NORTHERN SPIRIT RESOURCES INC.

STATEMENT OF RESERVES DATA

AND OTHER OIL AND GAS INFORMATION

Effective Date: December 31, 2011

Preparation Date: April 16, 2012

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Statement of Reserves Data and Other Oil and Gas Information (the "**Statement**") of Northern Spirit Resources Inc. ("**Northern Spirit**" or the "**Corporation**") constitute forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

In particular, this Statement contains forward-looking statements pertaining to, but not limited to, the following the performance characteristics of the Corporation's assets; oil and natural gas production levels; the size of the oil and natural gas reserves; supply and demand for oil and natural gas; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; drilling plans; future development plans for the Corporation's assets; timing of development of undeveloped reserves; future abandonment and reclamation costs; and tax horizons. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. The reserve and resource estimates of Northern Spirit's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward looking statements.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the following risk factors, among others: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; stock market volatility and market valuations; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Statement are expressly qualified by this cautionary statement.

Although the forward-looking statements contained in this Statement are based upon assumptions which Northern Spirit believe to be reasonable, Northern Spirit cannot assure shareholders that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Statement, Northern Spirit has made assumptions regarding, but not limited to: current commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the price of oil and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future operating costs; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's oil and gas properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; and the estimates of the Corporation's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

These forward-looking statements are made as of the date of this Statement and Northern Spirit disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

ABBREVIATIONS

Oil and Natural Gas Liquids

Bbl	Barrel
Bbls	Barrels
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
bopd	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMBtu	million British Thermal Units
Bcf	billion cubic feet
Tcf	trillion cubic feet
GJ	gigajoule

Other

AECO	The natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
BOE or boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)
boepd	barrels of oil equivalent per day
m^3	cubic meters
MBOE	1,000 barrels of oil equivalent
Mstboe	1,000 stock tank barrels of oil equivalent
$M	thousands of dollars
$MM	millions of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade
psi	pounds per square inch

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

CONVERSIONS

To Convert From	To	Multiply By
Mcf	cubic meters	0.28174
cubic meters	cubic feet	35.494
Bbls	cubic meters	0.159
cubic meters	Bbls oil	6.290
feet	meters	0.305
meters	feet	3.281
miles	kilometers	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	MMBtu	0.950

In this document, a BOE conversion ratio of 6 Mcf : 1 Bbl has been used. 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

CERTAIN DEFINITIONS

In this Statement, the following words and phrases have the following meanings, unless the context otherwise requires:

"**AJM Deloitte**" means Deloitte & Touche LLP;

"**AJM Deloitte Report**" means the report of AJM Deloitte dated March 2, 2012 evaluating certain oil and gas assets of the Corporation as of December 31, 2011;

"**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;

"**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;

"**Exploration Costs**" means costs incurred in identifying areas that may warrant examination and 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 capitol taxes) on properties, legal costs for title defense, 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;

"**Gross**" means:

a) In relation to the Corporation's interest in production and reserves, its "Corporation gross reserves", which are the Corporation's interest (operating and non-operating) share before deduction of royalties and without including any royalty interest 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;

"**Net**" means

a) In relation to the Corporation's interest in production and reserves, the Corporation's interest (operating and non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interest in production or reserves

b) In relation to 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;

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators; and

"**Northern Spirit**" or the "**Corporation**" means Northern Spirit Resources Inc.

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.

Unless otherwise specified, information in this Statement is as at the end of the Corporation's most recently completed financial year, being December 31, 2011.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

This is a report on the reserves of Northern Spirit. The Report on Reserves Data in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Schedules "A" and "B", respectively. This Statement is dated April 27, 2012, with the effective date of the Statement being December 31, 2011.

Disclosure of Reserves Data

All of the Corporation's reserves herein reported were evaluated by independent evaluators in accordance with NI 51-101 for the year ended December 31, 2011. In 2011, AJM Deloitte, independent petroleum engineering consultants based in Calgary, were retained by the Corporation's Reserves Committee to independently evaluate 100% of Northern Spirit's reserves as at December 31, 2011.

