FORM 51-101F1
EUROGAS INTERNATIONAL INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking statements. These statements relate to future events or Eurogas' future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect, "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Eurogas believes that the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this document should not be unduly relied upon. These statements speak only as of the date of this document.

CONVENTIONS

Unless otherwise indicated, references herein to “$” or “dollars” are to Canadian dollars. The abbreviation “MM” stands for million.

CONVERSION

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

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

PART1 - DATE OF STATEMENT

Effective Date: December 31, 2016

Preparation Date: January 19, 2017

PART 2 - DISCLOSURE OF RESERVES DATA

National Instrument 51-101- Standards of Disclosure for Oil and Gas Activities ("NI 51-101") requires that reporting issuers engaged in "oil and gas activities" as defined in NI 51-101 file annually a "Statement of Reserves Data and Other Information" in Form 51-101F1 and a "Report of Management and Directors" in Form 51-101F3.

As at December 31, 2016, Eurogas International Inc. (the "Corporation") did not hold any interest in any properties to which reserves were assigned and as a result has no related future net revenues associated with any reserves.

The current projects of the Corporation in Tunisia – see item 6.7 "Exploration and Development Activities" – are in the appraisal and exploratory stages.

The Report of Management and Directors on Reserves Data and Other Information is attached as Appendix "A" hereto. As the Corporation does not have reserves it did not retain an independent reserves evaluator or auditor.

PARTS 3, 4 and 5

Not applicable

PART 6 - OTHER OIL AND GAS INFORMATION

6.1 <u>Oil and Gas Properties and Wells</u>

Tunisia

The Corporation is undertaking exploration and appraisal programs for oil and natural gas in Tunisia on the Sfax Offshore Permit which was carved out of the Sfax Exploration Permit.

The Corporation's 797,655-acre Sfax Permit is located in shallow Mediterranean waters off Tunisia's east coast in the Gulf of Gabes. As at December 31, 2016, the Corporation held a 5.625 percent working interest and is a non-operating partner. Partners were committed to drill two exploration wells prior to December 8, 2015.

In May 2006, the Corporation entered into a farmout option agreement with Anadarko Petroleum Corporation ("Anadarko"). Anadarko subsequently acquired and processed 540 square kilometres of shallow water three-dimensional seismic data but elected to not proceed with the work program under the farmout option, thereby forfeiting all further rights to conduct work or receive any interest under the terms of the agreement.

In 2005, the Joint Venture was granted a development concession over the Ras El Besh prospect within the Sfax Permit. Drilling of the REB3 well began on the Ras El Besh structure on June 16, 2008. Upon completion of drilling and testing the REB3 well, the partners requested and received approval from the Tunisian government on October 23, 2008 to temporarily suspend the well. During the fourth quarter of 2010, the joint venture partners determined that sufficient reserves had not been discovered to meet commercial threshold and therefore concluded that it was appropriate to abandon the REB3 well and pursue other opportunities within the Sfax Permit.

Final approval to proceed with abandonment and site restoration activities was obtained from the Tunisian authorities in December 2011, following which the Joint Venture finalized procurement contracts, secured the necessary operating equipment and commenced the abandonment process. These abandonment and site restoration activities were substantially completed in the first quarter of 2012.

On January 15, 2009, the Tunisian Hydrocarbon Committee approved a two-year extension to the term of the Sfax Permit, which extended the initial term to December 8, 2011 and, on June 23, 2011, the Tunisian government further extended the period of the Sfax Permit to December 8, 2012. These extensions did not require the relinquishment of any land. However, the Joint Venture committed to drill one additional exploration well during this extension period, with depth to a specified geological zone (the "Initial Well Obligation").

Permit holders are entitled to submit an application to the Tunisian government to renew a permit for two successive periods, each one covering a maximum duration of three years. Renewals are subject to the fulfillment of past commitments, an additional work commitment and the relinquishment of 20% of the lands within a permit. Permit holders are entitled to a third renewal of the permit not to exceed four years, if hydrocarbons are discovered and permit holders are granted an exploitation concession. This third renewal is subject to the fulfillment of past commitments, an additional work commitment and the relinquishment of lands such that the permit does not exceed 50% of the initial permit area.

In September 2012, the Joint Venture filed an application with the Tunisian Director General of Energy for a renewal of the Sfax Permit as outlined above. As part of its application, the Joint Venture also requested an extension of the term of the Initial Well Obligation to coincide with the term of the renewal period. On November 2, 2012, the Tunisian authorities approved the Joint Venture`s application and the Joint Venture was awarded a renewal of the Sfax Permit from December 9, 2012 to December 8, 2015 (the "First Renewal Period"). In addition, the Tunisian authorities agreed to the transfer of the Initial Well Obligation to the First Renewal Period. As part of the granting of the First Renewal Period, the Joint Venture relinquished 807 km2 of land in the southwestern region in the Gulf of Gabes. The Sfax Permit now encompasses approximately 797,655 acres.

