

Form 51-101F1

Kroes Energy Inc.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Effective December 31, 2008

Prepared on April 23, 2009

ABBREVIATIONS AND CONVERSION

In this document, Kroes Energy Inc. is referred to as Kroes or the Company and the abbreviations set forth below have the following meanings:

Oil, Natural Gas Liquids and Natural Gas

Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	Mmcf	million cubic feet
Mbbbls	thousand barrels	Mcf/d	thousand cubic feet per day
Mmbbls	million barrels	Mmcf/d	million cubic feet per day
Mstb	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bcf	billion cubic feet
BOPD	barrels of oil per day	GJ	Gigajoule
STB	standard tank barrels		
NGLs	natural gas liquids		

Other

AECO	EnCana Corp's natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
ARTC	Alberta Royalty Tax Credit
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 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.
BOE/d	barrel of oil equivalent per day
m ³	cubic meters
MBOE	1,000 barrels of oil equivalent
\$000 or M\$	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade.

RESERVES DATA AND FUTURE NET REVENUE

In accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, Paddock Lindstrom and Associates Ltd.. (“PLA”) prepared an independent engineering evaluation, as at December 31, 2008 of Kroes’ oil and gas interests and reserves. The date of preparation of the “PLA Report” was April 13th, 2009. The tables below are a summary of the oil, NGL and natural gas reserves of the Company and the net present value of future net revenue attributable to such reserves as evaluated in the PLA Report based on forecast price and cost assumptions. The tables summarized the data contained in the PLA Report and as a result may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly. **The net present value of future net revenue attributable to the Company’s reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by PLA. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company’s reserves estimated by PLA represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.**

The PLA Report is based on certain factual data supplied by the Company and PLA’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Company’s petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Kroes to PLA and accepted without any further investigation. PLA accepted this data as presented and neither title searches nor field inspections were conducted.

PART 2 DISCLOSURE OF RESERVES DATA

Item 2.1 Reserves Data (Forecast Prices and Costs)

Summary of Oil and Gas Reserves

2.1

NI 51-101
KROES ENERGY INC.
SUMMARY OF OIL AND GAS RESERVES
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008

Volumes In Imperial Units														
Reserves Category	Oil				Natural Gas									
	<u>Light and Medium</u>		<u>Heavy</u>		<u>Solution</u>		<u>Assoc. & Non-Assoc.</u>		<u>Coalbed Methane</u>		<u>Natural Gas Liquids</u>		<u>Sulphur</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
	(MStb)	(MStb)	(MStb)	(MStb)	(MMcf)	(MMcf)	(MMcf)	(MMcf)	(MMcf)	(MMcf)	(MStb)	(MStb)	(LT)	(LT)
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	623.6	502.5	0.0	0.0	4.7	3.2	0.0	0.0
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	91.5	77.1	0.0	0.0	0.0	0.0	0.0	0.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	715.1	579.6	0.0	0.0	4.7	3.2	0.0	0.0
Probable Additional	0.0	0.0	0.0	0.0	0.0	0.0	300.2	233.6	0.0	0.0	4.9	3.3	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	1,015.3	813.2	0.0	0.0	9.7	6.5	0.0	0.0

Volumes In Metric Units														
Reserves Category	Oil				Natural Gas									
	<u>Light and Medium</u>		<u>Heavy</u>		<u>Solution</u>		<u>Assoc. & Non-Assoc.</u>		<u>Coalbed Methane</u>		<u>Natural Gas Liquids</u>		<u>Sulphur</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
	(E3M3)	(E3M3)	(E3M3)	(E3M3)	(E6M3)	(E6M3)	(E6M3)	(E6M3)	(E6M3)	(E6M3)	(E3M3)	(E3M3)	(t)	(t)
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	17.6	14.2	0.0	0.0	0.8	0.5	0.0	0.0
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.2	0.0	0.0	0.0	0.0	0.0	0.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	20.1	16.3	0.0	0.0	0.8	0.5	0.0	0.0
Probable Additional	0.0	0.0	0.0	0.0	0.0	0.0	8.5	6.6	0.0	0.0	0.8	0.5	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	28.6	22.9	0.0	0.0	1.5	1.0	0.0	0.0

NI 51-101
KROES ENERGY INC.
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008