The reserves data set forth below (the "**Reserves Data**") was prepared by AJM Deloitte with an effective date of December 31, 2011. The Reserves Data summarizes the oil, liquids and natural gas reserves of the Corporation and the net present values of future net revenue for these reserves using forecast prices and costs.

The Reserves Data conforms with the requirements of NI 51-101. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Corporation believes is important to the readers of this information.

All evaluations and reviews of future net cash flow are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of the Corporation's properties. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil, natural gas liquids ("NGLs") and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, NGLs and natural gas reserves may be greater than or less than the estimates provided herein.

In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows there from are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with the Corporation's properties may vary from the information presented herein and such variations could be material. In addition, there is no assurance that the forecast price and cost assumptions contained in the AJM Deloitte Report will be attained and variances could be material. See *Forward Looking Statements* and *Risk Factors*.

In certain of the tables set forth below, the columns may not add due to rounding. All dollar amounts express in the tables below are expressed in Canadian dollars.

SUMMARY OF OIL AND GAS RESERVES
AS AT DECEMBER 31, 2011
FORECAST PRICES AND COSTS

Reserve Category	Light and Medium Oil[1]		Heavy Oil[2]		Sales Gas[3]		Natural Gas Liquids		Total Oil Equivalent	
	Gross[4] (Mbbl)	Net[4] (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)	Gross (Mboe)	Net (Mboe)
PROVED										
Developed Producing	57.0	52.6	6.0	5.5	884.3	804.3	2.9	2.0	213.2	194.1
Developed Non-Producing	44.0	36.5	0.6	0.6	380.5	322.6	0.3	0.2	108.4	91.1
Undeveloped	177.7	149.4	160.0	133.2	1,482.1	1,223.4	3.5	2.6	588.2	489.1
TOTAL PROVED	278.7	238.5	166.6	139.3	2,746.9	2,350.3	6.6	4.8	909.8	774.3
PROBABLE	810.4	699.9	198.4	165.1	5,532.7	5,004.1	35.5	25.2	1,966.4	1,724.2
TOTAL PROVED PLUS PROBABLE	1,089.1	938.4	365.0	304.4	8,279.6	7,354.4	42.1	30.0	2,876.2	2,498.5

Notes:

(1) Light and medium oil includes shale oil.
(2) Heavy oil includes ultra heavy oil in Alberta and bitumen.
(3) Sales gas includes solution gas, associated and non-associated gas, coalbed methane, shale gas and gas hydrates.
(4) "Gross Reserves" are the Corporation's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation. "Net Reserves" are the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in reserves. See Certain Definitions.

NET PRESENT VALUES OF FUTURE NET REVENUES
TOTAL CORPORATION
AS AT DECEMBER 31, 2011
(FORECAST PRICES AND COSTS)

	Before Income Tax Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value Before Income Tax Discounted at 10%/ year[(1)]
Reserves Category	0 ($000's)	5 ($000's)	10 ($000's)	15 ($000's)	20 ($000's)	0 ($000's)	5 ($000's)	10 ($000's)	15 ($000's)	20 ($000's)	($/boe)
PROVED											
Developed Producing	5,193.6	4,654.3	4,207.6	3,837.6	3,529.4	5,193.6	4,654.3	4,207.6	3,837.6	3,529.4	21.68
Developed Non-Producing	2,878.0	2,457.3	2,145.8	1,907.1	1,718.8	2,785.1	2,380.3	2,081.4	1,852.6	1,672.3	23.55
Undeveloped	16,576.0	13,294.6	10,920.5	9,149.4	7,791.3	12,581.2	9,971.9	8,097.1	6,707.8	5,649.1	22.33
TOTAL PROVED	24,647.6	20,406.1	17,273.9	14,894.1	13,039.4	20,559.9	17,006.5	14,386.0	12,398.0	10,850.8	22.31
PROBABLE	68,820.5	46,562.8	33,891.5	25,785.0	20,212.8	51,714.8	34,558.0	24,777.9	18,518.3	14,217.1	19.66
TOTAL PROVED PLUS PROBABLE	93,468.1	66,969.0	51,165.5	40,679.1	33,252.2	72,274.7	51,564.5	39,164.0	30,916.4	25,068.0	20.48

