

CANOEL INTERNATIONAL ENERGY LTD.Statement of Reserves Data and Other Oil and Gas Information
Year Ended March 31, 2013

Dated July 2, 2013

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

SELECTED TERMS

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

"**CDN**" means Canadian;

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

"**R.E.D.**" means Ralph E. Davis Associates, Inc., independent reserve auditors;

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

"**Canoel**" or the "**Company**" means Canoel International Energy Ltd.; and

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

ABBREVIATIONS AND CONVERSIONS

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

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

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
M ³	cubic metres
MMbtu	million British Thermal Units
GJ	Gigajoule

Other

BOE or Boe	barrel of oil equivalent, using the conversion factor of 6 mcf of natural gas being equivalent to one bbl of oil
BOE/d	barrels of oil equivalent per day
WTI	West Texas Intermediate
API	the measure of the density or gravity of liquid petroleum products derived from a specific

Other

	gravity
psi	pounds per square inch
\$000's or M\$	thousands of dollars
MM\$	millions of dollars

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

CONVENTIONS

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

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

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

CONVERSIONS

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

FORM 51-101F1**STATEMENT OF RESERVES DATA****AND OTHER OIL AND GAS INFORMATION****DATE OF STATEMENT****Relevant dates**

The statement of reserves data and other oil and gas information set forth below is dated May 21, 2013. The effective date of the Statement is March 31, 2013 and the preparation date of the Statement is May 21, 2013. Readers should note that tables may not add due to rounding. The Report of Management and Directors on Reserves Data and Other Oil and Gas Information in Form 51-101F3 and the Report on Reserves Data by Ralph E. Davis Associates, Inc. in Form 51-101F2 are attached as Appendices "A" and "B", respectively, to this Statement.

DISCLOSURE OF RESERVES DATA**Disclosure of Reserves Data (Forecast Prices and Cost)*****Oil and Natural Gas Reserves***

The reserves data set forth below (the "**Reserves Data**") is based upon the 2013 Report. The Reserves Data summarizes the oil reserves of Canoel and the net present values of future net revenue for these reserves using forecast prices and costs with the supplemental disclosure including constant prices and costs. The Reserves Data conforms to the requirements of NI 51-101. Canoel engaged Ralph E. Davis Associates, Inc. ("R.E.D.") to provide an independent evaluation of Canoel's proved and proved plus probable reserves as documented. No attempt was made to evaluate possible reserves.

Additional information not required by NI 51-101 has been presented to provide additional information which 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 reserves. There is no assurance that the constant prices and costs assumptions and forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of the Company's crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquid reserves may be greater than or less than the estimates provided herein.

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF MARCH 31, 2013
FORECAST PRICES AND COSTS**

ITEM 2.1a SUMMARY OF OIL AND GAS RESERVES

Reserves Category	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas ⁽¹⁾		Natural Gas Liquids	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
	(Mbbbls)	(Mbbbls)	(Mbbbls)	(Mbbbls)	(MMcf)	(MMcf)	(Mbbbls)	(Mbbbls)
PROVED								
Developed Producing	259.0	235.7	-	-	-	-	-	-
Developed Non-Producing	765.6	696.9	-	-	1,686.8	1,686.8	-	-
Undeveloped	735.4	669.2	-	-	-	-	-	-
TOTAL PROVED	1,760.3	1,601.9	-	-	1,686.8	1,686.8	-	-
PROBABLE	242.0	220.2	-	-	11.9	11.9	-	-
TOTAL PROVED PLUS PROBABLE	2,002.3	1,822.1	-	-	1,698.7	1,698.7	-	-

Notes:

1. Estimates of Reserves of natural gas include associated and non-associated gas.
2. "Gross Reserves" are Company's working interest share of remaining reserves before the deduction of royalties.
3. "Net Reserves" are Company's working interest share of remaining reserves less all Crown, freehold and overriding royalties and interests.
4. Income tax estimated by the Company, due to concession is a "Mining Concession" there are no income taxes paid.