Reserves Category	Before Income Taxes				
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)
Proved Developed Producing	3,270.0	2,835.1	2,521.1	2,282.8	2,095.2
Proved Developed Non-Producing	248.0	190.0	146.0	112.2	85.6
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0
Total Proved	3,518.0	3,025.1	2,667.1	2,394.9	2,180.8
Probable Additional	1,781.2	1,227.4	931.3	746.5	620.3
Total Proved + Probable	5,299.3	4,252.5	3,598.4	3,141.5	2,801.1

Reserves Category	After Income Taxes				
	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)
Proved Developed Producing	3,270.0	2,835.1	2,521.1	2,282.8	2,095.2
Proved Developed Non-Producing	248.0	190.0	146.0	112.2	85.6
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0
Total Proved	3,518.0	3,025.1	2,667.1	2,394.9	2,180.8
Probable Additional	1,781.2	1,227.4	931.3	746.5	620.3
Total Proved + Probable	5,299.3	4,252.5	3,598.4	3,141.5	2,801.1

Net present Value of Future Net Revenue By Production Group

	Future Net Revenue Before Income Taxes (Discounted at 10%) (M\$)
Total Proved	
Light and Medium Crude Oil (including solution gas and other by-products)	0.0
Heavy Oil (including solution gas and other by-products)	0.0
Associated and Non-Associated gas (including by-products)	2,667.1
Coalbed Methane gas	0.0
Other Revenue	0.0
Total	2,667.1
Total Proved + Probable	
Light and Medium Crude Oil (including solution gas and other by-products)	0.0
Heavy Oil (including solution gas and other by-products)	0.0
Associated and Non-Associated gas (including by-products)	3,598.4
Coalbed Methane gas	0.0
Other Revenue	0.0
Total	3,598.4

NI 51-101
KROES ENERGY INC.
OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCTION GROUP
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008

	Reserves										
	Oil		Gas		Natural Gas Liquids		Net Present Value Before Tax				
	<u>Gross</u> (Mbbbl)	<u>Net</u> (Mbbbl)	<u>Gross</u> (MMcf)	<u>Net</u> (MMcf)	<u>Gross</u> (Mbbbl)	<u>Net</u> (Mbbbl)	<u>0%</u> (M\$)	<u>5%</u> (M\$)	<u>10%</u> (M\$)	<u>15%</u> (M\$)	<u>20%</u> (M\$)
Light and Medium Oil											
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Probable Additional	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Heavy Oil											
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Probable Additional	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Associated and Non-Associated Gas											
Proved Developed Producing	0.0	0.0	623.6	502.5	4.7	3.2	3,270.0	2,835.1	2,521.1	2,282.8	2,095.2
Proved Developed Non-Producing	0.0	0.0	91.5	77.1	0.0	0.0	248.0	190.0	146.0	112.2	85.6
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	715.1	579.6	4.7	3.2	3,518.0	3,025.1	2,667.1	2,394.9	2,180.8
Probable Additional	0.0	0.0	300.2	233.6	4.9	3.3	1,781.2	1,227.4	931.3	746.5	620.3
Total Proved + Probable	0.0	0.0	1,015.3	813.2	9.7	6.5	5,299.3	4,252.5	3,598.4	3,141.5	2,801.1
Coalbed Methane											
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Probable Additional	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

NI 51-101
KROES ENERGY INC.
UNIT VALUE OF NET RESERVES BY PRODUCTION GROUP
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008

	<u>Reserves</u>		<u>Net Present</u>	<u>Unit</u>
	<u>Net Oil</u>	<u>Net Gas</u>	<u>Value (10%)</u>	<u>Value</u>
	(Mbbbl)	(MMcf)	(M\$)	(\$/bbl or \$/Mcf)
Light and Medium Oil				
Proved Developed Producing	0.0		0.0	0.0
Proved Developed Non-Producing	0.0		0.0	0.0
Proved Undeveloped	0.0		0.0	0.0
Total Proved	0.0		0.0	0.0
Probable Additional	0.0		0.0	0.0
Total Proved + Probable	0.0		0.0	0.0
Heavy Oil				
Proved Developed Producing	0.0		0.0	0.0
Proved Developed Non-Producing	0.0		0.0	0.0
Proved Undeveloped	0.0		0.0	0.0
Total Proved	0.0		0.0	0.0
Probable Additional	0.0		0.0	0.0
Total Proved + Probable	0.0		0.0	0.0
Associated and Non-Associated Gas				
Proved Developed Producing		502.5	2,521.1	5.0
Proved Developed Non-Producing		77.1	146.0	1.9
Proved Undeveloped		0.0	0.0	0.0
Total Proved		579.6	2,667.1	4.6
Probable Additional		233.6	931.3	4.0
Total Proved + Probable		813.2	3,598.4	4.4
Coalbed Methane				
Proved Developed Producing		0.0	0.0	0.0
Proved Developed Non-Producing		0.0	0.0	0.0
Proved Undeveloped		0.0	0.0	0.0
Total Proved		0.0	0.0	0.0
Probable Additional		0.0	0.0	0.0
Total Proved + Probable		0.0	0.0	0.0

