



STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Effective December 31, 2006

Dated: January 15, 2007

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The following Statement of Reserves Data and Other Oil and Gas Information for Tanganyika Oil Company Ltd. ("Tanganyika" or the "Corporation") are effective December 31, 2006 and have a preparation date of February 22, 2007.

DeGolyer and MacNaughton Canada Limited ("D&M") have independently evaluated the proved and probable crude oil reserves attributable to Tanganyika's Participating Interests in its Syrian and Egyptian properties. The reported results include net present value of future cash flow from the Corporation's reserves, based on both forecasted and constant price and cost assumptions. The reserves information contained in the D&M report was prepared and is presented in accordance with the requirements of National Instrument 51-101 ("NI-51-101"). Additional information not required by NI 51-101 has been presented to provide continuity and additional information which management believes is important to readers of this information.

In preparing these reports, D&M obtained basic information from Tanganyika, which included land data, well information, geological information, reservoir studies, estimates of on-stream dates, contract information, current hydrocarbon product prices, operating cost data, capital budget forecasts, financial data and future operating plans. Other engineering, geological or economic data required in conducting the evaluation and upon which the reports were based, was obtained from public records, other operators and from the non-confidential files of each firm. The extent and character of ownership and the accuracy of all factual data supplied for the independent evaluation, from all sources, was accepted by D&M as represented.

The following tables, based on the D&M reports, show the estimated share of Tanganyika's crude oil reserves in its properties and the net present value of estimated future net revenue for these reserves, using constant and forecast prices and costs as indicated. **All evaluations of the present value of estimated future net revenue in the D&M report are stated after provision for estimated future capital expenditures and prior to provision for future site restoration and reclamation costs, income taxes and indirect costs and do not necessarily represent the fair market value of the reserves. The recovery and reserve estimates of Tanganyika's oil 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. 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 Corporation's crude oil, natural gas liquids and natural gas reserves. Columns may not add due to rounding.**

References to oil, reserves (gross, net, proved, probable, possible, developed, developed producing, developed non-producing, undeveloped), constant prices and costs, forecast prices and costs, operating, costs, development costs, future net revenue and future income tax expenses shall, unless expressly stated to be to the contrary, have the meaning attributed to such terms as set out in NI 51-101, companion Policy 51-101CP and all forms referenced therein.

All values in this report are expressed in U.S. dollars, unless specifically noted otherwise.

PART 2 DISCLOSURE OF RESERVE DATA

SUMMARY OF OIL AND GAS RESERVES CONSTANT PRICES AND COSTS

Reserves Category	Reserves							
	Light and Medium Crude Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbbls)	Net (Mbbbls)	Gross ⁽¹⁾ (Mbbbls)	Net ⁽²⁾ (Mbbbls)	Gross (MMcf)	Net (MMcf)	Gross ⁽¹⁾ (Mbbbls)	Net ⁽²⁾ (Mbbbls)
Proved Developed Producing								
Egypt	-	-	2,768	1,412	-	-	-	-
Syria	-	-	4,361	1,065	-	-	149	28
Oudeh	-	-	1,608	481	-	-	149	28
Tishrine	-	-	2,753	584	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	-	-	-	-	-	-
Total Proved Developed Producing	-	-	7,129	2,477	-	-	149	28
Proved Developed Non-Producing								
Egypt	-	-	1,463	746	-	-	-	-
Syria	-	-	565	278	-	-	-	-
Oudeh	-	-	-	-	-	-	-	-
Tishrine	-	-	134	54	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	431	224	-	-	-	-
Total Proved Developed Non-Producing	-	-	2,028	1,024	-	-	-	-
Proved Undeveloped								
Egypt	-	-	1,022	521	-	-	-	-
Syria	-	-	165,035	86,379	-	-	-	53
Oudeh	-	-	89,065	49,011	-	-	-	53
Tishrine	-	-	73,964	36,085	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	2,006	1,283	-	-	-	-
Total Proved Undeveloped	-	-	166,057	86,900	-	-	-	-
Total Proved								
Egypt	-	-	5,253	2,679	-	-	-	-
Syria	-	-	169,961	87,722	-	-	149	81
Oudeh	-	-	90,673	49,492	-	-	149	81
Tishrine	-	-	76,851	36,723	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	2,437	1,507	-	-	-	-
Total Proved	-	-	175,214	90,401	-	-	149	81
Total Probable								
Egypt	-	-	5,700	2,907	-	-	-	-
Syria	-	-	597,658	328,219	-	-	50	38
Oudeh	-	-	253,034	150,534	-	-	50	38
Tishrine	-	-	323,555	164,411	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	21,069	13,274	-	-	-	-
Total Probable	-	-	603,358	331,126	-	-	50	38
Total Proved plus Probable								
Egypt	-	-	10,953	5,586	-	-	-	-
Syria	-	-	767,619	415,941	-	-	199	119
Oudeh	-	-	343,707	200,026	-	-	199	119
Tishrine	-	-	400,406	201,134	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	23,506	14,781	-	-	-	-
Total Proved plus Probable	-	-	778,572	421,527	-	-	199	119
Total Possible								
Egypt	-	-	300	153	-	-	-	-
Syria	-	-	270,355	180,311	-	-	-	1
Oudeh	-	-	135,552	74,276	-	-	-	1
Tishrine	-	-	119,189	93,806	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	15,614	12,229	-	-	-	-
Total Possible	-	-	270,655	180,464	-	-	-	1
Total Proved plus Probable plus Possible								
Egypt	-	-	11,253	5,739	-	-	-	-
Syria	-	-	1,037,974	596,252	-	-	199	120
Oudeh	-	-	479,259	274,302	-	-	199	120
Tishrine	-	-	519,595	294,940	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	39,120	27,010	-	-	-	-
Total Proved plus Probable plus Possible	-	-	1,049,227	601,991	-	-	199	120