ITEM 2.1b NET PRESENT VALUES (NPV) OF FUTURE NET REVENUE (FNR) (expressed in US dollars)

Reserves Category	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0	5	10	15	20	0	5	10	15	20
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
PROVED										
Developed Producing	2,146	1,931	1,757	1,614	1,495	2,146	1,931	1,757	1,614	1,495
Developed Non-Producing	59,003	41,546	32,274	26,109	21,674	55,444	39,612	30,792	24,874	20,605
Undeveloped	34,051	25,357	19,373	15,123	12,021	34,051	25,357	19,373	15,123	12,021
TOTAL PROVED	95,200	68,834	53,404	42,846	35,191	91,641	66,900	51,922	41,611	34,122
PROBABLE	12,098	8,742	6,461	4,872	3,738	12,077	8,723	6,445	4,857	3,725
TOTAL PROVED PLUS PROBABLE	106,410	76,802	59,182	47,106	38,376	101,132	75,623	58,367	46,469	37,847

ITEM 2.1c TOTAL FUTURE NET REVENUE (UNDISCOUNTED)

Reserves Category	Revenue (M\$) ⁽¹⁾	Royalties (M\$) ⁽²⁾	Operating Costs (M\$)	Develop- ment Costs (M\$)	Well Abandon- ment Costs & Reclama- tion (M\$)	Future Net Revenue (M\$)	Income Taxes (M\$) ⁽³⁾	Future Net Revenue After Income Taxes (M\$)
Proved Developed Producing	16,077	1,447	12,484	0	560	1,586	0	1,586
Proved Dev. Non-Producing	76,588	4,509	8,698	4,360	2,700	56,321	3,574	52,747
Proved Undeveloped	48,089	4,328	4,209	5,500	0	34,052	0	34,052
TOTAL PROVED	140,754	10,284	25,392	9,860	3,260	91,958	3,574	88,384
PROBABLE	16,181	1,441	640	2,000	0	12,100	21	12,079
TOTAL PROVED PLUS PROBABLE	156,935	11,726	26,033	11,860	3,260	104,056	3,596	100,460

Notes:

1. Total revenue includes revenue before royalty and includes other income before ARTC.
2. Royalties include Crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC.
3. Income Tax is only paid on the Italian assets, the Argentina assets are Income Tax exempt due to being a mining lease concession.

ITEM 2.1d FUTURE NET REVENUE BY PRODUCTION GROUP

		Future Net Revenue Before Income Taxes (discounted at 10%/year) (M\$)	Unit Value Before Income Taxes (discounted at 10%/year) (\$/Bbl, \$/Mcf)
Proved	Light and Medium Crude Oil (including solution gas)	47,044	29.36
	Heavy Oil	-	
	Natural Gas (including by-products but excluding gas from oil wells)	6,359	3.7702
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	53,384	29.29
	Heavy Oil	-	
	Natural Gas (including by-products but excluding gas from oil wells)	6,464	3.8057

Supplemental Disclosure of Reserves Data (Constant Prices and Cost)

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF MARCH 31, 2013
CONSTANT PRICES AND COSTS**

ITEM 2.2a SUMMARY OF OIL AND GAS RESERVES

Reserves Category	RESERVES							
	Oil				Gas			
	Light and Medium		Heavy		Natural Gas ⁽¹⁾		Natural Gas Liquids	
	Gross ⁽²⁾ (Mbbbls)	Net ⁽³⁾ (Mbbbls)	Gross ⁽²⁾ (Mbbbls)	Net ⁽³⁾ (Mbbbls)	Gross ⁽²⁾ (MMcf)	Net ⁽³⁾ (MMcf)	Gross ⁽²⁾ (Mbbbls)	Net ⁽³⁾ (Mbbbls)
PROVED								
Developed Producing	268	245	-	-	-	-	-	-
Developed Non-Producing	765	696	-	-	1,688	1,688	-	-
Undeveloped	734	668	-	-	-	-	-	-
TOTAL PROVED	1,768	1,609	-	-	1,688	1,688	-	-
PROBABLE	242	220	-	-	12	12	-	-
TOTAL PROVED PLUS PROBABLE	2,010	1,829	-	-	1,700	1,700	-	-

Notes:

1. Estimates of Reserves of natural gas include associated and non-associated gas.
2. "Gross Reserves" are Company's working interest share of remaining reserves before the deduction of royalties.
3. "Net Reserves" are Company's working interest share of remaining reserves less all Crown, freehold and overriding royalties and interests.
4. Income tax estimated by the Company, due to concession is a "Mining Concession" there are no income taxes paid.