2.1

NI 51-101
KROES ENERGY INC.
TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008

Reserves Category	Revenue	Royalties	Operating	Development	Well	Future Net		Future Net
	(M\$)	(M\$)	Costs	Costs	Abandonment	Revenue	Income Taxes	Revenue
			(M\$)	(M\$)	Costs	Before Income	Taxes	After Income
					(M\$)	Taxes	(M\$)	Taxes
						(M\$)		(M\$)
Proved Developed Producing	5,575.5	1,134.7	1,081.0	0.0	89.9	3,270.0	0.0	3,270.0
Proved Developed Non-Producing	767.3	113.7	211.3	170.0	24.3	248.0	0.0	248.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	6,342.8	1,248.4	1,292.3	170.0	114.1	3,518.0	0.0	3,518.0
Probable Additional	3,535.3	752.8	929.4	60.0	11.9	1,781.2	0.0	1,781.2
Total Proved + Probable	9,878.1	2,001.1	2,221.7	230.0	126.0	5,299.3	0.0	5,299.3

Item 2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs)
The Company has elected not to disclose reserves based on constant prices and costs.

Item 2.3 Reserves Disclosure Varies With Accounting – N/A

Item 2.4 Future Net Revenue Disclosure Varies With Accounting – N/A

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used In Estimates

No supplemental disclosure under Item 2.2 has been made.

Item 3.2 Forecast Prices Used In Estimates

PLA employed the following pricing and exchange rate assumptions as of December 31, 2008 in estimating Kroes' reserves data using forecast prices and costs.

