

Form 51-101F1
Statement of Reserves Data and Other Oil & Gas Information

1. Dates

The effective date of this report is December 31, 2004. A report was prepared by Chapman Petroleum Engineering Ltd. ("Chapman"), the Company's independent reserve auditor in April, 2005. This statement is dated April 30, 2005.

2. Reserves Data

Under the newly implemented National Instrument 51-101, "Proved" Reserves are defined as those reserves that can be estimated with a high degree of certainty to be recoverable. The level of certainty should result in at least a 90 % probability that the quantities actually recovered will equal or exceed the Proved reserves.

The "Proved plus Probable" reserve are the most likely case and are based on a 50% certainty that they will equal or exceed the estimated reserves.

2.1 Reserves and Constant Pricing

	Arbour Energy Inc. interest in reserves				Present worth of future net pre-tax cash flows (\$ thousands)		
	Crude Oil (Mbbls)	NGL's (Mbbls)	Natural Gas (MMscf)	Total (Mboe)	Undiscounted	5%	10%
Proved Dev Producing	28.0	0.0	176.0	57.33	1,744	1,544	1,393
Proved Dev Non Prod	0.00	0.0	57.0	9.50	203	173	150
Probable Developed	20.0	0.0	593.0	118.83	2,994	2,072	1,541
Reserves (Prov + Prob)	48.0	0.0	826.0	185.66	4,942	3,789	3,085
Established Reserves Dec. 31, 2004	48.0	0.0	826.0	185.66	4,942	3,789	3,085

The following constant prices were used to calculate the reserve value for Arbour.

Year	Inflation %/yr	Exchange rate US/\$CDN	WTI \$US/Bbl	Crude Oil Light Sweet Edmonton \$Cdn/bbl	Natural Gas AECO spot \$Cdn/mmbtu
2005	1.5%	0.82	42.00	50.22	6.55

2.2 Reserves (Forecasted prices and costs)

	Arbour Energy Inc. interest in reserves				Present worth of future net pre-tax cash flows (\$ thousands)		
	Crude Oil (Mbbls)	NGL's (Mbbls)	Natural Gas (MMscf)	Total (Mboe)	Undiscounted	5%	10%
Proved Dev Producing	28.0	0.0	173.00	56.83	1,588	1,423	1,296
Proved Dev Non-Prod	0.0	0.0	57.00	9.50			
Probable Developed	20.0	0.0	591.00	118.50	2,816	1,981	1,499
Reserves (Prov + Prob)	48.0	0.0	822.00	185.00	4,404	3,404	2,795
Established Reserves Dec. 31, 2004	48.0	0.0	822.00	185.00	4,404	3,404	2,795

3. Pricing Assumption

The following prices for the first five years were used to calculate the reserve value for the forecasted price case.

Year	Inflation %/yr	Exchange rate \$US/\$CDN	WTI \$US/Bbl	Crude Oil Light Sweet Edmonton \$Cdn/bbl	Natural Gas AECO spot Cdn/mmbtu
2005	1.5	0.82	42.00	50.22	6.55
2006	1.5	0.80	40.00	49.00	6.30
2007	1.5	0.78	38.00	47.72	5.80
2008	1.5	0.78	36.00	45.15	5.55
2009	1.5	0.78	35.00	43.87	5.63

4. Reserves Reconciliation

The company proved working interest producing reserves for the 2003 calendar year was 3.9 mboe. Total proved plus probable reserves of 6.0 Mboe is attributed to the producing Pembina oil well.

The following table sets forth a reconciliation of the changes in Arbour's crude oil, natural gas liquids and natural gas reserves, before deduction of royalties owned by others, during the periods indicated.

	Crude oil (mbbls)			Natural gas (mmcf)			Total (mboe)		
	Proved	Probable	Total	Proved	Probable	Total	Proved	Probable	Total
Total at Dec. 31, 2003	1.4	0.8	2.2	0.0	0.0	0.0	1.4	0.8	2.2
Discoveries, Extensions and Acquisitions ⁽⁵⁾	27.1	18.9	46.0	173.0	560.0	733.0	55.93	112.23	168.17
Production	(0.4)	0	(0.4)	0.0	0.0	0.0	(0.4)	0.0	(0.4)
Revisions ⁽⁶⁾	0.2	(0.1)	0.1	0.0	0.0	0.0	.2	(0.1)	0.1
Total at Dec. 31, 2004	28.3	19.6	47.9	173.0	560.0	733.0	57.13	112.93	170.07

Notes:

- (1) Columns may not add due to rounding.
- (2) Reserves stated above are based on escalating cost and price assumptions.
- (3) See "Description of the Business and Operations - Natural Gas and Oil Reserves".