ITEM 2.2b NET PRESENT VALUES (NPV) OF FUTURE NET REVENUE (FNR) (expressed in US dollars)

Reserves Category	BEFORE INCOME TAXES DISCOUNTED AT					AFTER INCOME TAXES DISCOUNTED AT				
	(%/year)					(%/year)				
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
PROVED										
Developed Producing	2,705	2,407	2,169	1,976	1,816	2,705	2,407	2,169	1,976	1,816
Developed Non-Producing	52,995	38,628	30,522	24,971	20,901	50,081	36,876	29,139	23,801	19,880
Undeveloped	31,407	23,608	18,183	14,293	11,432	31,407	23,608	18,183	14,293	11,432
TOTAL PROVED	87,107	64,644	50,875	41,241	34,150	84,193	62,892	49,491	40,071	33,128
PROBABLE	10,864	7,889	5,857	4,434	3,414	10,843	7,871	5,842	4,419	3,402
TOTAL PROVED PLUS PROBABLE	97,971	72,533	56,732	45,675	37,564	95,036	70,763	55,333	44,491	36,530

ITEM 2.2c TOTAL FUTURE NET REVENUE (UNDISCOUNTED)

Reserves Category	Revenue (M\$) ⁽¹⁾	Royalties (M\$) ⁽²⁾	Operating Costs (M\$)	Develop- ment Costs (M\$)	Well Abandon- ment Costs & Reclama- tion (M\$)	Future Net Revenue (M\$)	Income Taxes (M\$) ⁽³⁾	Future Net Revenue After Income Taxes (M\$)
Proved Developed Producing	16,134	1,452	11,978	0	560	2,145	0	2,145
Proved Dev Non-producing	67,622	4,132	6,117	4,360	2,700	50,313	2,929	47,384
Proved Undeveloped	44,047	3,964	3,175	5,500	0	31,408	0	31,408
TOTAL PROVED	127,804	9,549	21,271	9,860	3,260	83,864	2,929	80,935
PROBABLE	14,674	1,307	503	2,000	0	10,865	20	10,845
TOTAL PROVED PLUS PROBABLE	142,478	10,855	21,773	11,860	3,260	94,730	2,950	91,780

Notes:

1. Total revenue includes revenue before royalty and includes other income before ARTC.
2. Royalties include Crown royalties, overriding royalties, freehold royalties and mineral taxes less ARTC.
3. Income Tax is only paid on the Italian assets, the Argentina assets are Income Tax exempt due to being a mining lease concession.

ITEM 2.2d FUTURE NET REVENUE BY PRODUCTION GROUP

		Future Net Revenue Before Income Taxes (discounted at 10%/year) (M\$)	Unit Value Before Income Taxes (discounted at 10%/year) (\$/Bbl, \$/Mcf)
Proved	Light and Medium Crude Oil (including solution gas)	45,100	28.026
	Heavy Oil	-	
	Natural Gas (including by-products but excluding gas from oil wells)	5,774	3.4199
Proved Plus Probable	Light and Medium Crude Oil (including solution gas)	50,840	27.790
	Heavy Oil	-	
	Natural Gas (including by-products but excluding gas from oil wells)	5,891	3.4646

NOTES AND DEFINITIONS

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

"**Gross**" means:

in relation to Canoel's interest in production and reserves, its "Company gross reserves", which are Canoel's interest share before deduction of royalties and without including any royalty interests of the country of Argentina;

in relation to wells, the total number of wells in which Canoel has an interest; and

in relation to properties, the total area of properties in which Canoel has an interest.

"**Net**" means:

in relation to Canoel's interest in production and reserves, its "Company gross reserves", which are Canoel's interest share after deduction of royalties obligations, plus Canoel's royalty interest in production or reserves;

in relation to wells, the number of wells obtained by aggregating Canoel's working interest in each of its gross wells; and

in relation to Canoel's interest in a property, the total area in which Canoel has an interest multiplied by the working interest owned by Canoel.

The crude oil reserve estimates presented in the 2013 Report are based on the definitions and guidelines contained in the COGE Handbook. A summary of those definitions are set forth below:

Reserve Categories

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

analysis of drilling, geological, geophysical and engineering data;

the use of established technology; and

specified economic conditions (see "*Economic Assumptions*" below).

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

- (a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

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

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

- (a) Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

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

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

- 2 at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A qualitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

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

Disclosure of Reserves data for Forecast prices and costs

Future prices and costs that are:

generally acceptable as being a reasonable outlook of the future; and

if and only to the extent that, there are fixed or presently determinable future prices or costs to which Canoe is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

The oil produced in the Canoe fields of the San Jorge basin is considered medium weight oil, with specific gravity in the range of 18 to 22 degree API. The actual selling price of the Canoe oil, as stated by Canoe, is based on prices put forth by the government of Argentina, having a close relationship to the West Texas Intermediate (WTI) benchmark. Gas production is from Canoe's Italian properties and is under contract selling at a premium to the Henry Hub benchmark price used by McDaniel and Associates. Gas contract price is in Euros, converted to USD at a rate of 1 Euro = 1.3 USD.

