

Rockefeller Hughes Corporation

Statement of Reserves Data and
Other Oil and Gas Information on
July 31, 2014

Rockefeller Hughes Corporation
Form 51-101F1
As at July 31, 2014
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ROCKEFELLER HUGHES CORPORATION

1. DEFINITIONS

Rockefeller Hughes Corporation (the “Corporation” or “RHC”) was incorporated under the laws of the Province of Ontario on August 15, 2008. The Corporation is engaged in the acquisition, exploration, development and production of oil and natural gas reserves in North America. On March 20, 2014, RHC became a publicly traded entity on the TSX Venture Exchange under the trading symbol “RHC”. The address of its registered office is 150 Jardin Drive, Suite 9, Concord, Ontario L4K 3P9, with a regional operations office in Houston, Texas. The contents of this report include properties collectively owned by the Corporation and its wholly owned subsidiaries.

Monetary References

All monetary references contained in this Statement of Reserves Data and Other Oil and Gas Information are in US dollars unless otherwise specified.

Abbreviations and Equivalencies

The following are abbreviations and definitions of terms used in this Statement of Reserves Data and Other Oil and Gas Information:

Crude Oil and Natural Gas Liquids		Natural Gas	
Bbl	one barrel equaling 42 U.S. gallons	Bcf	billion cubic feet
Bpd	barrels per day	Mcf	thousand cubic feet
Boe	barrels of oil equivalent	Mcfpd	thousand cubic feet per day
Boepd	barrels of oil equivalent per day	MMcf	million cubic feet
Mboe	thousand barrels of oil equivalent	MMcfpd	million cubic feet per day
Mbbl	thousand barrels	MMBtu	million British Thermal Units
MMbbl	million barrels	Mcfe	thousand cubic feet of gas equivalent
NGL or NGLs	natural gas liquids, consisting of any one or more of propane, butane and condensate	MMcfe	million cubic feet of gas equivalent
Financial			
M\$	thousands of dollars (USD)		
MM\$	millions of dollars (USD)		

References to oil, gas, natural gas liquids, reserves (gross, net, proved, developed, developed producing, developed non-producing, undeveloped), constant prices and costs, operating costs, development costs, future net revenue and future income tax expenses shall, unless expressly stated to be the contrary, have the meaning attributed to such terms as set out in NI 51-101, Companion Policy 51-101 CP and all forms referenced therein. Figures herein may not add up due to rounding-off in computer generated runs.

2. INTRODUCTION

Statement of Reserve Data and Other Oil and Gas Information

The following Statement of Reserves Data and Other Oil and Gas Information for the Corporation was prepared as of October 14, 2014 with an effective date of July 31, 2014.

Netherland, Sewell & Associates, Inc. (“NSA”) has prepared a reserve report dated August 8, 2014 with an effective date of July 31, 2014 (the “NSA Report”) which evaluates the oil and natural gas reserves attributable to the Corporation’s interests in its United States properties and net present value of estimated future cash flow from such reserves, based on forecast price and cost assumptions. The reserves information contained in the NSA Report was prepared and is presented in accordance 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.

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

In accordance with the requirements of NI 51-101, the Report on Reserves Data by Independent Qualified Reserves Evaluator in Form 51-101F2 and the Report of Management and Directors on Oil and Gas Disclosure in Form 51-101F3 are attached as Appendices A and B hereto, respectively.

3. RESERVE DATA

Oil and Gas Reserve Volumes

Summaries of reserves and net present values of future net revenues as shown in the tables below are based on forecast prices and costs, which are outlined below.

Total United States Oil and Gas Reserve Volumes

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Proved Developed Producing	288	122	-	-	-	-
Proved Non-Producing	16	3	-	-	-	-
Proved Undeveloped	4,198	1,653	-	-	-	-
Total Proved	4,502	1,778	-	-	-	-
Probable	1,337	501	-	-	-	-
Total Proved Plus Probable	5,839	2,279	-	-	-	-

Discounted Net Present Values of Future Net Revenues

Total United States Discounted Net Present Values of Future Net Revenues (\$000s)

Reserves Category	Before Income Taxes Discounted at (% /year)					After Income Taxes Discounted at (% /year)					Unit value ⁽¹⁾
	0	5	10	15	20	0	5	10	15	20	
Proved:											
Producing	\$ 7,020	\$ 5,556	\$ 4,640	\$ 4,019	\$ 3,572	\$ 4,212	\$ 3,334	\$ 2,784	\$ 2,411	\$ 2,143	\$ 6.34
Non-prod	117	110	103	98	92	70	66	62	58	55	\$ 5.72
Undeveloped	59,090	29,116	13,838	5,261	107	35,454	17,470	8,303	3,157	64	\$ 1.40
Total Proved	66,227	34,782	18,581	9,378	3,771	39,736	20,870	11,149	5,626	2,262	
Probable	30,957	15,391	9,409	6,494	4,809	18,574	9,234	5,645	3,897	2,885	\$ 3.13
Total Proved + Probable	\$ 97,184	\$ 50,173	\$ 27,990	\$ 15,872	\$ 8,580	\$ 58,310	\$ 30,104	\$ 16,794	\$ 9,523	\$ 5,147	