Oil and Gas Wells

The following tables set forth the number and status of wells in which Arbour had a material working interest as at December 31, 2004, which were producing or which Arbour considered to be capable of production.

	Producing				Shut-in ⁽¹⁾⁽⁴⁾			
	Crude Oil		Natural Gas		Crude Oil		Natural Gas	
	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾	Gross ⁽²⁾	Net ⁽³⁾
Pembine	6.0	5.225	5.0	5.0	0	0	0	0
Kirkpatrick Lake	0	0	1.0	1.0			3.0	3.0
Lochend							1.0	1.0
Total	6.0	5.225	6.	6.	0	0	4.0	4.0

Notes:

- (1) "Shut-in" wells means wells which have encountered and are capable of producing crude oil or natural gas but which are not producing due to lack of available transportation facilities, available markets or other reasons.
- (2) "Gross" wells are the total number of wells in which the Corporation has an interest.
- (3) "Net" wells are the aggregate of the numbers obtained by multiplying each gross well by the Corporation's percentage working interest therein.

Drilling History

The following table sets forth the number of gross and net wells which Arbour drilled or participated in drilling during the periods indicated.

	Year Ended Dec. 31,			
	2004		2003	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
Natural gas	1	0.25	1.0	1.0
Crude oil	0	0	0	0
Natural gas and crude oil	0	0	0	0
Dry and abandoned	0	0	0	0
Total	1	0.25	1.0	1.0

Notes:

- (1) "Gross" means the number of wells in which the Corporation has a working interest.
- (2) "Net" means the aggregate of the numbers obtained by multiplying each gross well by the Corporation's percentage working interest therein.
- (3) "Dry" refers to a well that is not productive. A productive well is a well which is capable of producing in quantities considered by the operator to be sufficient to justify the costs required to complete, equip and produce the well.

Undeveloped Land

The following table summarizes the Corporation's interest in its undeveloped land holdings as at December 31, 2004.

Area	Gross (1)	Net (2)
	(acres)	
Bow Island	1280	640
Kirkpatrick Lake	160	80
Total	1,440	720

Notes:

- (1) "Gross" refers to the total acres in which the Corporation has an interest.
- (2) "Net" refers to the total acres in which the Corporation has an interest, multiplied by the percentage working interest therein owned by the Corporation.

Production History, Prices Received and Capital Expenditures

The following table sets forth certain information in respect of production, product prices received, royalties, operating expenses, netbacks received, and capital expenditures made by the Corporation for each quarter in the most recently completed financial year of the Corporation, with comparative data for the same periods in the preceding financial year.

	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	Dec. 31, 2004	Dec. 31, 2003	Sept. 30, 2004	Sept. 30, 2003	June 30, 2004	June 30, 2003	Mar. 31 2004	Mar. 31 2003
Average daily production								
Crude oil (bbls/d)	18.4	1.6	1.3	1.6	1.1	2.4	1.3	3.2
NGL (bbls/d)	2.5	0.3	0.4	0.2	0.1	0.2	0.1	0.1
Natural gas (mcf/d)	7.0	17.0	2.7	14.6	2.6	10.1	2.2	6.7
Combined (boe)	27.9	4.7	4.3	4.2	3.8	4.3	3.5	4.3
Average Net Prices Received								
Crude oil (\$/bbl)	52.37	38.00	54.97	39.86	50.5	34.4	43.3	5.09
NGL (\$/bbl)	41.97	41.63	45.68	48.36	39.2	42.3	88.8	.
Natural gas (\$/mcf)	7.06	5.48	6.80	6.28	7.64	5.48	6.95	9.08
Combined (\$/boe)	49.0	37.50	45.4	41.97	47.0	36.53	43.9	52.29
Royalties								
Crude oil (\$/bbl)	0	0.	0	0.	0	0.	0	0.
NGL (\$/bbl)	7.26	0.	0	0.	0	0.	0	0.
Natural gas (\$/mcf)	1.73	0.	0	0.	0	0.	0.41	0.
Combined (\$/boe)	3.25	0.	0	0.	0	0.	1.49	0.
Operating Expenses								
Crude oil (\$/bbl)	26.4	21.39	17.0	17.64	13.6	19.80	42.1	14.49
NGL (\$/bbl)	0.	0.	0.	0.	0.	0.	0.	0.
Natural gas (\$/mcf)	2.3	1.24	2.8	1.85	2.3	0.89	7.1	0.74
Combined (\$/boe)	21.0	28.83	15.4	28.74	13.2	25.14	40.7	18.93
Netback Received								
Crude oil (\$/bbl)	26.0	16.66	38.0	22.22	37.0	14.6	1.2	35.6
NGL (\$/bbl)	34.7	0.	45.68	0.	39.2	0.	0	0.
Natural gas (\$/mcf)	3.0	4.24	4.0	4.43	5.4	4.59	0.4	8.33
Combined (\$/boe)	25.0	8.67	30.0	13.22	33.8	11.39	1.8	33.36
Capital Expenditures (\$m)								
Property acquisitions	1,040.0	0	549.0	0	0	0	0	0
Exploration, including drilling	0.0	0	62.3	0	0	0	0	802.8
Development, including facilities	6.0	0	0.0	0	0	0	0	127.4
Other	0.0	0	16.0	0	0	0	0	0
Total Capital Expenditures	1,046.0	0	627.3	0	0	0	0	930.2