Equation 1 Forecast Canoe Prices

$$\text{PriceOilCanoe} = \text{WTI} - 35 \text{ [US$/bbl]}$$

The WTI price forecast, together with other crude oil benchmarks, as published by McDaniel and Associates, April, 2013.

$$\text{PriceGasCanoe} = \text{Henry Hub} + 8.7856 \text{ [US$/MMBTU]}$$

The Henry Hub price forecast as published by McDaniel and Associates, April, 2013.

Supplementary Disclosures of reserve data for Constant prices and costs

Prices and costs used in an estimate that are:

Canoel's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies; and

if, and only to the extent that, there are fixed or presently determinable future prices or costs to which Canoel is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

Equation 2 Constant Canoel Price

$$\text{PriceCanoel} = \{\text{SalePrice}[\text{Canoel/gal}]\} - \text{DistributionTax}[\text{Canoel/gal}] / (\text{XchgeRate}[\text{Canoel}/\$]) \quad \text{in } [\$/\text{gal}]$$

Substituting values and using the conversion to express volume in barrels, we obtain

$$\text{PriceOilCanoel} = (1.4285 - 0.00) / 1.0000 [\$/\text{gal}] \times (42 \text{ gal/bbl}) [\$/\text{bbl}]$$

$$\text{PriceOilCanoel} = 60.00 [\$/\text{bbl}]$$

All oil sales in Argentina are based upon USD, there is no exchange rate adjustment factor.

$$\text{PriceGasCanoel} = \text{Henry Hub} + 8.7856 [\text{US}\$/\text{MMBTU}]$$

The Henry Hub price as published by McDaniel and Associates for April 2013.

Future Income Tax Expense

Future income expenses estimate:

The Argentina income tax rate of 35% was not applied because this unique type of concession, a Mining Concession, does not pay income taxes on the revenue in accordance with what is understood to be the tax provisions of Argentina.

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

"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:

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;

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;

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

provide improved recovery systems.

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

"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:

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;

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;

dry hole contributions and bottom hole contributions;

costs of drilling and equipping exploratory wells; and

costs of drilling exploratory type stratigraphic test wells.

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

PRICING ASSUMPTIONS

The following prices are the benchmark reference prices, as at March 31, 2013, and are reflected in the Reserves Data. These price assumptions were provided by Canoe.

Constant Prices Used in Supplemental Estimates

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF MARCH 31, 2013
CONSTANT PRICES AND COSTS**

Equation 2 Constant Canoe Oil Price

$$\text{PriceOilCanoel} = \{\text{SalePrice}[\text{Canoel/gal}]\} - \text{DistributionTax}[\text{Canoel/gal}] / (\text{XchgeRate}[\text{Canoel/\$}] \text{ in } [\$/\text{gal}])$$

Substituting values and using the conversion to express volume in barrels, we obtain

$$\text{PriceOilCanoel} = (1.4285 - 0.00) / 1.0000 [\$/\text{gal}] \times (42 \text{ gal/bbl}) [\$/\text{bbl}]$$

$$\text{PriceOilCanoel} = 60.00 [\$/\text{bbl}]$$

$$\text{PriceGasCanoel} = \text{Henry Hub} + 8.7856 [\text{US\$}/\text{MMBTU}]$$

Inflation rate data is presented below in ITEM 3.2.

Forecast Prices Used in Estimates

Equation 1 Forecast Canoe Oil Price

$$\text{PriceOilCanoel} = \text{WTI-35} [\text{US\$}/\text{bbl}]$$

$$\text{PriceGasCanoel} = \text{Henry Hub} + 8.7856 [\text{US\$}/\text{MMBTU}]$$

The WTI price forecast, together with other crude oil benchmarks, as published by McDaniel and Associates, April 2013, is provided in part below.

The Henry Hub price forecast as published by McDaniel and Associates, April, 2013, is provided in part below.

**ITEM 3.2 SUMMARY OF PRICING AND INFLATION
MARCH 31, 2013
FORECAST PRICES AND COSTS**

Year	WTI \$/bbl US	Edmonton Light Crude Oil \$/bbl Cdn	Alberta Heavy Crude Oil \$/bbl Cdn	Edmonton Condensate and Natural Gasolines \$/bbl Cdn	Edmonton Butanes \$/bbl Cdn	Edmonton Propane \$/bbl Cdn	Inflation Rate (%/Yr)	Exchange Rate (\$US/\$Cdn)
2013	95.00	92.00	66.20	102.00	72.80	35.80	2.0	1.000
2014	93.50	91.50	67.70	96.60	73.70	44.60	2.0	1.000
2015	93.60	92.60	68.50	95.70	74.60	52.00	2.0	1.000
2016	95.50	94.50	69.90	97.70	76.20	53.70	2.0	1.000
2017	97.40	96.40	71.30	99.60	77.70	55.60	2.0	1.000
2018	99.40	98.30	72.70	101.60	79.20	57.30	2.0	1.000
2019	101.40	100.30	74.20	103.70	80.80	58.40	2.0	1.000

