"

DANIEL R. KOYICH, DIRECTOR

April 29, 2011