Future Net Revenues

Total United States Future Net Revenues (\$000'S)

Reserves Category	Gross Revenue	Royalties	Operating Costs (1)	Development Costs (2)	Abandonment and Reclamation Costs (2)	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
Proved Producing	\$ 15,377	\$ 3,281	\$ 5,076	\$ -	\$ -	\$ 7,020	\$ 2,808	\$ 4,212
Proved Non-Producing	441	115	104	105	-	117	47	70
Proved Undeveloped	218,463	48,898	41,285	69,190	-	59,090	23,636	35,454
Total Proved	234,281	52,294	46,465	69,295	-	66,227	26,491	39,736
Probable	74,495	16,759	19,286	7,493	-	30,957	12,383	18,574
Total Proved and Probable	\$ 308,776	\$ 69,053	\$ 65,751	\$ 76,788	\$ -	\$ 97,184	\$ 38,874	\$ 58,310

Notes:

- (1) Including net severance and Ad Valorem Taxes.
(2) Costs escalated 1.5%

Discounted Net Present Values of Future Net Reserves by Production Group at 10%

Total United States Discounted Net Present Values of Future Net Revenues at 10% by Production Group (\$000s)

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (discounted at 10% /year) (\$000's)
Proved Reserves	Light and Medium Crude Oil	\$ 18,581
	Natural Gas	\$ -
Probable Reserves	Light and Medium Crude Oil	\$ 9,409
	Natural Gas	\$ -
Proved Plus Probable Reserves	Light and Medium Crude Oil	\$ 27,990
	Natural Gas	\$ -
Proved Plus Probable Total		\$ 27,990

Pricing and Inflation Rate Assumptions

The forecast cost and price assumptions assume the continuance of current laws and regulations, and take into account inflation with respect to future operating capital costs. If not otherwise stated, operating costs are assumed to escalate at 1.5% per annum. The oil prices were calculated based on forecasts of NYMEX West Texas Intermediate near-month prices prepared by Canadian independent consultants. Price forecast, shown below, are expressed in dollars per million British thermal units (\$MMBtu). The 2024 price was escalated annually at 1.5% beginning in 2025.

Commodity prices and inflation rate assumptions follow:

Commodity Price and Inflation Rate Assumptions

Period Ending	United States & Canada	
	Crude Oil	Natural Gas
	(\$Bbl)	(\$/MMBtu)
12/31/2014	\$ 96.94	\$ 4.44
12/31/2015	\$ 93.48	\$ 4.41
12/31/2016	\$ 92.10	\$ 4.50
12/31/2017	\$ 93.74	\$ 4.83
12/31/2018	\$ 95.08	\$ 5.06
12/31/2019	\$ 96.23	\$ 5.30
12/31/2020	\$ 97.79	\$ 5.46
12/31/2021	\$ 99.64	\$ 5.63
12/31/2022	\$ 101.50	\$ 5.79
12/31/2023	\$ 103.42	\$ 5.95
12/31/2024	\$ 104.62	\$ 6.19
Thereafter	escalated 1.5% per year	

Historical Prices

The average price received pertaining to production during 2014 was \$99.45 per Bbl of crude oil.

Notes:

(1) "**Gross**" means the Corporation's total working interest and/or royalty interest share before royalties owned by others.

(2) "**Net**" means Epsilon's total working interest and/or royalty interest share after deducting the amounts attributable to royalties owned by others.

(3) "**Reserves**" are the 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.

(4) "**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. At least a 90% probability that the quantities actually recovered will equal or exceed the estimated Proved Reserves is the targeted level of certainty.

(5) "**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.

(6) "**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.

(7) "**Proved 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 (e.g., 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.

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

(9) "**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. At least a 50% probability that the quantities actually recovered will equal or exceed the sum of the estimated Proved plus Probable Reserves is the targeted level of certainty.

(10) "**Possible Reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. There is at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

(11) "**Royalties**" refers to royalties paid to others. The royalties deducted from the reserves are based on the percentage royalty calculated by applying the applicable royalty rate or formula.