Year	U.S. Henry Hub Gas Price \$US/MMBtu	Alberta AECO Spot Price \$/C/MMBtu	Alberta Avg Plantgate \$/C/MMBtu	Alberta Aggregator Plantgate \$/C/MMBtu	Alberta Spot Sales Plantgate \$/C/MMBtu	Sask Prov Gas Plantgate \$/C/MMBtu	Sask Spot Sales Plantgate \$/C/MMBtu	B.C. Avg Plantgate \$/C/MMBtu
2013	4.10	3.65	3.45	3.45	3.45	3.55	3.55	3.35
2014	4.30	3.85	3.65	3.65	3.65	3.75	3.75	3.55
2015	4.85	4.35	4.15	4.15	4.15	4.25	4.25	4.05
2016	5.25	4.70	4.50	4.50	4.50	4.60	4.60	4.40
2017	5.70	5.10	4.90	4.90	4.90	5.00	5.00	4.80
2018	6.10	5.45	5.25	5.25	5.25	5.35	5.35	5.15
2019	6.20	5.55	5.30	5.30	5.30	5.40	5.40	5.20
2020	6.35	5.70	5.45	5.45	5.45	5.55	5.55	5.35

RECONCILIATION OF CHANGES IN RESERVES**Reserves reconciliation – forecast price case GROSS as at March 31, 2013**

	Total Oil (BBLs)	Light/Med Oil (BBLs)	Heavy Oil (BBLs)	Sales Gas (MMCF)	NGL (BBLs)	BOE (BBLs)
Total Proved Producing						
Opening Balance - April 1, 2012		466,486				466,486
Acquisition		0				0
Economic Factors		-167,149				-167,149
Production		-40,326				-40,326
Closing Balance - April 1, 2013		259,011				259,011
Total Proved Developed Non-Producing						
Opening Balance - April 1, 2012		764,886		0		764,886
Acquisition				1,688		281,333
Economic Factors		453				453
Production						
Closing Balance - April 1, 2013		765,339		1,688		1,046,119
Total Proved Undeveloped						
Opening Balance - April 1, 2012		733,357				766,357
Acquisition						
Economic Factors		761				761
Production						
Closing Balance - April 1, 2013		734,118				734,118
Total Proved						
Opening Balance - April 1, 2012		1,964,729		0		1,964,729
Acquisition				1,688		
Economic Factors		-167,149				-167,149
Production		-40,326				-40,326

Closing Balance - April 1, 2013	1,758,468	1,688	2,039,801
Total Proved + Probable			
Opening Balance - April 1, 2012	2,206,729	0	2,206,729
Acquisition		1,700	283,333
Economic Factors	-167,149		-167,326
Production	-40,326		-40,326
Closing Balance - April 1, 2013	2,010,368	1,700	2,293,701

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

The 2014, 2015 and 2016 programs will consist of ten workovers planned for 2014 in the Don Alberto field (DA-264, 266, 267, 268, 272, 273, 279, 285, 286 and the 1001) which are currently in the proved non-producing category, two workovers in the Canaldente field and two workovers in the Torrente Vulgano field, both located in Italy. In Don Alberto the drilling of two wells in the proved undeveloped category in 2014 and four in 2015. The 2016 program will consist of drilling two proved undeveloped wells and two probable undeveloped wells in the Don Alberto field.

ITEM 5.1a Proved Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped reserves that were attributed to each of Canoel's product types for the years ended March 31, 2011, 2012 and 2013 using both constant and forecast prices and costs. Canoel did not have any undeveloped oil and gas assets prior to fiscal 2012.

Proved Undeveloped Reserves

Period Ended	Medium Oil Liquids (Mbbbls)	Medium Oil Liquids (Mbbbls)
	First Attributed	Booked
<u>Constant Prices</u>		
Prior to 2012	0	0
March 31, 2012	667.355	0
March 31, 2013	668.048	0
<u>Forecast Prices</u>		
Prior to 2012	0	0
March 31, 2012	668.048	0
March 31, 2013	668.745	0

ITEM 5.1b Probable Undeveloped Reserves

The following table sets forth the volumes of probable undeveloped reserves that were attributed to each of Canoel's product types for the years ended March 31, 2011, 2012 and 2013 using both constant and forecast prices and costs. Canoel did not have any oil and gas assets prior to fiscal 2012.