**PADDOCK LINDSTROM & ASSOCIATES LTD.
FORECAST PRICES AND COSTS ASSUMPTIONS**

December 31, 2008

WTI @ YEAR	CDN/US	WTI @ RATE	EDM	HARDISTY PRICE	HEAVY 25 API	CROMER 12 API	CONDEN- 29 API	SATE	BUTANEPROPANE			ETHANE	SULPHUR
	EXCHANGE CUSHING		REF CUSHING						\$/BBL	\$/BBL	\$/BBL		
\$/BBL		\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/BBL	\$/LT		
2009	60.00	0.840	71.43	70.18	52.18	42.18	65.27	70.88	56.14	42.11		22.61	30.00
2010	67.50	0.860	78.49	77.21	57.21	48.21	71.81	77.99	61.77	46.33		24.76	40.00
2011	75.00	0.880	85.23	83.93	63.53	55.53	78.05	84.77	67.14	50.36		25.89	50.00
2012	82.50	0.900	91.67	90.34	69.53	61.53	84.02	91.24	72.27	54.20		26.97	55.00
2013	90.00	0.900	100.00	98.65	77.42	69.42	91.74	99.63	78.92	59.19		28.70	60.00
2014	91.80	0.900	102.00	100.62	78.97	70.97	93.58	101.63	80.50	60.37		29.71	61.20
2015	93.64	0.900	104.04	102.63	80.55	72.55	95.45	103.66	82.11	61.58		30.30	62.42
2016	95.51	0.900	106.12	104.68	82.16	74.16	97.36	105.73	83.75	62.81		30.91	63.67
2017	97.42	0.900	108.24	106.78	83.80	75.80	99.30	107.85	85.42	64.07		31.53	64.95
2018	99.37	0.900	110.41	108.91	85.48	77.48	101.29	110.00	87.13	65.35		32.16	66.24
2019	101.35	0.900	112.62	111.09	87.19	79.19	103.32	112.20	88.87	66.66		32.80	67.57
2020	103.38	0.900	114.87	113.31	88.93	80.93	105.38	114.45	90.65	67.99		33.46	68.92
2021	105.45	0.900	117.17	115.58	90.71	82.71	107.49	116.74	92.46	69.35		34.13	70.30
2022	107.56	0.900	119.51	117.89	92.53	84.53	109.64	119.07	94.31	70.74		34.81	71.71
2023	109.71	0.900	121.90	120.25	94.38	86.38	111.83	121.45	96.20	72.15		35.50	73.14
2024	111.90	0.900	124.34	122.66	96.27	88.27	114.07	123.88	98.12	73.59		36.21	74.60
2025	114.14	0.900	126.82	125.11	98.19	90.19	116.35	126.36	100.09	75.06		36.94	76.09
2026	116.42	0.900	129.36	127.61	100.15	92.15	118.68	128.89	102.09	76.57		37.68	77.62
HENRY YEAR	HUB	ALBERTA AECO C	ALBERTA 1 YR FIRM	AGGRE- SPOT	GATOR	ALBERTA ALLIANCE	SASK AGRP	SASK SPOT	SUMAS	BC CANWEST	WELLHEAD		
\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU	\$/MMBTU
2009	6.75	7.24	6.96	6.96	6.96	6.71	6.96	7.06	7.06	7.29		7.04	6.54
2010	7.50	7.90	7.62	7.62	7.62	7.36	7.62	7.72	7.72	7.95		7.70	7.20
2011	8.00	8.26	7.97	7.97	7.97	7.71	7.97	8.07	8.07	8.31		8.06	7.56
2012	8.50	8.60	8.30	8.30	8.30	8.03	8.30	8.40	8.40	8.65		8.40	7.90
2013	9.00	9.13	8.83	8.83	8.83	8.56	8.83	8.93	8.93	9.18		8.93	8.43
2014	9.30	9.45	9.14	9.14	9.14	8.86	9.14	9.24	9.24	9.50		9.25	8.75
2015	9.49	9.64	9.32	9.32	9.32	9.04	9.32	9.42	9.42	9.69		9.44	8.94
2016	9.68	9.83	9.51	9.51	9.51	9.22	9.51	9.61	9.61	9.88		9.63	9.13
2017	9.87	10.03	9.70	9.70	9.70	9.41	9.70	9.80	9.80	10.08		9.83	9.33
2018	10.07	10.23	9.89	9.89	9.89	9.60	9.89	9.99	9.99	10.28		10.03	9.53
2019	10.27	10.43	10.09	10.09	10.09	9.79	10.09	10.19	10.19	10.48		10.23	9.73
2020	10.47	10.64	10.29	10.29	10.29	9.98	10.29	10.39	10.39	10.69		10.44	9.94
2021	10.68	10.86	10.50	10.50	10.50	10.18	10.50	10.60	10.60	10.91		10.66	10.16
2022	10.90	11.07	10.71	10.71	10.71	10.39	10.71	10.81	10.81	11.12		10.87	10.37
2023	11.11	11.29	10.92	10.92	10.92	10.59	10.92	11.02	11.02	11.34		11.09	10.59
2024	11.34	11.52	11.14	11.14	11.14	10.81	11.14	11.24	11.24	11.57		11.32	10.82
2025	11.56	11.75	11.37	11.37	11.37	11.02	11.37	11.47	11.47	11.80		11.55	11.05
2026	11.79	11.98	11.59	11.59	11.59	11.24	11.59	11.69	11.69	12.03		11.78	11.28

Note: All prices escalated at 2% per year after 2026
All costs escalated at 2% per year from 2009
First year forecast is for 12 months

PART 4 RECONCILIATIONS OF CHANGES IN RESERVES

Item 4.1 Reserves Reconciliation

The following table sets forth a reconciliation of Kroes' total proved, probable and total proved plus probable gross reserves as at December 31, 2008 against such reserves as at December 31, 2008 based on forecast price and cost assumptions.