4. RECONCILIATIONS OF CHANGES IN RESERVES

Summary of Reconciliation of Gross Reserves by Production Type

A reconciliation of year-on-year estimated oil and natural gas reserve volumes is as follows:

Category	United States					
	Oil (Mbbl)			Natural Gas (MMcf)		
	Proved	Probable	Total	Proved	Probable	Total
Balance, 4/30/2013	241	292	533	-	-	-
Extensions & Improved Recovery	-	-	-	-	-	-
Technical Revisions	4,289	1,045	5,334	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	-	-	-	-	-	-
Production	(28)	-	(28)	-	-	-
Balance, 7/31/14	4,502	1,337	5,839	-	-	-

5. ADDITIONAL INFORMATION

Undeveloped Reserves

In general, once proved and/or probable undeveloped reserves are identified they are integrated into the Corporation's development plans. The Corporation's business plan generally envisions the development of proved and probable undeveloped reserves within three years of the date of such integration. A summary of gross undeveloped reserves as of July 31, 2013, 2012, 2011 and prior, respectively, follows:

	Company Gross Undeveloped Reserves United States (MBbl)	
	1st Attributed	
	Proved Undeveloped	
Prior to 2011		825
2011		1,177
2012		166
2013		4,198
	Probable Undeveloped	
Prior to 2011		1,327
2011		0
2012		249
2013		1,337

Significant Factors and Uncertainties

The process of estimating oil and gas 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 processing and costs change. The reserve 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, availability of required services, weather 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. The reserve estimates of the Corporation's natural gas reserves provided in this Statement of Reserves Data and Other Oil and Gas Information are estimates only and there is no assurance or guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided herein.

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenues attributable to reserves categories noted below (\$000's):

Total United States Future Development Costs

Year	Proved	Probable	Total
2014	\$ 2,795	\$ 3,071	\$ 5,866
2015	14,000	371	14,371
2016	21,000	-	21,000
2017	21,000	-	21,000
2018	10,500	4,050	14,550
Thereafter	-	-	-
Total	\$ 69,295	\$ 7,492	\$ 76,787

The Corporation expects to utilize a combination of its existing capital resources and future internally generated cash flows, and third party financing to fund the future development costs disclosed above. Third party financing includes, but is not limited to, debt financing, sale of the Corporation's Common Shares or the full or partial sale of a property interest.

6. OTHER OIL AND GAS INFORMATION

Proved Oil and Gas Properties

The following is a summary of the Corporation's oil and gas properties which contain proved reserves:

Our Halo Project Area continues to be a very active area for the Corporation. Rockefeller Hughes has acquired, processed and interpreted 3D seismic across the Halo Area and acreage adjacent to Halo. We are preparing to drill a dual lateral Buda/Georgetown well (the Pryor #1H) on the Southwest edge of our acreage position. The 3D seismic indicates the Pryor #1H will penetrate areas where the reservoirs are faulted and have extensive natural fractures. A successful test from the Pryor #1H will prove several additional dual lateral locations where 3D seismic indicates extensive fracturing. Rockefeller Hughes recently acquired a 50% working interest in acreage near the center of the Halo Project Area that also contains very encouraging 3D seismic anomalies in the Buda and Georgetown formations.

The Gary Heirs #3 is the first well drilled in our Cinnamon Island Prospect. This well was drilled to a total depth of 10,002' to evaluate the oil producing potential of the Frio Sand. We have acquired well logs, sidewall cores and oil samples from the Frio Sands encountered in the well. As of July 31, 2014, the partners are in the process of designing a stimulation treatment and procedure to production test the well. The open-hole logs run on the Gary Heirs #3 indicate there is more net pay in the Frio Sand than originally anticipated. Information gathered during drilling and completion activities proves the prospect has a larger areal extent than previously mapped. This will allow for several more development wells than was planned and Rockefeller Hughes expects to be drilling and completing wells in Cinnamon Island the remainder of 2014, all of 2015 and possibly into 2016.

Another new prospect for the Corporation is the Silver Creek Project. The Corporation will operate drilling and production operations in the Woodbine Oil Play area and the Cotton Valley Lime Gas Play area. We're currently preparing to drill the first Woodbine Sand test well during the 4th quarter of 2014. The initial well in the deep Cotton Valley Lime Pinnacle Reef (Gas Play) will be a direct offset to a well that penetrated 620' of gas bearing reef but was never completed. Additionally, a lower cycle of reef is untested on this prospect and together the initial well could encounter 1,000' of gas saturated pay. Cotton Valley Lime initial production rates in this area range from 10 MMCFGPD to 30 MMCFGPD and can produce more than 20 BCF during their lifetime.

Rockefeller Hughes will be stepping up our exploration activities in the coming months. We are currently evaluating oil zones in Oklahoma that are proven producers with tremendous upside potential utilizing unconventional horizontal drilling and completion techniques. We are also studying other areas in Oklahoma where production is proven and old drilling and completion methods were not sufficient to affectively drain the reserves. These opportunities are a combination of acquiring acreage or purchasing small volume stripper wells where the acreage is held by production. The initial production rates and ultimate cumulative recovery from infill drilling in these proven areas can be quickly and accurately predicted prior to drilling the wells and bringing them on production.