Note:

(1) The unit values are based on net reserve volumes.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
AS AT DECEMBER 31, 2011
FORECAST PRICES AND COSTS

Reserves Category	Revenue (000$)	Royalties (000$)	Operating Costs (000$)	Investment Costs (000$)	Well Abandonment Costs (000$)	Future Net Revenue Before Income Taxes (000$)	Future Income Taxes (000$)	Future Net Revenue After Income Taxes (000$)
Total Proved Reserves	51,378.4	7,915.0	13,062.5	4,533.0	1,220.4	24,647.6	4,087.7	20,559.9
Total Proved Plus Probable Reserves	179,957.8	24,039.9	40,160.4	19,602.5	2,686.9	93,468.1	21,193.3	72,274.7

FUTURE NET REVENUE
BY PRODUCTION GROUP
AS AT DECEMBER 31, 2011
FORECAST PRICES AND COSTS

RESERVES CATEGORY	PRODUCTION GROUP	FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (000$)	UNIT VALUE ($/boe)
Proved Reserves	Light and Medium Oil	12,503.6	30.72
	Heavy Oil (including ultra heavy in Alberta)	2,223.1	15.81
	Natural Gas (includes associated and non-associated gas)	2,547.2	11.23
	TOTAL	17,273.9	22.31
Proved Plus Probable Reserves	Light and Medium Oil	34,139.7	28.17
	Heavy Oil (including ultra heavy in Alberta)	5,962.9	19.44
	Natural Gas (includes associated and non-associated gas)	11,062.9	11.29
	TOTAL	51,165.5	20.48

Note:

(1) The unit values are based on net reserve volumes.

Notes to Reserves Data Tables:

(1) Columns may not add due to rounding.

(2) The crude oil, natural gas liquids and natural gas reserve estimates presented in the Reserves Data are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions is 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 which are generally accepted as being reasonable.

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:

(c) 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.

(d) 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 and 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:

(i) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

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

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 certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

Pricing Assumptions

The following tables set forth the benchmark reference prices, as at December 31, 2011, reflected in the Reserves Data. These price assumptions were provided to Northern Spirit by AJM Deloitte and were AJM Deloitte's then current forecast at the date of the AJM Deloitte Report.

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS(1) AS AT DECEMBER 31, 2011 FORECAST PRICES AND COSTS

Year	WTI Cushing Oklahoma ($US/bbl)	Light Sweet Crude Oil at Edmonton 40° API ($Cdn/bbl)	Medium Crude Oil 29° API ($Cdn/bbl)	Hardisty Heavy 12° API ($Cdn/bbl)	Natural Gas AECO-C Spot ($Cdn/MMBtu)	Natural Gas Liquids Edmonton Pentanes Plus ($Cdn/bbl)	Natural Gas Liquids Edmonton Butanes ($Cdn/bbl)	Inflation Rates(2) (%/Year)	Exchange Rate(3) ($US/$Cdn)
2011	94.99	95.77	88.29	78.60	3.65	104.70	83.62	2.8	1.013
Forecast(4)									
2012	100.00	98.00	91.00	81.20	3.50	102.90	83.30	2.0	1.000
2013	102.00	100.00	92.30	81.10	4.10	105.00	85.00	2.0	1.000
2014	104.05	102.00	93.00	80.00	4.70	107.10	86.70	2.0	1.000
2015	106.10	104.00	94.25	82.00	5.15	109.20	88.40	2.0	1.000
2016	108.25	106.10	95.60	84.10	5.55	111.40	90.20	2.0	1.000
2017	110.40	108.20	96.95	86.20	6.00	113.60	91.95	2.0	1.000
2018	112.60	110.35	98.35	88.35	6.40	115.85	93.80	2.0	1.000
2019	114.85	112.55	99.05	90.55	6.90	118.20	95.65	2.0	1.000