NI 51-101 KROES ENERGY INC. RECONCILIATION OF COMPANY WORKING INTEREST RESERVES BY PRINCIPAL PRODUCT TYPE WORKING INTEREST SHARE												
Opening: 2007-12-31 Escalated Costs and Prices (\$Cdn)												
Closing: 2008-12-31 Forecast Prices and Costs - PLA December 31, 2008 Prices												
	Light & Medium Oil			Heavy Oil			Associated & Non-Associated Gas			Coalbed Methane		
	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf
Opening Balance	3.5	0.8	4.3	0.0	0.0	0.0	334.0	73.0	407.0	0.0	0.0	0.0
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.7	82.7	0.0	0.0	0.0
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-3.4	-0.8	-4.2	0.0	0.0	0.0	176.7	30.4	207.1	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	329.3	85.6	414.9	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	85.6	28.6	114.2	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	-0.1	0.0	-0.1	0.0	0.0	0.0	-210.5	0.0	-210.5	0.0	0.0	0.0
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	715.1	300.2	1,015.3	0.0	0.0	0.0

4.1

NI 51-101
KROES ENERGY INC.
RECONCILIATION OF COMPANY WORKING INTEREST RESERVES BY PRINCIPAL PRODUCT TYPE
OPENING: 2007-12-31 ESCALATED COSTS AND PRICES (\$CDN)
CLOSING: 2008-12-31 FORECAST PRICES AND COSTS - PLA DECEMBER 31, 2008 PRICES

	Light & Medium Oil			Heavy Oil			Associated & Non-Associated Gas			Coalbed Methane			Total		
	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable	WI Proved	WI Probable	WI Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb
OIL															
Opening Balance	3.5	0.8	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	0.8	4.3
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-3.4	-0.8	-4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-3.4	-0.8	-4.2
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GAS	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf
Opening Balance	24.0	6.0	30.0	0.0	0.0	0.0	334.0	73.0	407.0	0.0	0.0	0.0	358.0	79.0	437.0
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.7	82.7	0.0	0.0	0.0	0.0	82.7	82.7
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-23.5	-6.0	-29.5	0.0	0.0	0.0	176.7	30.4	207.1	0.0	0.0	0.0	153.3	24.4	177.7
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	329.3	85.6	414.9	0.0	0.0	0.0	329.3	85.6	414.9
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	85.6	28.6	114.2	0.0	0.0	0.0	85.6	28.6	114.2
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	-0.5	0.0	-0.5	0.0	0.0	0.0	-210.5	0.0	-210.5	0.0	0.0	0.0	-211.1	0.0	-211.1
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	715.1	300.2	1,015.3	0.0	0.0	0.0	715.1	300.2	1,015.3

NGL	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb
Opening Balance	0.3	3.4	8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	3.4	8.3
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	2.9	0.0	0.0	0.0	0.0	2.9	2.9
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-0.3	-3.4	-8.3	0.0	0.0	0.0	1.3	-2.9	-1.7	0.0	0.0	0.0	1.0	-6.4	-9.9
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	4.7	5.0	9.7	0.0	0.0	0.0	4.7	5.0	9.7
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0	-1.3	0.0	-1.3	0.0	0.0	0.0	-1.3	0.0	-1.3
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	4.7	5.0	9.7	0.0	0.0	0.0	4.7	5.0	9.7
BOEs	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE	MBOE
Opening Balance	7.8	5.2	17.6	0.0	0.0	0.0	55.7	12.2	67.8	0.0	0.0	0.0	63.5	17.4	85.4
Extensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.7	16.7	0.0	0.0	0.0	0.0	16.7	16.7
Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-7.6	-5.2	-17.3	0.0	0.0	0.0	30.7	2.1	32.9	0.0	0.0	0.0	23.2	-3.1	15.5
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	54.9	14.3	69.1	0.0	0.0	0.0	54.9	14.3	69.1
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	19.0	9.8	28.7	0.0	0.0	0.0	19.0	9.8	28.7
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	-0.2	0.0	-0.2	0.0	0.0	0.0	-36.4	0.0	-36.4	0.0	0.0	0.0	-36.6	0.0	-36.6
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	123.9	55.0	178.9	0.0	0.0	0.0	123.9	55.0	178.9

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 Undeveloped Reserves

**NI 51-101
KROES ENERGY INC.
PREVIOUS UNDEVELOPED NET RESERVES
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008**

Total Proved Undeveloped Reserves

Year	Light & Medium Oil		Heavy Oil		Associated & Non-Associated Gas		Coalbed Methane		NGL	
	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End
	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	Mstb	Mstb
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**NI 51-101
KROES ENERGY INC.
PREVIOUS UNDEVELOPED NET RESERVES
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DECEMBER 31, 2008**