Forward Contracts

The Corporation's financial results and condition will be dependent on the prices received for oil production. Oil prices have fluctuated widely and are determined by economic and political factors. Supply and demand factors, including weather and general economic conditions as well as conditions in other natural gas regions, impact prices. RHC has not established a hedging strategy to manage the risk associated with changes in commodity prices.

Additional Information Concerning Abandonment and Reclamation Costs

The Corporation has recorded legal obligations associated with the future abandonment and reclamation costs of its oil and natural gas properties. In the United States, those obligations, which are referred to as Asset Retirement Obligations ("ARO"), were estimated based on the Corporation's net ownership interest in all wells and facilities in the United States, and include estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods.

The Corporation has estimated the net present value of its total asset retirement obligations for wells drilled on its projects in the USA to be \$690,836 at July 31, 2014, based on estimated total undiscounted future liabilities of \$650,000. These payments are expected to be made at the end of the associated properties economic life, which has an estimated overall average of approximately 20 years. The Corporation assumed an estimated credit adjusted risk-free rate of 3.1% and an estimated inflation rate of 2% to calculate the net present value of the asset retirement obligations. On an average per well basis, for asset retirement obligation calculation purposes the Corporation estimated the gross cost to plug and abandon its wells in the United States as follows:

Texas: \$ 25-50,000 gross per well

Tax Horizon

The Corporation does not anticipate paying income taxes for fiscal 2014.

Costs Incurred

The table below summarizes the costs incurred for leasehold acquisition, exploration and development in fiscal year ended July 31, 2014.

2014 Capital Expenditures (\$000's)

Nature of Cost	United States
Acquisition	\$ 813
Exploration	-
Development	1,622
Total	\$ 2,435

Exploration and Development Activities

Producing Wells

The following table sets out the Corporation's producing wells by project area in the United States at July 31, 2014:

United States Producing Wells as of July 31, 2014

Project Area	Producing Wells	Gross Wells ⁽¹⁾	Net Wells ⁽²⁾
Texas	15	12.45	9.73
Total Wells	15	12.45	9.73

Notes:

(1) Gross Wells = net to the Corporation's working interest.

(2) Net Wells = net to the Corporation's net revenue interest.

Wells Drilled

The table below summarizes the wells drilled during 2014:

Wells Drilled during 2014

Project Area	Wells Drilled	Gross Wells ⁽¹⁾	Net Wells ⁽²⁾
<i>United States:</i>			
Texas	5	2.85	2.27
Total United States	5	2.85	2.27

Notes:

- (1) Gross Wells = net to the Corporation's working interest.
- (2) Net Wells = net to the Corporation's net revenue interest.

2015 Drilling Plans

During 2015, the Corporation plans to continue development of its Halo, Cinnamon Island and Silver Creek projects. The pace of development and, therefore, capital expenditures, will be subject to managerial discretion based on the market price of oil.

Production Estimates

The following table sets out the Corporation's estimated production (after royalties) in the United States for oil for the fiscal year ending July 31, 2015:

United States Estimated Gross Oil and Natural Gas Production for 2015

Project	Gross Oil (Mbbl)			% of Total
	Proved	Probable	Total	
Texas	116	38	154	100
Total	116	38	154	100

United States Estimated Net Oil and Natural Gas Production for 2015

Project	Net Oil (Mbbl)			% of Total
	Proved	Probable	Total	
Texas	91	29	120	100
Total	91	29	120	100

Production History

The table below shows the average gas production, price received, royalties paid, operating expenses and netback by fiscal quarter for the United States for the fiscal year ended July 31, 2014:

United States 2014 Production History

Category	Q1 2014	Q2 2014	Q3 2014	Q4 2014	ANNUAL AVERAGE
Average Daily Crude Oil Production before Royalty (Bpd)	105	167	164	131	141
Average Price (\$/Bbl)	\$ 106.01	\$ 99.43	\$ 102.35	\$ 100.75	\$ 101.88
Average Royalty (\$/Bbl)	\$ 21.82	\$ 16.26	\$ 22.07	\$ 21.44	\$ 20.27
Average Daily Natural Gas Production before Royalty (MMcf/d)	\$ -	\$ -	\$ - #	\$ -	\$ -
Average Price (\$/Mcf)	\$ -	\$ -	\$ - #	\$ -	\$ -
Average Royalty (\$/Mcf)	\$ -	\$ -	\$ - #	\$ -	\$ -
Operating Expenses ⁽¹⁾ (\$/Bbl)	\$ 30.24	\$ 23.05	\$ 15.39 #	\$ 39.68	\$ 26.12
Net Back Received (\$/Bbl)	\$ 53.95	\$ 60.12	\$ 64.89 #	\$ 39.63	\$ 55.49

(1) Includes Transportation and Processing fees