Drilling Commitments
In addition to its Initial Well Obligation, which carries an obligation to drill to the Bireno formation of the Cretaceous age, the approval of the First Renewal Period carries an additional one-well drilling obligation (the "First Renewal Well Obligation"). The First Renewal Well Obligation must be of sufficient depth to enable an appropriate assessment of potential reserves.

In the event that the Corporation's drilling commitments are not completed prior to the expiry of the First Renewal Period, a compensatory payment of up to US$8 million per well will be payable to the Tunisian government by the Joint Venture, less any amounts incurred by the Joint Venture in respect of the completion of these obligations.

Farmout Agreement with DNO Tunisia AS ("DNO")
In January 2014, the Corporation completed a farmout agreement with DNO (the "DNO Agreement") with respect to the Sfax Permit and the associated Ras El Besh development concession. The DNO Agreement provides for DNO acquiring an 87.5% working interest in the Sfax Permit in exchange for an upfront, non-refundable cash payment of US$6 million to the Original Contractors, and the carrying of 100% of all future costs associated with the Sfax Permit. During the year ended December 31, 2014, the Corporation received cash of US$2.7 million (Cdn$2.9 million), representing its proportionate share of the cash received at closing. Amounts received by the Corporation in respect of the farmout agreement were deducted from the carrying value of the Corporation's exploration and evaluation properties.

Under the terms of the DNO Agreement, and with the approval of the Tunisian authorities, DNO has contractually assumed full responsibility for completion of the Initial Well Obligation and the First Renewal Well Obligation, including any compensatory payments that may arise as a result of non-compliance. In that regard, DNO has provided a full guarantee to the Tunisian governmental authorities.

Under the terms of the DNO Agreement, the Corporation and Atlas Petroleum Exploration Worldwide Ltd. (the "Original Contractors") will be entitled to 12.5% of the profit oil or profit gas component of production from the Sfax Permit, to a maximum of US$125 million (or 12.5% of the profit oil or profit gas from the production of 75 million barrel of oil equivalents, whichever comes first). Thereafter, the Original Contractors are entitled to 6.25% of the profit oil or profit gas component of production from the Sfax Permit to a maximum of an additional US$75 million (or 6.25% of the profit oil or profit gas component from the production of an additional 45 million barrel of oil equivalents, whichever comes first). The Corporation is entitled to 45% of any payments made to the Original Contractors under these arrangements.

The Original Contractors have conceded a temporary deferral of 50% of their entitlement to a share of the profit oil or profit gas component of production from the Sfax Permit, as outlined above, until such time as DNO recovers US$150 million of total incurred costs, including costs to be incurred by DNO subsequent to completion of the DNO Agreement, from the cost oil or cost gas component of production on the Sfax Permit.

In addition to their entitlement to a share of the profit oil or profit gas, the DNO Agreement also provides the Original Contractors with entitlement to receive 20% of the cost oil or cost gas component of production from the Sfax Permit, to a maximum of the lesser of 18% of the costs incurred by the Original Contractors prior to completion of the DNO Agreement, or US$20 million.

In early 2015, DNO announced the completion and results of the drilling of the Jawhara-3 well, the first of several exploration and appraisal wells planned by DNO on the Sfax Permit. The Jawhara-3 well was drilled to total depth of 2,815 meters in the Douleb and Bireno reservoirs. The Douleb and Bireno fractured carbonates formations proved to be water bearing in the compartment of the principal structure targeted by the well and therefore, DNO concluded that further analysis of the well's logging and testing results would be required in order to re-evaluate the Jawhara prospect.

In view of these results, DNO reassessed its work plan for 2015 and sought an extension of the first renewal period of the Sfax Permit. In August 2015, DNO received the necessary regulatory approval from the Tunisian authorities for a two-year extension of the first renewal period related to the Sfax Permit, extending the first renewal period and the associated exploration well drilling obligation to December 8, 2017. In addition, the extension requires the acquisition of 700 km of 2-dimensional seismic. As previously indicated, DNO is responsible for all obligations and costs associated with the renewal.