Notes:

- (1) Before deduction of royalties.
- (2) Product prices are net of hedging costs and are net of costs to transport the product to market.
- (3) Royalties are net of ARTC.
- (4) This figure includes all field operating expenses.
- (5) Arbour does not record operating expenses on a commodity basis. Information in respect of operating expenses for crude oil (\$/bbl), NGL (\$/bbl) and natural gas (\$/mcf) has been determined by allocating expenses on an area by area basis based on the relative volume of production of crude oil, NGL and natural gas in those areas.
- (6) Information in respect of netbacks received for crude oil (\$/bbl), NGL (\$/bbl) and natural gas (\$/mcf) is calculated using operating expense figures for crude oil (\$/bbl), NGL (\$/bbl) and natural gas (\$/mcf), which figures have been estimated. See note (5) above.

Marketing

Arbour sells natural gas production to a major natural gas aggregator. The Corporation receives a price that is calculated on the monthly average, based on the daily spot price at the AECO-C Hub. Other than the natural gas swap disclosed below under the heading "Future Commitments", there is no requirement for the Corporation to provide a specified volume of natural gas pursuant to the contracts. Pursuant to the terms of the agreement, either party may terminate each contract on 30 days written notice.

Arbour delivers NGL to Penn West. The price received by the Corporation is determined by reference to the monthly spot price and the Corporation is obligated to deliver all volumes to such aggregators.

The Corporation's crude oil production is marketed to Nexen crude oil aggregators. The Corporation receives monthly average spot pricing, less differentials and tariffs, and the Corporation is obligated to deliver all volumes to such aggregators.

From time to time, the Corporation may enter into hedging transactions that are negotiated to help protect its ability to achieve the capital budget. To date no such agreements have been entered into.

Future Commitments

As at the date hereof, the Corporation has not made any material commitments to buy, sell, exchange or transport crude oil and natural gas.

Cyclical and Seasonal Impact of Industry

The Corporation's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on the Corporation's financial condition.

Renegotiation or Termination of Contracts

As at the date hereof, Arbour does not anticipate that any aspect of Arbour's business will be materially affected in 2005 by the renegotiation or termination of contracts or subcontracts.

Competitive Conditions

Arbour is a member of the petroleum industry, which is highly competitive at all levels. The Corporation competes with other companies for all of its business inputs, including exploration and development prospects, access to commodity markets, and available capital.

The Corporation strives to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploration, development and operational activities. The Corporation recognizes that it is a small player in the industry and, as such, seeks profitable joint venture relationships in order to access the technical and industry expertise of other companies.

Arbour competes with others in this area, bidding for mineral rights at Crown land sales and acquiring producing properties and working interests in projects already partly owned. To mitigate the effects of competition, Arbour generally tries to obtain operatorship and to own as large a working interest as possible in its producing properties to control the access to, and timing of, its field operations, particularly drilling.

Environmental Considerations

The Corporation is pro-active in its approach to environment concerns. Procedures are in place to ensure that the utmost care is taken in the day to day management of its oil and gas properties. All government regulations and procedures are followed in strict adherence to the law. The Corporation believes in well abandonment and site restoration in a timely manner to ensure minimal damage to the environment and lower overall costs to the Corporation.

The Corporation's estimated asset retirement obligations are recognized at their fair value when the related asset is acquired and a reasonable estimate of its fair value is determinable. Discounted future cash flows are used to measure fair value. When a liability is recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related asset. The asset retirement cost is amortized over the estimated useful of the related asset. The Corporation recognizes changes to the liability due to the passage of time in operating expenses, as accretion. The Corporation recognizes changes to the liability arising from revisions to the timing or amount of expected future cash flows as an increase or decrease to the carrying amounts of the asset retirement obligation and the related asset retirement capitalized cost. As at December 31, 2004, the Corporation had an asset retirement obligation in the amount of \$260,643.