Probable Undeveloped Reserves

Period Ended	Light and Medium Oil Liquids (Mbbls)	Light and Medium Oil Liquids (Mbbls)
	First Attributed	Cumulative at year end
<u>Constant Prices</u>		
March 31, 2011	0	0
March 31, 2012	220.220	0
March 31, 2013	220.220	0
<u>Forecast Prices</u>		
March 31, 2011	0	0
March 31, 2012	220.220	0
March 31, 2013	220.220	0

Significant Factors or Uncertainties

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

Future Development Costs

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

Year	Forecast Prices and Costs		Constant Prices and Costs	
	Proved Reserves (M\$)	Proved Plus Probable Reserves (M\$)	Proved Reserves (M\$)	Proved Plus Probable Reserves (M\$)
2013	0	0	0	0
2014	5,360.0	5,360.0	5,360.0	5,360.0
2015	2,500.0	2,500.0	2,500.0	2,500.0
2016	2,000.0	4,000.0	2,000.0	4,000.0
2017				
Remaining				
Total	9,860.0	11,860.0	9,860.0	11,860.0
Undiscounted	9,860.0	11,860.0	9,860.0	11,860.0
Discounted at 10%/yr	6,372.8	7,539.0	8,308.4	9,787.4

Note:

- (1) Future development costs will be funded out of cash flow and existing working capital.
- (2) Future development costs are escalated 2% per year in the forecast Price and Costs Case

CanoeI will require up to \$11.860MM to fund its 2014, 2015 and 2016 workover and drilling program to include ten wells and ten recompletions in the Don Alberto Field located in Argentina, two workovers in the Canaldente field located in Italy and two workovers in the Torrente Vulgano field also located in Italy. CanoeI intends to fund its share of future development costs by a combination of equity, and future revenue from its share of oil and gas sales.

OTHER OIL AND GAS INFORMATION**Oil and Gas Properties and Wells**

The following is a description of Canoe's principal oil and natural gas properties on production or under development as at March 31, 2013. All properties are located in the countries of Argentina and Italy.

PRODUCING LANDS**ARGENTINA****Don Alberto:**

Gross Land:	491.7 acres = 199 hectares
Net Land:	199 hectares
Working Interest:	100%
Land Description:	Onshore, approximately 5 Km from the city of Comodoro Rivadavia, Chubut Province, Argentina
Wells:	31 oil wells of which 8 are producing and 23 are non-producing.

Don Ernesto:

Gross Land:	239.7 acres = 97 hectares
Net Land:	97 hectares
Working Interest:	100%
Land Description:	Onshore, approximately 5 Km from the city of Comodoro Rivadavia, Chubut Province, Argentina
Wells:	15 oil wells of which 5 are producing and 10 are non-producing.

UNDEVELOPED LANDS:**ARGENTINA**

There are 102.4 hectares (253.0 acres) undeveloped lands owned by Canoe International Energy, Ltd.

Oil and Gas Wells

The following table sets forth the number and status of wells in which Canoel has a working interest in Argentina as of March 31, 2013.

	Oil Wells			
	Producing		Non-Producing	
	Gross	Net	Gross	Net
Don Alberto	8.0	8.0	23.0	23.0
Don Ernesto	5.0	5.0	10.0	10.0
Total	13.0	13.0	33.0	33.0

Properties with No Attributable Reserves

The following table sets out Canoel's developed and undeveloped land holdings in Argentina as at March 31, 2013.

	Developed Hectares		Undeveloped Hectares		Total Hectares	
	Gross	Net	Gross	Net	Gross	Net
Argentina	196	196	102.4	102.4	298.4	298.4

There are no developed or undeveloped land holdings in Argentina, as of March 31, 2013, that have any unusual or negatively (or positively) impacted constraints placed upon them, either by location or by geology.

Italy

Canaldente:

Gross Land: 15,320 acres = 6,200 hectares

Net Land: 15,320 acres = 6,200 hectares

Working Interest: 100%

Land Description: Onshore, approximately 55 Km from the city of Matera in the province of Matera, Italy.

Wells: 1 gas well which currently is not producing.

Torrente Vulgano:

Gross Land: 11,119 acres = 4,500 hectares

Net Land:	4,500 hectares
Working Interest:	100%
Land Description:	Onshore, approximately 20 Km from the city of Ovest di Foggia in the province of Foggia, Italy.
Wells:	15 gas wells of which all are currently non-producing.

