Statement of Reserves Data
And Other Oil and Gas Information
(Form 51-101F1)

- and –

Report on Reserves Data by
Independent Qualified Reserves Evaluator
(Form 51-101F2)

- and –

Report on Management and Directors
On Oil and Gas Disclosure
(Form 51-101F3)

For the year ended December 31, 2011

May 15, 2012

CARDIFF ENERGY CORP.

FORM 51-101F1

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

All estimates of proved reserves and probable reserves and related future net revenue (collectively, "reserves data") set forth in this Statement of Reserves Data and Other Oil and Gas Information of Cardiff Energy (USA) Inc. ("Cardiff USA"), a wholly owned subsidiary of Cardiff Energy Corp. (collectively "Cardiff", the "Company", "we", "us" or "our") are based upon a report prepared by DeGolyer and MacNaughton Canada Limited and ("D&M"), an independent qualified reserves evaluation firm, dated May 8, 2012, evaluating the Company's crude oil, natural gas and natural gas liquids ("NGL") reserves as at an effective date of December 31, 2011 (the D&M Report").

The preparation date of the D&M Report is May 8, 2012.

The D&M Report has been prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and, pursuant thereto, the Canadian Oil and Gas Evaluation Handbook (the"COGE Handbook"). The Company engaged D&M to provide an evaluation of proved reserves and probable reserves only. D&M did not evaluate possible reserves or any resources other than proved reserves and probable reserves.

All of Cardiff's reserves are the state of Oklahoma, USA.

A Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor (Form 51-101F2) from D&M and a Report of Management and Directors on Oil and Gas Disclosure (Form 51-101F3), each in the form prescribed under NI 51-101, are appended hereto as Schedules "A" and "B", respectively.

It should not be assumed that the estimates of future net revenues contained herein represent the fair market value of the Company's reserves. There is no assurance that the forecast prices and cost assumptions applied by the Company's independent reserves evaluators in evaluating the reserves of Cardiff will be attained, and variances could be material. The reserves estimates attributed to the Company's properties are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein, and the difference may be material.

The determination of oil and gas reserves involves estimating subsurface accumulations of oil, natural gas and NGLs that cannot be measured in an exact manner. The preparation of estimates is subject to an inherent degree of associated risk and uncertainty, including factors that are beyond Cardiff's control. The estimation and classification of reserves is a complex process involving the application of professional judgment combined with geological and engineering knowledge to assess whether specific classification criteria have been satisfied. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data as well as forecasts of commodity prices and anticipated costs. The accuracy of any reserves estimate is a function of the quality of available data and its interpretation, and estimates by different reserves engineers often vary, sometimes significantly. As circumstances change and additional data becomes available, whether through the results of drilling, testing and production or from economic factors such as changes in product prices or development and production expenses, reserves estimates also change. Revisions may be positive or negative. Oil, natural gas and NGL quantities ultimately recovered will vary from reserves estimates.

In accordance with the requirements of NI 51-101, disclosure of reserves contained herein uses the applicable terminology and reserves categories set out in the COGE Handbook.

Unless otherwise indicated, references herein to "$" or "dollars" are to US dollars and the term "$MM" means millions of dollars.

Abbreviations

Following is a list of certain abbreviations used herein.

Crude Oil and Natural Gas Liquids:		**Natural Gas:**	
bbl	barrel	Mcf	thousand cubic feet
bbl/d	barrels per day	MMcf	million cubic feet
Mbbl	thousand barrels	Mcf/d	thousand cubic feet per day
MMbbl	million barrels	Btu	British thermal unit
NGLs	natural gas liquids	MMBtu	million British thermal units
		m^3	cubic metres
Equivalency Measures:			
boe	barrel of oil equivalent	Mcfe	One thousand cubic feet of gas equivalent
Mboe	one thousand barrels of oil equivalent	MMcfe	One million cubic feet of gas equivalent
boe/d	barrels of oil equivalent per day	Mcfe/d	One thousand cubic feet of gas equivalent per day

Equivalency Measures

Certain reserves and production information herein are presented on an "equivalency" basis. Units of equivalency such as boe (barrel of oil equivalent) or Mcfe (thousand cubic feet of gas equivalent) may be misleading, particularly if used in isolation. Equivalent volumes are computed with oil and natural gas liquid quantities converted to Mcf at a ratio of one Bbl to six Mcf, and natural gas converted to barrels at a ratio of six Mcf to one bbl. **A boe conversion ratio of six Mcf of natural gas to one bbl, and a Mcfe conversion ratio of one bbl of crude oil or NGLs to six Mcf, is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.**

Conversion Ratios

The following table sets forth certain standard conversions between measures presented in Standard Imperial Units and corresponding measures under the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	thousand cubic metres	0.0282
thousand cubic metres	Mcf	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609

To Convert From	To	Multiply By
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

Gross and Net Measures

This document variously refers to both "gross" and "net" measures.