Year	WTI Cushing Oklahoma ($US/bbl)	Light Sweet Crude Oil at Edmonton 40° API ($Cdn/bbl)	Medium Crude Oil 29° API ($Cdn/bbl)	Hardisty Heavy 12° API ($Cdn/bbl)	Natural Gas AECO-C Spot ($Cdn/MMBtu)	Natural Gas Liquids Edmonton Pentanes Plus ($Cdn/bbl)	Natural Gas Liquids Edmonton Butanes ($Cdn/bbl)	Inflation Rates(2) (%/Year)	Exchange Rate(3) ($US/$Cdn)
2020	117.15	114.80	99.80	92.80	7.40	120.55	97.60	2.0	1.000
2021	119.50	117.10	102.10	95.10	7.75	122.95	99.55	2.0	1.000
Thereafter	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0	1.000

Notes:

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
(2) Inflation rates for forecasting prices and costs.
(3) The exchange rate used to generate the benchmark reference prices in this table.
(4) As at December 31.

Weighted average historical prices, including hedging, realized by the Corporation for the year ended December 31, 2011, were $3.67/mcf for natural gas, $82.32/bbl for crude oil, and $59.50/bbl for NGLs.

Reserves Reconciliation

The following table sets forth a reconciliation of the Corporation's total gross proved, gross probable and total gross proved plus probable reserves as at December 31, 2011 against such reserves as at December 31, 2010 based on forecast prices and cost assumptions.

	Light And Medium Oil			Heavy Oil			Natural Gas (non-associated, associated, shale & gas hydrate)		
FACTORS	**Proved (Mstb)**	**Probable (Mstb)**	**Proved Plus Probable (Mstb)**	**Proved (Mbbl)**	**Probable (Mbbl)**	**Proved Plus Probable (Mbbl)**	**Proved (Mbbl)**	**Probable (Mbbl)**	**Proved Plus Probable (Mbbl)**
December 31, 2010	150.2	712.2	862.4	-	70.0	70.0	1,861.9	5,126.0	6,988.8
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Infill Drilling									
Technical Revisions	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	146.2	108.7	254.9	166.6	128.4	295.0	2,086.2	1,057.0	3,142.3
Dispositions	12.6	10.5	23.1	-	-	-	1,009.2	650.3	1,659.5
Economic Factors	-	-	-	-	-	-	-	-	-
Production	5.1	-	5.1	-	-	-	192.0	-	192.0
December 31, 2011	278.7	810.4	1,089.1	166.6	198.4	365.0	2,746.9	5,532.7	8,279.6

FACTORS	Natural Gas Liquids Proved (MMcf)	Natural Gas Liquids Probable (MMcf)	Natural Gas Liquids Proved Plus Probable (MMcf)	Total Oil Equivalent Proved (Mbbl)	Total Oil Equivalent Probable (Mbbl)	Total Oil Equivalent Proved Plus Probable (Mbbl)
December 31, 2010	-	-	-	460.5	1,636.7	2,097.2
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Infill Drilling	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions	8.0	35.5	43.5	668.6	448.6	1,117.1
Dispositions	-	-	-	180.8	118.9	299.7
Economic Factors	-	-	-	-	-	-
Production	1.4	-	1.4	38.5	-	38.5
December 31, 2011	6.6	35.5	42.1	909.8	1,966.4	2,876.1

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by AJM Deloitte in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, the Corporation plans to develop all of the proved undeveloped reserves over the next two years.

In some cases, it will take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to commodity pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see *Risk Factors* herein.

Proved and Probable Undeveloped Reserves

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to Northern Spirit's assets for the years ended December 31, 2011, 2010 and 2009 and, in the aggregate, before that time based on forecast prices and costs. All of the Corporation's proved undeveloped reserves and the probable undeveloped reserves are located in the Provinces of Alberta, British Columbia and Saskatchewan.