Interest in Wells

	Gross (1)			Net (2)
	Oil	Gas	Suspended (3)	Suspended (3)
Sfax Offshore Permit	-	-	-	-
TOTAL	-	-	-	-

Notes
(1) "Gross" refers to all wells in which Eurogas International has an interest
(2) "Net" wells refers to the total number of wells in which the Corporation has an interest multiplied by its percentage working interest therein
(3) "Suspended" wells are defined as wells which have encountered crude oil or natural gas where the wellbore is mechanically plugged, the drilling is released and the wellhead is sealed off in such a way that the well can be re-entered at a later date.

6.2 Properties with No Attributed Reserves

Tunisia	Gross area in which interest held	Net area in which interest held
Sfax Offshore Permit	797,655 acres	44,868 acres

See "Oil and Gas Properties and Wells – Drilling Commitments" for a discussion on the work commitments under the Sfax Permit. No right to explore, develop, or exploit the acreage set forth above is expected to expire within one year.
See "Oil and Gas Properties – Farmout Agreement with DNO Tunisia AS ("DNO")" for a discussion of the significant factors relevant to the anticipated development of the Sfax Permit.

6.3 Forward Contract

Not applicable

6.4 Additional Information Concerning Abandonment and Reclamation Costs

The Corporation has no obligation for abandonment or reclamation. The Corporation has fulfilled its obligations for any wells drilled prior to the DNO Agreement and under the terms of the DNO

Agreement, DNO has assumed all obligations for abandonment and reclamation costs for any wells drilled pursuant to the terms of the DNO Agreement.

6.5 Tax Horizon

The Corporation's international projects are in the pre-production stage of development and capitalized costs will be available once commercial operations continue.

6.6 Costs Incurred

The following table summarizes capital expenditures net of certain proceeds and including capitalized general and administrative expenses related to the Corporation's activities for the year ended December 31, 2016.

Tunisia costs	$MM
Property acquisition	
Proved properties	-
Undeveloped properties	-
Property disposition	-
Exploration costs	-
Development costs	-
Impairment	-
Other	-
TOTAL	-

6.7 Exploration and Development Activities

Drilling Activity

Year ended December 31, 2016	Crude Oil		Natural Gas		Suspended		Dry		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Exploratory	-	-	-	-	-	-	-	-	-	-
Development	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-

During the year ended December 31, 2016 the corporation did not complete any wells.

Exploration and Development

In 2008, partners drilled the appraisal well, Ras El Besh 3, and a horizontal sidetrack well Ras El Besh 3H ST1. The targeted El Garia formation was present and the reservoir contained oil, but the rock was tight and not tested. A secondary target in the Reineche formation encountered 8 meters of oil pay in Ras El Besh 3 and tested 1,100 bfpd with a 10% oil cut from 400 meters of open hole section in Ras El Besh 3H ST1. The well was suspended to provide partners time to re-work the geological and seismic data over the prospect to determine if the well should be side-tracked or abandoned. A report prepared by DeGolyer & MacNaughton Canada Limited dated March 19, 2009 summarized the hydrocarbon potential of Sfax Offshore Permit as "prospective resources", not "reserves". In January 2012, REB3 was abandoned.

The Corporation's 2008 program focused on the drilling of the appraisal well Ras El Besh 3 and the horizontal sidetrack well REB 3H ST1. The cost of drilling REB3 and REB3H ST1 was paid by Delta under the terms of the farmout agreements, and the Corporation spent $2.2 million on the Sfax Permit during 2008 (2007 - $5.0 million) on pre-farmout items and capitalized overhead.

The 2009 program included an evaluation of the drilling results at REB3 and the commencement of a project to reprocess all 3D data (approximately 900 km^2) and selected 2D lines leading to remapping all known leads and prospects on the Sfax Permit. The Corporation spent $1.8 million on evaluation of the drilling results at REB3 and on reprocessing data on the Sfax Permit.

Through 2010, the joint venture partners reprocessed existing seismic data and conducted geological studies on to determine the prospectivity of the Cretaceous Bireno and Eocene Reineche formations on the Sfax Permit. The geological studies were concluded by mid-2010 and the seismic reprocessing by January

2011. The seismic reprocessing project consisted of reprocessing four separate 3D surveys totaling 1,585 km^2 and 405 km of 2D seismic which led to the re-mapping of leads and prospects at Ras El Besh, Salloum and Jawhara. The Corporation's net share of costs was $2 million.

In 2011, 2012, and 2013 the Corporation spent $1.2 million, $1.5 million, $1.6 million respectively to evaluate the geological potential of the Sfax Exploration Permit with the intent of identifying an exploration drilling prospect that would satisfy the outstanding drilling obligation on the permit.
In 2014, with the completion of the DNO Agreement the Corporation no longer was responsible for any exploration and evaluation costs as these were the responsibility of DNO.

6.8 Production Estimates
Not applicable

6.9 Production History
Not applicable