The term "***gross***" means: (i) in relation to the Company's interest in production and reserves, its "company gross reserves", which are the Company's working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Company; (ii) in relation to wells, the total number of wells in which the Company has an interest; and (iii) in relation to properties, the total area of properties in which the Company has an interest.

The term "***net***" means: (i) in relation to the Company's interest in production and reserves, the Company's working interest (operating and non-operating) share after deduction of royalties obligations, plus the Company's royalty interest in production or reserves; (ii) in relation to wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and (iii) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

PART 1: DESCRIPTION OF PRINCIPAL PROPERTIES

The following is a description of Cardiff's principal oil and natural gas properties as at December 31, 2011. Unless otherwise specified, acreage, well count and production information are as at December 31, 2011.

Garvin County Project

Cardiff USA has a 20% working interest in seven wells in the Garvin County area of southern Oklahoma. There are currently three producing oil wells, three shut-in wells and one water injector on the Garvin County acreage. The Garvin County Project is located approximately 50 miles south of Oklahoma City in a mature production area situated within the region of the Paul's Valley Uplift. This is flanked by the Nehama Uplift to the north and the Arbuckle Mountains to the south.

The area is noted for multi-zone production with Ordovician to Pennsylvanian aged beds providing most of the production. Productive formations include the Tonkawa Sand, the Deese Sand, the Viola Limestone and the Bromide Sands. Perhaps the most prolific oil producing horizon in the area is the Ordovician aged Oil Creek Sand which is not productive on the Garvin County Project but considered to be very prospective. Other operators have been drilling to test this zone in the vicinity of the Garvin County Project. Cardiff USA and its partners may drill two to three wells on this prospect (named the Branch Prospect) depending on the results of the initial well to be drilled later this quarter.

Endeavours to enhance production from the existing wellbores have been unsuccessful to date. There remain some recompletion opportunities which Cardiff USA and its partners will undertake to develop when it is deemed prudent to do so.

All of Cardiff USA's assets in Garvin County are operated by Nitro Petroleum Inc. of Shawnee, Oklahoma.

Lincoln County Project

Cardiff USA owns various working interests in unit and non-unit wells in Lincoln County which is located approximately 30 miles northeast of Oklahoma City. This is a mature production area geologically influenced by the Central Oklahoma Platform and the Cherokee Basin of southeast Kansas. The primary producing horizons in this county include the Pennsylvanian aged Prue Sand, Skinner Sand, Red Fork Sand and the Bartlesville Sand. Cardiff USA owns a 15% working interest in the Sparks East Prue Sand Unit which consists of 12 producing wells, predominantly oil production with a small amount of gas being produced. There are also injectors in the unit. This unit has been on production since 1959. In addition to the Unit production, there are 4 non-unit wells (3 oil wells and 1 gas well).

Cardiff's working interest varies from 8.75% to 39.4% in these non-unit assets. These wells have zones of interest behind pipe which have not been evaluated to-date. Cardiff USA and its partners will evaluate these zones at some point in the future when it is deemed prudent to do so.

All of Cardiff USA's assets in Lincoln County are operated by Brower Oil and Gas of Tulsa, Oklahoma.

Osage Buzzard Sand Project

Osage County is located on the south portion of Osage County in the northeast corner of the State of Oklahoma, approximately 50 miles northeast of Oklahoma City. Cardiff USA has entered into an agreement to pay 50% of drilling, casing and completion costs of a three well program to earn 30% net revenue lease until payout reverting to 25% APO on this 320 acre lease. Existing wells on this property have drilled through a shallow sand interval locally named the Buzzard Sand. There are two oilfields within seven miles of this property producing gas and oil from these sands. Log analysis indicates that the Buzzard Sand should be productive on this property. Most wells drilled in the area reported shows in samples or in the mud when drilling through the interval. The three locations chosen to test the Buzzard Sand are all within 250 feet of existing wellbores in order to minimize geological risk.

The Osage Project is operated by Superior Oil and Gas LLC.

Cardiff USA has not yet earned its interest in the Osage Project and has no reserves to report.