UNDEVELOPED LANDS:

Italy

There are no undeveloped lands owned by Canoel International Energy, Ltd.

Oil and Gas Wells

The following table sets forth the number and status of gas wells in which Canoel has a working interest in Italy as of March 31, 2013. Canoel currently has not working interest in oil wells in Italy.

	Gas Wells			
	Producing		Non-Producing	
	Gross	Net	Gross	Net
Canaldente	0.0	0.0	1.0	1.0
Torrente Vulgano	0.0	0.0	15.0	15.0
Total	0.0	0.0	16.0	16.0

Properties with No Attributable Reserves

The following table sets out Canoel's developed and undeveloped land holdings in Italy as at March 31, 2013.

	Developed Hectares		Undeveloped Hectares		Total Hectares	
	Gross	Net	Gross	Net	Gross	Net
Italy	10,700	10,700	0	0	10,700	10,700

There are no developed or undeveloped land holdings in Italy, as of March 31, 2013, that have any unusual or negatively (or positively) impacted constraints placed upon them, either by location or by geology.

Forward Contracts

Canoel has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

With respect to abandonment and reclamation costs for surface leases, wells, facilities and pipelines, the Company estimates such costs using experience in the area and historical capital required to abandon and reclaim the well sites. These have been reflected in the reserve report. The undiscounted abandonment and reclamation cost for each category are listed below. The net present value discounted at 10% for these costs are \$799.2 M\$ in the proven category and \$799.2 M\$ in the proven plus probable category. Expected future abandonment costs related to facilities are expected to match salvage value recovery. The Company does not envision abandoning any wells in the next three years.

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

	Forecast Prices and Costs Total Abandonment and Reclamation Costs Including Well Abandonment and Disconnect Costs all Net of Salvage (M\$)
Total Proved Reserves (yr)	
2013	
2014	
2015	
2016	
Remaining	<u>3,260.0</u>
Total	3,260.0
Proved Plus Probable	
Reserves (yr)	
2013	
2014	
2015	
2016	
Remaining	<u>3,260.0</u>
Total	3,260.0

Tax Horizon

The Company was not required to pay any cash income taxes for the period that ended March 31, 2013. This is based upon the only production is from the Argentina concession which is a Mining Concession and is exempt from income taxes.

ITEM 6.6 Costs Incurred**Capital Expenditures**

The following table summarizes capital expenditures (including capitalized general and administrative expenses) related to Canoel's activities for the year ended March 31, 2013.

	(M\$)
Property acquisition costs	0.0
Proved properties	0.0
Unproved properties	0.0
Exploration costs	0.0
Development costs	0.0
Total	<u>\$0.0</u>

ITEM 6.7 Exploration and Development Activities

Canoel intends to do 4 workovers in 2013, 10 workovers in 2014, drill 2 development wells (2 net) in 2014, drill 4 development wells (4 net) in 2015 and drill 4 development wells (4 net) in 2016. There will be no exploration wells drilled.

ITEM 6.8 Production Estimates

The following table sets out the volume of Canoel's production estimated for the year ended March 31, 2014 which is reflected in the estimate of future net revenue disclosed in the tables contained under the heading "*Disclosure of Reserves Data*" above.

Reserves Category	Forecast Prices and Costs Net Daily Production ⁽²⁾	Constant Prices and Costs Net Daily Production ⁽²⁾
Medium Oil (Bbls/d)	336.2	336.2
Gas (Mcf/d)	359.7	359.7
Total ⁽¹⁾ (BOE/d)	396.1	396.1

Notes:

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

ITEM 6.9 Production History

Production began in the Don Alberto and Don Ernesto fields in 1916, the tables below show the last 12 months monthly production for each field.

Month	Received Price (\$/Bbl)	Don Alberto Field	
		Oil Production (Bbls)	Cumulative Oil Production (Bbls)
April, 2012	60.00	1954.00	6,209,657.00
May	60.00	2070.00	6,211,727.00
June	60.00	2099.00	6,213,826.00
July	60.00	1975.00	6,215,801.00
August	60.00	2183.00	6,217,984.00
September	60.00	2546.00	6,220,530.00
October	60.00	3149.00	6,223,679.00
November	60.00	3898.00	6,227,577.00
December	60.00	3871.00	6,231,448.00
January, 2013	60.00	2222.00	6,233,670.00
February	60.00	2157.00	6,235,827.00
March	60.00	3146.00	6,238,973.00
2013 Production		31,270.00	6,238,973.00