Total Probable Undeveloped

Year	Light & Medium Oil		Heavy Oil		Associated & Non-Associated Gas		Coalbed Methane		NGL	
	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End	1st Attributed	Cumulative at Year End
	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	Mstb	Mstb
2008	0.0	0.0	0.0	0.0	57.2	57.2	0.0	0.0	2.0	2.0

The following discussion generally describes the basis on which Kroes attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been drilled and cased, tested and/or not yet tied-in by the end of the fiscal year. In addition, such reserves may relate to planned infill drilling locations. All assigned proved undeveloped reserves are planned to be on stream within a two year timeframe.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. All assigned probable undeveloped reserves are planned to be on stream within a two year timeframe.

Item 5.2 Significant Factors or Uncertainties

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 reserve estimates contained herein are based on current production forecasts, prices and economic conditions. Kroes' reserves are evaluated by PLA Associates Inc., an independent engineering firm.

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.

Item 5.3 Future Development Costs

**NI 51-101
KROES ENERGY INC.
TOTAL PROVED RESERVES
PRODUCTION AND CASH FLOW FORECASTS
CAPITAL SCHEDULE
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DATE: DECEMBER 31, 2008**

	CAPITAL COSTS	
	UNDISCOUNTED	DISCOUNTED @ 10%
	<i>M\$</i>	<i>M\$</i>
2009	170	160
2010	0	0
2011	0	0
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
Sub.	170	160
Rem.	0	0
Total	170	160

NI 51-101
KROES ENERGY INC.
TOTAL PROVED PLUS PROBABLE RESERVES
PRODUCTION AND CASH FLOW FORECASTS
CAPITAL SCHEDULE
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DATE: DECEMBER 31, 2008

	CAPITAL COSTS	
	UNDISCOUNTED	DISCOUNTED @ 10%
	<i>M\$</i>	<i>M\$</i>
2009	230	217
2010	0	0
2011	0	0
2012	0	0
2013	0	0
2014	0	0
2015	0	0
2016	0	0
2017	0	0
2018	0	0
Sub.	230	217
Rem.	0	0
Total	230	217

All development capital expenditure is forecast to be spent in 2009. No development costs are forecast after 2009.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

The Company's important properties, plants, facilities and installations are:

- a) located exclusively in Canada and more specifically within the Provinces of Alberta and British Columbia.
- b) located onshore.
- c) for wells not producing but capable of production:

Well Location	Oil / Gas	In this Condition Since	Pipeline Proximity / Transportation
102/07-30-051-09W4	Gas	2004-09	Tie in (0.1 mi), install compression and equip wellsite
100/11-06-052-09W4	Gas	2004-09	Tie in (1.25 mi), install compression and equip wellsite

- d) without associated statutory or mandatory relinquishments, surrenders, back-ins, or changes in ownership.

The number of the Company's oil wells and gas wells producing and non-producing, expressed on a gross and net basis, by location, is as follows:

	Oil Wells				Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	-	-	-	-	14.0	2.76	8.0	2.1
British Columbia	1.0	0.0	-	-	-	-	-	-

Item 6.2 Properties With No Attributed Reserves

- a) The Company has an interest in unproved properties with a gross area of 16,466 acres or 7,485 hectares.
- b) The Company has an interest in unproved properties with a net area of 3,423 acres or 1,556 hectares.
- c) All of the Company's unproved properties are located in Canada.
- d) The Company has no work commitments associated with its unproved properties.

The Company does not expect its rights to explore, develop and exploit its unproved property to expire before December 31, 2009.

Item 6.3 Forward Contracts

- 1. The Company is not bound by any agreements under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil or gas. (describe the agreement(s), discussing dates or time periods and summaries or ranges of volumes and contracted or reasonably estimated values.)