PART 2: DISCLOSURE OF RESERVES DATA

The reserves data summarizes estimates of our crude oil, natural gas and NGL reserves as of December 31, 2011 and the estimated net present values of future net revenue for these reserves using forecast prices and costs, all in accordance with the requirements of NI 51-101. We engaged D&M to evaluate our proved and probable reserves only. D&M did not evaluate possible reserves or resources other than proved and probable reserves.

All of our reserves are located in the state of Oklahoma, USA.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserves estimates of our crude oil, natural gas and NGL reserves as provided herein are estimates only and there is no guarantee that the estimated reserves will in fact be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein, and the difference may be material.

Item 2.1(1) – Reserves Data (Forecast Prices and Costs) – *Breakdown of Reserves (Forecast Case)*

SUMMARY OF RESERVES
CARDIFF ENERGY (USA) INC.
AS OF DECEMBER 31, 2011 (FORECAST PRICES & COSTS)

RESERVES CATEGORY	Light & Medium Oil		Heavy Oil		Natural Gas[1]		Natural Gas Liquids	
	Gross[2] (Mbbls)	Net[3] (Mbbls)	Gross[2] (Mbbls)	Net[3] (Mbbls)	Gross[2] (MMcf)	Net[3] (MMcf)	Gross[2] (Mbbls)	Net[3] (Mbbls)
PROVED								
Developed Producing	10	9	-	-	24	22	-	-
Developed Non-Producing	2	2	-	-	1	1	-	-
Undeveloped	-	-	-	-	-	-	-	-
TOTAL PROVED	**12**	**11**	-	-	**25**	**23**	-	-
Probable	6	6	-	-	18	17	-	-
TOTAL PROVED + PROBABLE	**18**	**17**	-	-	**43**	**40**	-	-

(1) Estimates of reserves of natural gas include associated and non-associated gas.
(2) "Gross Reserves" are Company's working interest reserves before the deduction of royalties.
(3) "Net Reserves" are Company's working interest reserves after deductions of royalty obligations plus the Company's royalty interests.

Note: The numbers in this table may not add exactly due to rounding.

Item 2.1(2) – Reserves Data (Forecast Prices and Costs) – Net Present Value of Future Net Revenue (Forecast Case)

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2011 (FORECAST PRICES & COSTS)

RESERVES CATEGORY	Net Present Value (NPV) of Future Net Revenue (FNR)										Unit Value BFIT Disc. @10% Yr ($/BOE)
	Before Income Taxes – Discounted at (%/yr)					After Income Taxes – Discounted at (%/yr)					
	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)	
PROVED											
Developed Producing	635	500	407	342	294	511	400	324	270	234	32.04
Developed Non-Producing	73	55	45	36	31	56	41	31	25	21	17.75
Undeveloped	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROVED	**708**	**555**	**452**	**378**	**325**	**567**	**441**	**355**	**295**	**255**	**29.66**
Probable	439	256	162	112	81	366	210	133	91	61	18.57
TOTAL PROVED+ PROBABLE	**1,147**	**811**	**614**	**490**	**406**	**933**	**651**	**488**	**386**	**316**	**25.63**

NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party reserves; Other income.
Income Taxes includes all resource income, appropriate income tax calculations and prior tax pools.
The unit values are based on net reserve volumes before income tax (BFIT).
Note: The numbers in this table may not add exactly due to rounding.

Item 2.1(3)(a)(b) – Reserves Data (Forecast Prices and Costs) - ***Additional Information Concerning Future Net Revenue (Forecast Case)***

TOTAL FUTURE NET REVENUE (Undiscounted)
AS OF DECEMBER 31, 2011 (FORECAST PRICES & COSTS)

RESERVES CATEGORY	Revenue (M$)	Royalties (M$)	Operating Cost[2] (M$)	Development Costs (M$)	Aband. & Reclamation Costs (M$)	BT Future Net Revenue[1] (M$)	Income Taxes (M$)	AT Future Net Revenue[1] (M$)
PROVED DEVELOPED PRODUCING	1,051	129	287	-	-	635	124	511
PROVED DEVELOPED	1,291	156	307	121	-	708	141	567
TOTAL PROVED	1,291	156	307	121	-	708	141	567
TOTAL PROVED + PROBABLE	2,140	263	515	215	-	1,147	214	933

(1) BT = Before Taxes and AT = After Taxes.
(2) Operating cost less processing and other income
Note: The numbers in this table may not add exactly due to rounding.