Month	Received Price (\$/Bbl)	Don Ernesto Field	
		Oil Production (Bbls)	Cumulative Oil Production (Bbls)
April, 2012	60.00	1,094.00	1,201,421.00
May	60.00	1,106.00	1,201,863.00
June	60.00	1,313.00	1,202,321.00
July	60.00	1,276.00	1,202,696.00
August	60.00	1,092.00	1,203,051.00
September	0.00	0.00	1,204,018.00
October	60.00	1,058.00	1,204,946.00
November	60.00	634.00	1,206,040.00
December	60.00	639.00	1,207,138.00
January, 2013	60.00	370.00	1,207,938.00
February	60.00	614.00	1,208,906.00
March	60.00	749.00	1,209,998.00
2013 Production		9,056.00	1,209,998.00

The Canaldente gas field has been shut in since 1986 and the Torrente Vulgano gas field has been shut in since 2001, hence there has been no production for the last 12 months. Historical cumulative field production has been:

Canaldente: 0.5 MMCF

Torrente Vulgano: 8,548.9 MMCF

FORM 51-101F3

**Report of
Management and Directors
on Oil and Gas Disclosure**

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

1. Terms to which a meaning is ascribed in *NI 51-101* have the same meaning in this form.¹
2. The report referred to in item 3 of section 2.1 of *NI 51-101* must in all material respects be as follows:

Report of Management and Directors on Reserves Data and Other Information

Management of Canoe International Energy Ltd. (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 net revenue as at March 31, 2012, estimated using forecast and constant prices and costs.

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

The board of directors of the Company has

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

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

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

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

(c) the content and filing of this report.

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

"Andrea Cattaneo"

Andrea Cattaneo
President and Chief Executive Officer

"Luigi Regis Milano"

Luigi Regis Milano
Chief Financial Officer

"Dario Soderò"

Dario Soderò
Director

"Erik Larre"

Erik Larre
Director

Dated the 2nd day of July, 2013.

APPENDIX "B"**NATIONAL INSTRUMENT FORM 51-101F2****REPORT ON RESERVES DATA**

To the board of directors of Canoe International Energy, Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as of March 31, 2013. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as of March 31, 2013, estimated using constant prices and costs; 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 audit 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 and 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 constant prices and costs and 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 ended March 31, 2013 and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors.

CONSTANT PRICES AND COSTS

Independent Qualified Reserves Evaluator	Description & Preparation Date of Evaluation Report	Net Present Value of Future Net Revenue (before income tax, 10% discount rate)				
		Location of Reserves	Audited M\$-US	Evaluated M\$-US	Reviewed M\$-US	Total M\$-US
Ralph E. Davis Associates, Inc.	Appraisal Report as of March 31, 2013 on Certain Properties owned by Canoel International Energy, Ltd. Dated July 2, 2013	Argentina and Italy	-	56,732	-	56,732

FORECASTED PRICES AND COSTS

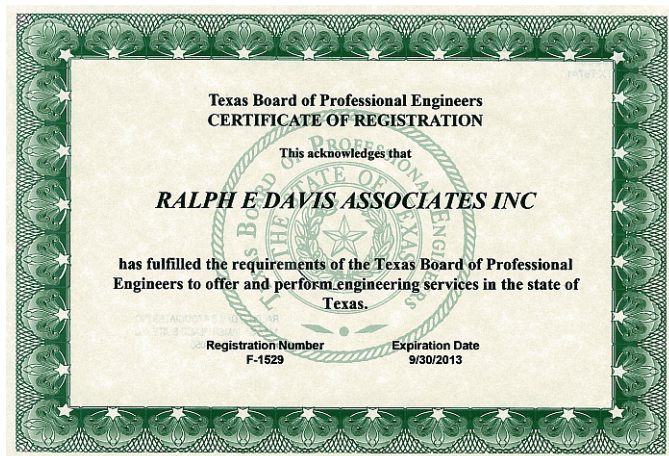
Independent Qualified Reserves Evaluator	Description & Preparation Date of Evaluation Report	Net Present Value of Future Net Revenue (before income tax, 10% discount rate)				
		Location of Reserves	Audited M\$-US	Evaluated M\$-US	Reviewed M\$-US	Total M\$-US
Ralph E. Davis Associates, Inc.	Appraisal Report as of March 31, 2013 on Certain Properties owned by Canoel International Energy, Ltd Dated July 2, 2013	Argentina and Italy	-	59,866	-	59,866

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 circumstance occurring after their respective preparation dates.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Ralph E. Davis Associates, Inc. dated July 2, 2013.

RALPH E. DAVIS ASSOCIATES, INC.



Allen C. Barron
Allen C. Barron, P.E.
President