Proved Undeveloped Reserves

Year	Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Natural Gas (MMcf)		NGLs (Mbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
Prior thereto	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0
2011	0	148.8	0	133.2	0	1223	0	2.6

The AJM Deloitte Report disclosed company gross proved undeveloped reserves of 282 mbbl before royalties. These are reserves which can be estimated with a high degree of certainty to be recoverable, provided a significant expenditure is made to render them capable of production. The Corporation believes it has or will have capital spending plans in place during 2012 to drill the necessary locations and to construct the necessary facilities to permit these proved undeveloped reserves to be reclassified as proved developed reserves. These expenditures are reflected in the future development costs disclosed herein.

The Corporation plans to develop the proved undeveloped oil reserves in the following two years. Development of some of the proved undeveloped natural gas reserves is dependent on higher natural gas pricing than is being realized at this time and also contingent on the ability to access the required funds.

Probable Undeveloped Reserves

Year	Light and Medium Oil (Mbbl)		Heavy Oil (Mbbl)		Natural Gas (MMcf)		NGLs (Mbbl)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
Prior thereto	0	34	0	0	0	719	0	11
2009	34	34	0	0	719	719	11	11
2010	34	21	0	0	719	101	11	11
2011	21	666.9	0	165.1	101	5004.1	11	25.2

The AJM Deloitte Report disclosed company gross probable undeveloped reserves of 865 mbbl before royalties. Probable reserves are less certain to be recovered than proved reserves. The Corporation believes that it has or will have capital spending plans in place during 2012 to drill the necessary locations to permit these probable reserves to be reclassified as proved. However, this reclassification will also depend in large part upon the performance of new and existing wells.

The Corporation plans to develop most of the probable oil reserves in the following two years. Development of most of the natural gas reserves is dependent on higher natural gas pricing than is being realized at this time and also contingent on the ability to access the required funds.

See *Principal Properties* and *Statement of Reserves Data and Other Information – Additional Information Relating to Reserves Data - Future Development Costs* for a description of the Corporation's exploration and development plans and expenditures.

Significant Factors or Uncertainties

The process of evaluating reserves is inherently 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 natural gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions and other factors and assumptions that may affect the reserve estimates and the present worth of the future net revenue therefrom. These factors and assumptions include, among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates.

As circumstances change and additional data becomes 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 government restrictions. Revisions to reserve estimates can arise from changes in yearend prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative.

The Corporation does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the Reserves Data. However, reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond the Corporation's control. See *Risk Factors*.

Future Development Costs

The following table sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves (using forecast prices and costs) and proved plus probable reserves (using forecast prices and costs) based upon the AJM Deloitte Report.

($000s)	Total Proved Reserves (Estimated Using Forecast Prices and Costs)	Total Proved Plus Probable Reserves (Estimated Using Forecast Prices and Costs)
2011	n/a	n/a
2012	3424	14564
2013	1057	4986
2014	52	52
2015	0	0
2016	0	0
Total for all years undiscounted	4533	19602
Total for all years discounted at 10% per year	4220	18262

Northern Spirit expects to use a combination of internally generated cash from operations, working capital and the issuance of new equity or debt where and when it believes appropriate to fund future development costs set out in the AJM Deloitte Report. There can be no guarantee that funds will be available or that the board of directors of the Corporation will allocate funding to develop all of the reserves attributable in the AJM Deloitte Report. Failure to develop those reserves could have a negative impact on the Corporation's future cash flow.

Interest expense or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation does not anticipate that interest or other funding costs would make further development of any of the Corporation's properties uneconomic.