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

- a) The estimate of costs is determined through a review of engineering studies, industry guidelines, and management's estimate on a site by site basis.
- b) The number of net wells for which the Company expects to show such costs is 3.6.
- c) An estimate of abandonment and reclamation costs, net of salvage:

**NI 51-101
KROES ENERGY INC.
TOTAL PROVED RESERVES
PRODUCTION AND CASH FLOW FORECASTS
ABANDONMENTS SCHEDULE
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DATE: DECEMBER 31, 2008**

ABANDONMENT COSTS		
	UNDISCOUNTED	DISCOUNTED @ 10%
	<i>M\$</i>	<i>M\$</i>
2009	10	9
2010	5	4
2011	21	17
2012	5	4
2013	0	0
2014	6	3
2015	12	6
2016	6	3
2017	6	3
2018	18	7
Sub.	90	57
Rem.	24	6
Total	114	63

**NI 51-101
KROES ENERGY INC.
TOTAL PROVED PLUS PROBABLE RESERVES
PRODUCTION AND CASH FLOW FORECASTS
ABANDONMENTS SCHEDULE
FORECAST PRICES & COSTS - PLA DECEMBER 31, 2008 PRICES
EFFECTIVE DATE: DECEMBER 31, 2008**

ABANDONMENT COSTS		
	UNDISCOUNTED	DISCOUNTED @ 10%
	<i>M\$</i>	<i>M\$</i>
2009	5	5
2010	5	5
2011	11	8
2012	14	10
2013	8	5
2014	0	0
2015	3	2
2016	12	6
2017	6	3
2018	3	1
Sub.	67	44
Rem.	59	12
Total	126	57

- d) The entire amount disclosed in (c) herein was deducted as abandonment and reclamation costs in estimating the Corporation's future net revenue.
- e) The portion of the amounts disclosed in (c) herein that the Corporation expects to pay in the next three financial years is approximately 27%.

Item 6.5 Tax Horizon

The Company is not required to pay income taxes for 2008 and is not expected to pay income taxes for the duration of its reserves life.

Item 6.6 Costs Incurred

Costs incurred for year ended December 31, 2008

Property acquisition – undeveloped land	\$608,413
Acquisition of Vecta	3,017,379
Exploration Costs	1,213,848
Development Costs	357,417
Total	5,197,057
Dispositions	-
Net Expenditures	\$5,197,057

Item 6.7 Exploration and Development Activities

In the Corporation's most recent financial year ended December 31, 2008, the number of wells completed was as follows:

		Gross		Net	
Canada	Exploratory Wells	Dry	1.0	Dry	.25
		Oil	0	Oil	0
		Gas	0	Gas	0
		Susp. Gas	1.0	Susp. Gas	.125
	Development Wells	Dry	0	Dry	0
		Oil	0	Oil	0
		Gas	6	Gas	0.88125
		Susp. Gas	2	Susp. Gas	0.50

The Corporation's most important exploration and development activities are all located in Canada, as follows:

Plain/Warwick, Alberta, Canada

The Company has participated in a joint venture project for Mannville/Devonian gas exploitation in East Central, Alberta. In the past year, 10 wells were drilled, with 6 wells on production, one dry hole, and two suspended gas wells. Thirteen completions are currently flowing gas.

The Company has the following current and likely exploration and development activities planned for the upcoming year. The Company expects to participate in the ongoing drilling of its shallow gas acreage program in 2009. The Company also anticipates that it will participate in the drilling of 2 to 4 wells in the Brewster and Gilby areas of Alberta, subject to available financing and improved general economic conditions such as higher natural gas prices.

Item 6.8 Production Estimates

All of the Corporation's properties are located in Canada. In 2009, production volume estimates as reflected in the estimates of future net revenue disclosed herein are as follows:

Estimated First Year Production—Total Company

	Gross Cumulative Production			Net Cumulative Production		
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas
	(MSTB)	(MSTB)	(MMSCF)	(MSTB)	(MSTB)	(MMSCF)
Proved						
Developed Producing	0	1.3	203	0	0.9	158
Developed Non-Producing	0	0	8	0	0	6
Undeveloped	0	0	0	0	0	0
Total Proved	0	1.3	211	0	0.9	164
Probable	0	0.5	23	0	0.3	15
Total Proved plus Probable	0	1.8	234	0	1.2	179

The Plain/Warwick property accounts for more than 20 percent of estimated production disclosed under section 1. In 2009, production volume estimates for the Plain/Warwick property as reflected in the estimates of future net revenue disclosed herein are as follows:

Estimated First Year Production—Plain/Warwick Property

	Gross Cumulative Production			Net Cumulative Production		
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas
	(MSTB)	(MSTB)	(MMSCF)	(MSTB)	(MSTB)	(MMSCF)
Proved						
Developed Producing	0	0	167	0	0	136
Developed Non-Producing	0	0	8	0	0	6
Undeveloped	0	0	0	0	0	0
Total Proved	0	0	175	0	0	142
Probable	0	0	7	0	0	5
Total Proved plus Probable	0	0	182	0	0	147