Item 2.1(3)(c) – Reserves Data (Forecast Prices and Costs) - ***Additional Information Concerning Future Net Revenue (Forecast Case)***

NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCTION GROUP
AS OF DECEMBER 31, 2011 (FORECAST PRICES & COSTS)

RESERVES CATEGORY	PRODUCTION GROUP	BFIT Future Net Revenue Discounted (10%/Yr)[1] (M$)	UNIT VALUE[1] ($/BOE)
PROVED	Light & Medium Crude Oil (including solution gas)	390	32.35
	Heavy Oil	-	-
	Natural gas (including by-products but excluding solution gas from oil wells)	61	19.30
PROVED + PROBABLE	Light & Medium Crude Oil (including solution gas)	509	27.83
	Heavy Oil	-	-
	Natural gas (including by-products but excluding solution gas from oil wells)	105	18.59

(1) The unit values are based on net reserve volumes before income tax (BFIT).
Note: The numbers in this table may not add exactly due to rounding.

All estimates of reserves data presented herein have been prepared in accordance with NI 51-101 and the COGE Handbook. Relevant definitions are set forth in the following notes.

"***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: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed.

"***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.

"***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 (i.e., proved or probable) to which they are assigned.

"***Forecast prices and costs***" are those: (i) generally acceptable as being a reasonable outlook of the future; and (ii) if and only to the extent that, there are fixed or presently determinable future prices or costs to which Cardiff is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in clause (i). The table under "Pricing Assumptions" below identifies benchmark reference prices that apply to Cardiff.

"***Future income taxes***" are estimated: (i) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities; (ii) without deducting estimated future costs that are not deductible in computing taxable income; (iii) taking into account estimated tax credits and allowances; and (iv) applying to the future pre-tax net cash flows relating to Cardiff's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

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

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies;

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

(c) dry hole contributions and bottom hole contributions;

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

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

"***Development costs***" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs 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, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

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

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

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

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

PART 3: PRICING ASSUMPTIONS

Item 3.2 – Forecast Prices Used in Estimates

The forecast price and cost assumptions assume the continuance of current laws and regulations and changes in wellhead selling prices, and take into account inflation with respect to future operating and capital costs. The table on the following page sets forth crude oil and natural gas benchmark reference pricing, inflation, and exchange rates used in the estimation of our reserves data, which were provided by D&M and were D&M's then current standard price forecasts effective December 31, 2011.