Other Oil and Gas Information

Oil and Gas Wells

The following table sets forth the number and status of wells in which the Corporation has a working interest as at December 31, 2011. All of the Corporation's wells are located onshore.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	8	6	3	3	4	2.5	5	4
British Columbia	0	0	0	0	1	.3	0	0
Saskatchewan	0	0	0	0	0	0	0	0
Total	8	6	3	3	5	2.8	5	4

Properties with No Attributed Reserves

The following table sets out Northern Spirit's developed and undeveloped land holdings as at December 31, 2011.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
Alberta	15,560	10,116	33,225	30,746	48,785	40,862
Saskatchewan	0	0	2,560	2,560	2,560	2,560

The Corporation expect that rights to explore, develop and exploit 3,080 gross (3,080 net) acres of our undeveloped land holdings will expire by December 31, 2012. The land expirations do not consider the Corporation's 2012, exploitation and development program that may result in extending or eliminating such potential expirations. The Corporation closely monitors land expirations as compared to its development program with the strategy of minimizing undeveloped land expirations relating to significant identified opportunities

Forward Contracts

The Corporation's contracts to sell crude oil are at prevailing market pricing. The Corporation has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation estimates well abandonment and reclamation costs area by area. Such costs are included in the AJM Deloitte Report as deductions in arriving at future net revenue.

The Corporation estimates the costs to abandon and reclaim all its non-producing and producing wells, gas plants, pipelines, batteries, and other facilities. No estimate of salvage value is netted against the estimated cost. The Corporation's model for estimating the amount of future abandonment and reclamation expenditures was done on an individual well and facility level. Estimated expenditures for each well and facility are based on internal estimates. Each well and facility are assigned an average cost for abandonment and reclamation over a 20 year period. Timing of expenditures are based on budgets and estimates of such annual activities. Facility reclamation costs are generally scheduled to begin shortly before the end of the reserve life of the Corporation's associated reserves and continue beyond the reserve life under the assumption that decommissioning of plant/facilities are generally mobile assets with a long useful life.

The following table sets forth abandonment costs deducted in the estimation of the Corporation's future net revenue:

Forecast Prices and Costs ($000's)

Year	Total Proved Abandonment Costs (Undiscounted)	Total Proved plus Probable Abandonment Costs (Undiscounted)
2012	0	0
2013	94.6	94.6
2014	42.2	13.3
Thereafter	1,084.0	2579.0
Total Undiscounted	1,220.0	2687.0
Total Discounted @ 10%	560.0	1084.0

The expected total abandonment and reclamation costs included in the AJM Deloitte Report for 20 net wells under the proved reserves category as at December 31, 2011 is $1,220,000 undiscounted ($560,000 discounted at 10 percent) based on forecast prices and costs.

Tax Horizon

In 2011, Northern Spirit was not required to pay any income related taxes. It is expected, based upon current legislation, the projections contained in the AJM Deloitte Report and various other assumptions, that no cash income taxes are to be paid by the Corporation prior to 2021. A higher level of capital expenditures than those contained in the AJM Deloitte Report, or further additional acquisitions, could further extend the estimated tax horizon**.** See *Risk Factors*.

Costs Incurred

The following table summarizes the costs incurred by the Corporation on oil and natural gas properties for the year ended December 31, 2011:

Country	**Exploration & Evaluation ($000's)**	**Property & Equipment ($000's)**
Canada	318	2,083

Exploration and Development Activities

The following table sets forth the wells in which the Corporation participated during the year ended December 31, 2011:

	Exploratory		**Appraisal**		**Development**		**Injection**		**Total**	
	Gross[(1)]	**Net[(2)]**	**Gross[(1)]**	**Net[(2)]**	**Gross[(1)]**	**Net[(2)]**	**Gross[(1)]**	**Net[(2)]**	**Gross[(1)]**	**Net[(2)]**
Oil	0	0	0	0	3	3	0	0	3	3
Gas	0	0	0	0	0	0	0	0	0	0
Service	0	0	0	0	0	0	0	0	0	0
Stratigraphic Test	0	0	0	0	0	0	0	0	0	0
Dry	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	3	3	0	0	3	3
Success (%)	-	-	-	-	100	100	-	-	100	100

Notes:

(1) "Gross" means the total number of wells in which the Corporation has an interest.
(2) "Net" means the number of wells obtained by aggregating the Corporation's interest in each of its gross wells.

See *Principal Properties* for a description of Northern Spirit's current and proposed exploration and development activities.