Estimated First Year Production—Brewster Property

	Gross Cumulative Production			Net Cumulative Production		
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas
	(MSTB)	(MSTB)	(MMSCF)	(MSTB)	(MSTB)	(MMSCF)
Proved						
Developed Producing	0	1.3	36	0	0.9	22
Developed Non-Producing	0	0	0	0	0	0
Undeveloped	0	0	0	0	0	0
Total Proved	0	1.3	36	0	0.9	22
Probable	0	0.5	16	0	0.3	10
Total Proved plus Probable	0	1.8	52	10	1.2	32

Item 6.9

Production History For 2008

2008 Net Average Daily Production	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Oil & NGL (bbs/d)	-	-	8	7	4
Gas (mcf/d)	574	473	712	711	618
BOE/D (6:1)	96	79	127	126	107

Prices

Oil & NGL (bbls/d)	\$90.60	\$115.39	\$74.18	\$48.93	\$65.13
Gas (\$/mcf)	\$8.01	\$10.30	\$8.12	\$7.09	\$8.22
BOE (\$)	\$48.18	\$61.86	\$50.40	\$43.12	\$49.86
Royalties (\$/boe)	\$10.02	\$13.32	\$12.24	\$9.57	\$11.16
Production Costs (\$/boe)	\$10.44	\$12.00	\$9.48	\$10.38	\$10.38
Netback (\$/boe)	\$27.72	\$36.54	\$28.68	\$23.17	\$28.32

Production Totals by Field for 2008

	Gross Production Volumes			Net Production Volumes		
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas
	(MSTB)	(MSTB)	(MMSCF)	(MSTB)	(MSTB)	(MMSCF)
Canada						
Plain/Warwick, Alberta	-	-	184.3	-	-	147.2
Brewster, Alberta	-	1.3	40.0	-	.8	28.7
Total	-	1.3	224.3	-	.8	175.9

FORM 51-101F2
Report on Reserves Data
By Independent Qualified Reserves Evaluator or Auditor

To the board of directors of Kroes Energy Inc. (the "Company"):

1. We have evaluated certain interests of the Company's reserves data as at December 31, 2008. The reserves data consist of the following:
 - a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2008 using forecast prices and costs; and
 - (ii) related estimated future net revenue.

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 ended December 31, 2008, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) ¹			
			Audited	Evaluated	Reviewed	Total
Paddock Lindstrom & Associates Ltd.	March 16, 2009	Canada	Nil	\$3,598,400	Nil	\$3,598,400

¹ This amount should be the amount disclosed by the reporting issuer in its statement of reserves data filed under item 1 of section 2.1 of NI 51-101, as its future net revenue (before deducting future income tax expenses) attributable to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent (required by section 2 of Item 2.2 of Form 51-101F1). The values represented are shown in Canadian dollars.

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. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Paddock Lindstrom & Associates Ltd.
Calgary, Alberta,

Execution Date: March 16, 2009



Larry K. Lindstrom, P.Eng.
President

FORM 51 – 101F3

**REPORT OF
MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

Management of Kroes Energy Inc. (the “Company”) is responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- a) proved and probable oil and gas reserve quantities estimated as at December 31, 2008 using forecast and constant prices and costs; and
- b) the related standardized measure of discounted future net cash flows.

Independent qualified reserves evaluators have evaluated the Company’s reserves data. The report of Paddock Lindstrom and Associates Ltd. (“PLA”) 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 PLA
- b) met with PLA to determine whether any restrictions affected the ability of PLA to report without reservation; and
- c) reviewed the reserves data with management and PLA.

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 the reserves data and other oil and gas information;
- b) the filing of the reports by PLA on the reserves data; and
- c) the content and filing of this report.

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

“Thomas D. Coffman”
Thomas D. Coffman, President & CEO

“S. D. Gossen”
S. D. Gossen, Vice President

“Fred Callaway”
Fred Callaway, Executive Chairman

“C. J. Cummings”
C. J. Cummings, Director

DATED at the City of Calgary, in the Province of Alberta, this 23rd day of April, 2009