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:GOLYER AND MACNAUGHTON CANADA LIMITED PRICE FORECAST

FECTIVE DATE 31-Dec-2011 RELEASE DATE 3-Jan-2012

YEAR	OIL FIELD COSTS INFLATION %	EXCHANGE 1 Cdn $ = x USD	WTI UNESC $US/BBL	WTI @CUSHING $US/BBL	Brent $US/BBL	Saudi Arabian Light $US/BBL	Saudi Arabian Medium $US/BBL	EDM. OIL PRICE D2S2 $/BBL	HEAVY OIL 25 API HARDISTY $/BBL	HEAVY OIL 12 API HARDISTY $/BBL	CRUDE BITUMEN 9 API Pipeline $/BBL	CRUDE BITUMEN 9 API Plant Gate $/bbl	DILBIT @ 35% Condensate $/bbl	NYMEX Henry Hub Reference US$/Mcf	AECO Border Cdn$/Mcf	ALBERTA PLANTGATE AGGREGATOR $/Mcf	ALBERTA PLANTGATE SPOT $/Mcf	BC CANWEST PLANT GATE $/Mcf	SASK GAS $/Mcf	C2 ETHANE PRICE $/BBL	C3 EDMONTON PROPANE PRICE $/BBL	C4 EDMONTON BUTANE PRICE $/BBL	C5 EDMONTON PENTANES PLUS $/BBL	PLANT GATE SULPHUR PRICE $/TON
2001	2.4	0.646	-	25.82	24.61	23.11	22.60	39.48	25.09	17.62	-	-	-	4.10	-	5.21	5.52	6.16	6.13	NA	30.39	29.53	42.60	-10.47
2002	2.4	0.637	-	26.04	24.94	22.51	22.10	40.11	31.68	27.25	-	-	-	3.34	-	3.77	4.08	3.89	3.98	NA	20.63	26.59	40.88	9.50
2003	2.5	0.716	-	30.99	28.93	26.05	25.19	43.52	33.06	27.02	-	-	-	5.49	-	5.98	6.67	6.27	6.54	NA	31.89	34.60	44.44	40.71
2004	1.7	0.770	-	41.39	38.35	33.09	31.87	53.06	38.09	29.97	-	-	-	6.16	-	6.30	6.56	6.40	6.71	NA	34.78	41.21	54.36	39.95
2005	2.0	0.826	-	56.48	55.15	49.29	46.46	69.28	45.66	34.26	-	-	-	8.98	-	8.44	8.77	8.17	8.52	NA	42.03	50.37	70.75	38.67
2006	1.9	0.882	-	66.02	66.16	60.29	57.97	73.36	51.90	42.77	-	-	-	7.01	-	6.54	6.54	6.29	6.91	NA	44.02	59.44	75.92	19.36
2007	2.0	0.936	-	72.19	72.46	68.47	66.78	76.87	54.00	44.27	36.72	33.48	52.49	7.13	-	6.28	6.47	6.22	6.51	NA	49.58	62.16	78.43	39.46
2008	2.1	0.944	-	99.90	98.64	95.17	92.09	103.28	84.25	75.61	74.58	70.98	85.13	9.30	-	8.03	8.17	7.88	8.11	NA	58.13	77.31	106.01	365.66
2009	0.8	0.880	-	61.68	61.87	58.98	57.80	66.21	59.94	55.20	50.27	47.50	58.69	4.16	-	3.86	3.99	3.84	4.08	NA	37.36	50.76	68.51	4.84
2010	1.6	0.971	-	79.50	80.05	77.83	76.33	77.63	68.20	61.79	57.21	62.19	75.87	4.38	-	3.67	4.00	3.65	4.03	NA	45.87	64.74	84.35	54.34
2011	2.1	1.012	-	95.14	110.90	108.33	106.14	95.17	77.67	66.35	65.20	61.31	73.71	4.04	3.44	3.42	3.65	3.22	3.74	NA	52.87	74.04	102.33	111.28
2012	0.0	0.980	99.00	99.00	106.00	100.67	98.87	100.73	82.60	68.19	69.33	65.29	80.95	3.90	3.47	3.18	3.23	2.99	3.21	14.10	60.44	75.55	102.74	25.00
2013	2.0	0.980	98.00	99.96	104.67	100.27	98.47	101.70	82.38	70.28	69.15	64.62	80.73	4.42	3.99	3.69	3.74	3.48	3.73	16.27	61.02	76.28	103.74	30.00
2014	2.0	0.980	99.00	103.00	105.42	101.94	100.14	104.80	83.84	73.99	70.38	65.29	82.16	4.93	4.50	4.20	4.25	3.98	4.26	18.86	62.88	78.60	106.89	33.00
2015	2.0	0.980	100.00	106.12	106.25	103.70	101.90	107.98	86.38	77.74	72.51	67.30	84.65	5.45	5.01	4.71	4.76	4.47	4.79	21.60	64.79	80.98	110.14	35.00
2016	2.0	0.980	100.00	108.24	106.08	104.45	102.65	110.14	88.11	79.30	73.96	68.64	86.35	5.96	5.53	5.22	5.27	4.96	5.32	22.03	66.08	82.60	112.34	35.70
2017	2.0	0.980	100.00	110.41	108.20	106.54	104.74	112.34	89.87	80.88	75.44	70.02	88.07	6.48	6.04	5.77	5.77	5.60	6.00	22.47	67.40	84.25	114.59	36.41
2018	2.0	0.980	100.00	112.62	110.36	108.67	106.87	114.59	91.67	82.50	76.95	71.42	89.84	6.71	6.26	5.99	5.99	5.81	6.23	22.92	68.75	85.94	116.88	37.14
2019	2.0	0.980	100.00	114.87	112.57	110.85	109.05	116.88	93.50	84.15	78.49	72.85	91.63	6.94	6.50	6.22	6.22	6.04	6.47	23.38	70.13	87.66	119.22	37.89
2020	2.0	0.980	100.00	117.17	114.82	113.07	111.27	119.22	95.37	85.83	80.06	74.30	93.46	7.18	6.74	6.46	6.46	6.26	6.72	23.84	71.53	89.41	121.60	38.64
2021	2.0	0.980	100.00	119.51	117.12	115.33	113.53	121.60	97.28	87.55	81.66	75.79	95.33	7.44	6.99	6.70	6.70	6.50	6.97	24.32	72.96	91.20	124.03	39.42
2022	2.0	0.980	100.00	121.90	119.46	117.63	115.83	124.03	99.23	89.30	83.29	77.30	97.24	7.70	7.25	6.96	6.96	6.75	7.23	24.81	74.42	93.02	126.51	40.20
2023	2.0	0.980	100.00	124.34	121.85	119.99	118.19	126.51	101.21	91.09	84.96	78.85	99.19	7.97	7.52	7.22	7.22	7.00	7.51	25.30	75.91	94.88	129.04	41.01
2024+	2.0																							

escalate oil, gas and product prices at 2.0% per year thereafter

PART 4: RECONCILIATION OF CHANGES IN RESERVES

Item 4.1 – Reserves Reconciliation

The following tables provide a reconciliation of our gross reserves of crude oil, natural gas and NGLs for the year ended December 31, 2011, presented using forecast prices and costs. All reserves are located in the state of Oklahoma, USA.