Production Estimates

The following table sets out the volumes of gross production estimated in the AJM Deloitte Report for the year ended December 31, 2012, which is reflected in the estimate of future net revenue disclosed in the forecast price tables contained under *Statement of Reserves Data and Other Oil and Gas Information – AJM Deloitte Report*.

	Light and Medium Oil (bbls/d)		Heavy Oil (bbls/d)		Natural Gas (Mcf/d)		Natural Gas Liquids (bbls/d)		Total (boe/d)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Proved	30	27	137	127	1,021	919	4	3.6	341	307
Producing										
Developed Non-Producing	0	0	0	0	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0	0	0	0	0
Total Proved	30	27	137	127	1,021	919	4	3.6	341	307
Total Probable	8	8	140	126	479	481	3	2.4	215	213
Total Proved Plus Probable	38	35	277	253	1,500	1,400	7	6	556	520

Production History

The following table sets forth certain information in respect of the gross sales production, product prices received, royalties paid, production costs and the netbacks received by the Corporation for each quarter of the last financial year.

	Quarter Ended 2011				Year Ended 2011
	Dec. 31	Sept. 30	June 30	Mar. 31	December
Average Daily Sales[1]					
Oil and NGLs (Bbl/d)	29	11	11	21	18
Gas (Mcf/d)	333	559	534	680	526
Combined (BOE/d)	85	104	101	135	106
Average Price Received (net of quality adjustment)					
Oil and NGLs (Bbl/d)	82.96	74.74	66.83	65.04	76.72
Gas (Mcf/d)	3.02	3.65	3.88	3.83	3.67
Combined ($/BOE)	42.37	27.78	28.24	29.58	31.40

	Quarter Ended 2011				Year Ended 2011
	Dec. 31	Sept. 30	June 30	Mar. 31	December
Royalties Paid					
Combined ($/BOE)	3.65	5.06	2.89	4.12	3.89
Operating and Transportation Expenses ($/BOE)					
Combined ($/BOE)	21.03	11.67	13.20	12.52	14.19
Netback Received ($/BOE)(2)					
Oil and NGLs (Bbl/d)					
Gas (Mcf/d)					
Combined ($/BOE)	17.69	11.05	12.15	12.94	13.32

Notes:

(1) Before deduction of royalties.
(2) Netbacks are calculated by subtracting royalties and operating costs from revenues.

The following table indicates the Corporation's average daily production from its important fields for the year ended December 31, 2011:

	Light and Medium Oil (Bbls/d)	Natural Gas (Mcf/d)	NGLs (Bbls/d)	BOE (BOE/d)
Klein	5	185	1	37
Choice	0	120	1	20
Cadogan	14	100	1	31
Veteran	10	0	0	10
Bowden	3	30	0	8
Total	32	435	3	106

RISK FACTORS

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation therein. Moreover, if such acquisitions or participations are identified, management of the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. Drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including fire, explosion, blowouts, cratering, sour gas releases, spills or other environmental hazards, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In accordance with industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of certain risks is such that liabilities could exceed policy limits or not be covered, in either event the Corporation could incur significant costs.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. The Corporation may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas prices may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and natural gas acquisition, development and exploration activities. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions, in the United States, Canada and Europe, the actions of OPEC, governmental regulation, political stability in the Middle East, Northern Africa and elsewhere, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Oil and natural gas prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions, and sanctions imposed on certain oil producing nations by other countries and the ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels have caused significant volatility in commodity prices. These conditions have caused a decrease in confidence in the global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. This volatility may in the future affect the Corporation's ability to obtain equity or debt financing on acceptable terms.

Market Price of Common Shares

The trading price of securities of oil and natural gas issuers is subject to substantial volatility. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the issuers involved. The market price of the common shares of the Corporation could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Factors that could affect the market price of the common shares of the Corporation that are unrelated to the Corporation's performance include domestic and global commodity prices and market perceptions of the attractiveness of particular industries. The price at which the common shares of the Corporation will trade cannot be accurately predicted.