RESERVES RECONCILIATION - FORECAST PRICE CASE
COMPANY SHARE GROSS

Effective Date: December 31, 2011

	Total Oil (BBL)	Light/Med Oil (BBL)	Heavy Oil (BBL)	Sales Gas (MMCF)	NGL (BBL)	TOTAL BOE
TOTAL PROVED						
Opening Balance (Dec. 31, 2010)	18,001	18,001	-	26	-	22,334
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions*	(4,748)	(4,748)	-	15	-	(2,248)
Discoveries	-	-	-	-	-	-
Acquisitions**	-	-	-	-	-	-
Dispositions**	-	-	-	-	-	-
Economic Factors ***	209	209	-	-	-	209
Production	(1,449)	(1,449)	-	(16)	-	(4,116)
Closing Balance (Dec. 31, 2011)	12,013	12,013	-	25	-	16,180
TOTAL PROBABLE						
Opening Balance (Dec. 31, 2010)	14,252	14,252	-	13	-	16,419
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions*	(8,421)	(8,421)	-	5	-	(7,588)
Discoveries	-	-	-	-	-	-
Acquisitions**	-	-	-	-	-	-
Dispositions**	-	-	-	-	-	-
Economic Factors ***	395	395	-	-	-	395
Production	-	-	-	-	-	-
Closing Balance (Dec. 31, 2011)	6,226	6,226	-	18	-	9,226
TOTAL PROVED + PROBABLE						
Opening Balance (Dec. 31, 2010)	32,253	32,253	-	39	-	38,753
Extensions	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Technical Revisions*	(13,169)	(13,169)	-	20	-	(9,836)
Discoveries	-	-	-	-	-	-
Acquisitions**	-	-	-	-	-	-
Dispositions**	-	-	-	-	-	-
Economic Factors ***	604	604	-	-	-	604
Production	(1,449)	(1,449)	-	(16)	-	(4,116)
Closing Balance (Dec. 31, 2011)	18,239	18,239	-	43	-	25,406

The numbers in this table may not exactly add due to rounding.

* Includes technical revisions due to reservoir performance, geological and engineering changes; economic revisions due to changes in economic limits; and working interest changes resulting from the timing of interest reversions.

** Includes production attributable to any acquired interests from the acquisition date to effective date of the report and production realized from disposed interests from the opening balance date to the effective date of disposition.

*** includes economic revisions related to price and royalty factor changes

PART 5: ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 – Undeveloped Reserves

No Proved Undeveloped Reserves were assigned in the D&M Report. Consequently, the values of the Total Proved category are identical to the Total Proved Developed category.

No Probable Undeveloped Reserves were assigned in the D&M Report.

Item 5.2 - Significant Factors or Uncertainties

Uncertainties are inherent in estimating quantities of proved reserves, including many factors beyond our control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and natural gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and its interpretation. As a result, estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing, and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices or development and production expenses, may require revision of such estimates. Accordingly, oil and natural gas quantities ultimately recovered will vary from reserve estimates.

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

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

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

Other than as discussed above and the various risks and uncertainties that participants in the oil and gas industry are exposed to generally, we have not identified significant economic factors or uncertainties that will affect any particular components of the reserves data disclosed herein.

Item 5.3 – Future Development Costs

The following table outlines undiscounted future development costs calculated utilizing forecast prices and costs, for the years indicated.

FUTURE DEVELOPMENT COSTS (1)
AS OF DECEMBER 31, 2011

	Forecast Prices & Costs	
	For Proved Reserves (M$)	For Proved + Probable Reserves (M$)
YEAR		
2012	9	9
2013	9	9
2014	9	9
2015	10	10
2016	10	10
REMAINING	74	168
TOTAL	121	215
Undiscounted	121	215
Discounted @ 10%	73	97

(1) Future Development Costs shown are associated with booked reserves in the Reserves Report and do not necessarily represent the Company's full exploration and development budget.