Project Risks

The Corporation manages a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;

- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and within applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

Gathering and Processing Facilities and Pipeline Systems

The Corporation delivers its products through gathering, processing and pipeline systems some of which it does not own. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems, and in particular the processing facilities, could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation's production. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, the Corporation's financial condition, results of operations and cash flows.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially adversely affect the Corporation's ability to process its production and to deliver the same for sale.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other entities in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to exploration and production activities, prices, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for crude oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and natural gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Hydraulic Fracturing

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into rock formations to stimulate hydrocarbon (oil and natural gas) production. The use of hydraulic fracturing is being used to produce commercial quantities of oil and natural gas from reservoirs that were previously unproductive. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs or third party or governmental claims, and could increase the Corporation's costs of compliance and doing business as well as delay the development of oil and natural gas resources from shale formations which are not commercial without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that the Corporation is ultimately able to produce from its reserves.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Climate Change

The Corporation's exploration and production facilities and other operations and activities emit greenhouse gases and require the Corporation to comply with greenhouse gas emissions legislation in Alberta and British Columbia or that may be enacted in other provinces. The Corporation may also be required comply with the regulatory scheme for greenhouse gas emissions ultimately adopted by the federal government, which regulations are expected to be consistent with the regulatory scheme for greenhouse gas emissions adopted by the United States. The direct or indirect costs of these regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The future implementation or modification of greenhouse gases regulations, whether to meet the limits regulated by the Copenhagen Accord or as otherwise determined, could have a material impact on the nature of oil and natural gas operations, including those of the Corporation. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Corporation and its operations and financial condition.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact the Corporation's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of the Corporation's reserves as determined by independent evaluators.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, which could negatively impact the market price of the common shares of the Corporation.

Substantial Capital Requirements

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors, the overall state of the capital markets, the Corporation's credit rating (if applicable), interest rates, tax burden due to new tax laws and investor appetite for investments in the energy industry and the Corporation's securities in particular. Further, if the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and from time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. As a result of the global economic volatility, the Corporation, along with many other oil and natural gas entities, may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Failure to obtain any financing necessary for the Corporation's capital expenditure plans may result in a delay in development or production on the Corporation's properties.

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time, could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. There may be valid challenges to title, or proposed legislative changes which affect title, to the oil and natural gas properties the Corporation controls that, if successful or made into law, could impair the Corporation's activities on them and result in a reduction of the revenue received by the Corporation.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in the Corporation's reserves since that date.

Insurance

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Expiration of Licences and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Seasonality

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and natural gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

Third Party Credit Risk

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

SCHEDULE "A"

REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the Board of Directors of Northern Spirit Resources Inc. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, 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, 2011 and identifies the respective portions thereof that we have evaluated and reviewed and reported on to the Company's management/Board of Directors:

Independent Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income tax, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
			M$	M$	M$	M$
AJM Deloitte	Northern Spirit Resources Inc. Reserve estimation and economic evaluation December 31, 2011	Canada	-	$51,165.50	-	$51,165.50

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 judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

AJM Deloitte	*Original signed by: Robin G. Bertram*
Fifth Avenue Place, East Tower	Robin G. Bertram, P. Eng.
6th Floor, 425 – 1st Street SW	Associate Partner
Calgary, Alberta	
T2P 3P8	Execution date: March 2, 2012

SCHEDULE "B"

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

Management of Northern Spirit Resources Inc. (the "**Corporation**") are responsible for the preparation and disclosure of information with respect to the Corporation'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, 2011, estimated using forecast prices and costs.

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

The independent reserves evaluation committee of the board of directors of the Corporation has:

(a) reviewed the Corporation'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 independent reserves evaluation committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and natural 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 51-102F2 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.

(Signed) "*Kevin R. Baker*"
Kevin R. Baker
President and Chief Executive Officer

(Signed) "*John H. Cassels*"
John H. Cassels
Vice President, Chief Financial Officer and Secretary

(Signed) "*Sheldon B. Kasper*"
Sheldon B. Kasper
Director

(Signed) "*Patrick G. Bell*"
Patrick G. Bell
Director