Note: The numbers in this table may not add exactly due to rounding.

We currently expect that the capital required to fund estimated future development costs will be provided from our internally-generated cash flows and borrowings under our credit facility, and that the costs of funding will not materially affect our estimated proved and probable reserves or related future net revenue as disclosed herein. We may in the future consider alternative sources of financing in light of new or changing circumstances.

PART 6: OTHER OIL AND GAS INFORMATION

Item 6.1 – Oil and Gas Properties and Wells

The following table sets forth the number and status of wells in which we held a working interest as of December 31, 2011. A well bore with multiple completions is counted as only one well.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
Location	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Lincoln County Oklahoma, USA (unit)	12.0	1.8	-	-	1.0	0.4	-	-
Lincoln County Oklahoma, USA (non-unit)	3.0	0.5	-	-	1.0	0.4	-	-
Garvin County Oklahoma, USA	3.0	0.6	4.0	0.8	-	-	-	-
Total	18.0	2.9	4.0	0.8	2.0	0.8	-	-

Item 6.2 - Properties with No Attributed Reserves

The following table summarizes developed and undeveloped acreage in which we owned a working interest or held an exploration license as of December 31, 2011.

	December 31, 2011			
	Developed Acreage		Undeveloped Acreage	
Location	Gross	Net	Gross	Net
Osage County Oklahoma, USA*	-	-	320*	96*

*Cardiff USA has not yet earned its interest in the Osage project as drilling has not yet commenced. Cardiff USA has entered into an agreement to pay 50% of drilling, casing and completion costs of a three well program to earn 30% net revenue lease until payout reverting to 25% APO on this 320 acre lease.

Item 6.3 – Forward Contracts

Our natural gas production is generally sold on a month-to-month basis in the spot market, priced in reference to published indices. Our oil production is generally sold under short-term contracts at prices based upon refinery postings and is typically sold at or near the wellhead. Our natural gas liquids production is typically sold under term agreements at gas processing facilities at prices based on the average of posted prices less pipeline tariffs and fractionation fees. We believe that the loss of one or more of our current oil, natural gas or natural gas liquids purchasers would not have a material adverse effect on our ability to sell our production, because any individual purchaser could be readily replaced by another purchaser, absent a broad market disruption.

Item 6.4 - Additional Information Concerning Abandonment & Reclamation Costs

Gross abandonment costs were estimated by D&M for each property. These costs were projected to occur in the last year of economic production of each reserves entity and for non-reserves wells two years from the effective date of the D&M Report. Based on Cardiff's salvage value estimates for recently abandoned wells, it was determined that salvage values exceed abandonment costs therefor no abandonment costs were assigned by D&M.

Item 6.5 – Tax Horizon

Cardiff was not required to pay income taxes for the period ended December 31, 2011. Based on the future net revenue disclosed and the existing tax pools and non-capital losses available from previous years, the Company does not anticipate being taxable based on the reserves of the properties disclosed.

Item 6.6 – Costs Incurred

Cardiff incurred no property acquisition costs, exploration costs or development costs for the year ended December 31, 2011.

Item 6.7 – Exploration and Development Activities

Cardiff did not undertake or participate in the drilling of any exploratory or development wells during the fiscal year ended December 31, 2011. During the 2012 fiscal year, Cardiff plans to participate in a three well drilling program on the Osage Buzzard Sand project (to a depth of 750 feet each) as well as a 6,850 foot drill program on the Garvin County project to test the Oil Creek formation.

Item 6.8 – Production Estimates

The following tables summarize the annual gross production volumes for 2012 estimated by D&M for all properties held on December 31, 2011 using forecast prices and costs, all of which will be produced in Oklahoma, USA. These estimates assume certain activities take place, such as the development of Undeveloped Reserves, and that there are no dispositions.

SUMMARY OF PRODUCTION ESTIMATES BY PRODUCTION GROUP
TOTAL PROVED AND PROBABLE RESERVES FOR YEAR 2012

CARDIFF ENERGY (USA) INC.
AS OF DECEMBER 31, 2011

	FORECAST PRICES & COSTS		
	Total Proved	Probable	Total Proved + Probable
RESERVES CATEGORY	Gross Daily Production[2]	Gross Daily Production[2]	Gross Daily Production[2]
Light & Medium Oil (bbls/d)	4	0	4
Heavy Oil (bbls/d)	-	-	-
Associated and Non-Associated Gas (Mcf/d)	22	3	25
Natural Gas Liquids (bbls/d)	-	-	-
TOTAL[1] (boe/d)	8	1	8

(1) Barrels of Oil Equivalent (boe) have been reported based on natural gas conversion of 6 Mcf/1 bbl.
(2) Gross production is Company's interest before all royalty deductions.
Note: The numbers in this table may not add exactly due to rounding.

SUMMARY OF COMPANY SHARE GROSS PRODUCTION ESTIMATES[1] BY FIELD
TOTAL PROVED RESERVES FOR YEAR 2012
CARDIFF ENERGY (USA) INC.
AS OF DECEMBER 31, 2011 (FORECAST PRICES & COSTS)

FIELD	Light & Medium Oil (bbl/d)	Heavy Oil (bbl/d)	Natural Gas[2] (Mcf/d)	Natural Gas Liquids (bbl/d)
Garvin County	1	-	-	-
Lincoln County	3	-	22	-
TOTAL	4	-	22	-

(1) Daily production is taken from the Reserves Report as of December 31, 2011.
(2) Natural Gas includes Associated and Non-Associated sales gas volumes.
Note: The totals shown above may not match the corporate totals due to rounding.

Item 6.9 – Production History

The following table summarizes certain information in respect of our production, product prices received, royalties, production costs and netbacks for each quarter of Cardiff's most recently completed financial year:

	Quarter Ended			
Average Production	**Mar. 31/11**	**June 30/11**	**Sept. 30/11**	**Dec. 31/11**
Oil (bbl/d)	4	4	3	4
Natural Gas (Mcf/d)	57	49	39	33
Selling Price				
Oil ($/bbl)	93	100	87	87
Natural Gas ($/Mcf)	4	5	5	5
Royalties				
Oil ($/bbl)	18	19	16	15
Natural Gas ($/Mcf)	1	1	1	1
Combined ($/boe)	-	-	-	-
Production Costs				
Oil ($/bbl)	34	52	83	40
Natural Gas ($/Mcf)	-	-	-	-
Netbacks				
Oil ($/bbl)	41	29	(13)	32
Natural Gas ($/Mcf)	3	4	4	4

The following table discloses for each important field and in total, Cardiff's production volume for the year ended December 31, 2011 for each product type.

Field	**Oil (bbls/d)**	**Natural Gas (Mcf/d)**	**Total boe (boe/d)**	**%**
Lincoln	3	44	11	94%
Garvin	1	-	1	6%
Total	4	44	11	100%

FORM 51-101F2

REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

(See attached)

DeGolyer and MacNaughton Canada Limited
311 Sixth Avenue S.W., Suite 1430
Intact Place, East Tower
Calgary, Alberta, Canada, T2P 3H2

NATIONAL INSTRUMENT FORM 51-101F2

REPORT on RESERVES DATA

To the board of directors of Cardiff Energy (USA) 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 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 as at December 31, 2011, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

Independent Qualified Reserves Evaluator	Description & 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 U.S.$	M U.S.$	M U.S.$	M U.S.$
DeGolyer and MacNaughton Canada Limited	Appraisal Report as of December 31, 2011 on Certain Properties owned by Cardiff Energy (USA) Inc. in Oklahoma, USA dated May 8, 2012	United States	-	614	-	614

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 Handbooks. 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:

DeGolyer and MacNaughton Canada Limited, Calgary, Alberta, dated May 8, 2012.

DEGOLYER and MACNAUGHTON
CANADA LIMITED

Douglas Christie

Douglas S. Christie, P.Geol.

PERMIT TO PRACTICE
DeGolyer and MacNaughton Canada Limited

Signature Douglas Christie

Date May 8, 2012

PERMIT NUMBER: P 5568

The Association of Professional Engineers and Geoscientists of Alberta

B-1

FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

(see attached)

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

NATIONAL INSTRUMENT FORM 51-101F3

Management of Cardiff Energy Corp (the "Company") are 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 new revenue as at December 31, 2011, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator dated May 8, 2012 will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee 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 evaluators to report without reservation; and
(c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The reserves committee 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 reserves committee has approved

(a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
(b) the filing of Form 51-101F2B which is the report of the independent qualified reserves evaluator 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.

DATED on the 15th day of May, 2012

Signed by "Lorne A. Torhjelm"
Lorne A. Torhjelm
President & CEO, Director

Signed by "Dennis G. Stewart"
Dennis G. Stewart
VP Exploration, Director

Signed by "Brian W. Dunning"
Brian W. Dunning
Director

May 15, 2012