- 1) Gross reserves consist of Tanganyika's Participating Interest share of reserves before deduction of all royalties, production taxes or their equivalent.
- 2) Net reserves consist of Tanganyika's Participating Interest share of reserves after deduction of all royalties, production taxes or their equivalent but before deduction of income taxes (which do not apply under production sharing agreements in Syria and Egypt).

**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
CONSTANT PRICES AND COSTS**

Reserves Category	Before Deducting Income Taxes Discounted at					After Deducting Income Taxes Discounted at				
	0% (MM\$)	5% (MM\$)	10% (MM\$)	15% (MM\$)	20% (MM\$)	0% (MM\$)	5% (MM\$)	10% (MM\$)	15% (MM\$)	20% (MM\$)
Proved Developed Producing										
Egypt	37	29	24	21	18	37	29	24	21	18
Syria	17	16	16	16	15	17	16	16	16	15
Oudeh	10	9	9	9	8	10	9	9	9	8
Tishrine	7	7	7	7	7	7	7	7	7	7
Sheikh Mansour/Sheikh Suliman	-	-	-	-	-	-	-	-	-	-
Total Proved Developed Producing	54	45	40	37	33	54	45	40	37	33
Proved Developed Non-Producing										
Egypt	21	15	11	9	13	21	15	11	9	13
Syria	4	4	3	2	2	4	4	3	2	2
Oudeh	-	-	-	-	-	-	-	-	-	-
Tishrine	1	1	1	-	-	1	1	1	-	-
Sheikh Mansour/Sheikh Suliman	3	3	2	2	2	3	3	2	2	2
Total Proved Developed Non-Producing	25	19	14	11	15	25	19	14	11	15
Proved Undeveloped										
Egypt	11	8	6	4	(2)	11	8	6	4	(2)
Syria	1,223	818	567	400	286	1,223	818	567	400	286
Oudeh	778	488	318	212	144	778	488	318	212	144
Tishrine	448	336	255	196	151	448	336	255	196	151
Sheikh Mansour/Sheikh Suliman	(3)	(6)	(6)	(8)	(9)	(3)	(6)	(6)	(8)	(9)
Total Proved Undeveloped	1,234	826	573	404	284	1,234	826	573	404	284
Total Proved										
Egypt	69	52	41	34	29	69	52	41	34	29
Syria	1,244	838	586	418	303	1,244	838	586	418	303
Oudeh	788	497	327	221	152	788	497	327	221	152
Tishrine	456	344	263	203	158	456	344	263	203	158
Sheikh Mansour/Sheikh Suliman	-	(3)	(4)	(6)	(7)	-	(3)	(4)	(6)	(7)
Total Proved	1,313	890	627	452	332	1,313	890	627	452	332
Total Probable										
Egypt	83	55	40	30	23	83	55	40	30	23
Syria	4,153	2,288	1,392	904	611	4,153	2,288	1,392	904	611
Oudeh	2,327	1,168	662	405	260	2,327	1,168	662	405	260
Tishrine	1,637	986	632	424	293	1,637	986	632	424	293
Sheikh Mansour/Sheikh Suliman	189	134	98	75	58	189	134	98	75	58
Total Probable	4,236	2,343	1,432	934	634	4,236	2,343	1,432	934	634
Total Proved plus Probable										
Egypt	152	107	81	64	52	152	107	81	64	52
Syria	5,397	3,126	1,978	1,322	914	5,397	3,126	1,978	1,322	914
Oudeh	3,115	1,665	989	626	412	3,115	1,665	989	626	412
Tishrine	2,093	1,330	895	627	451	2,093	1,330	895	627	451
Sheikh Mansour/Sheikh Suliman	189	131	94	69	51	189	131	94	69	51
Total Proved plus Probable	5,549	3,233	2,059	1,386	966	5,549	3,233	2,059	1,386	966
Total Possible										
Egypt	3	2	1	-	-	3	2	1	-	-
Syria	3,096	1,725	1,064	702	485	3,096	1,725	1,064	702	485
Oudeh	1,401	694	390	236	150	1,401	694	390	236	150
Tishrine	1,652	987	639	440	316	1,652	987	639	440	316
Sheikh Mansour/Sheikh Suliman	43	44	35	26	19	43	44	35	26	19
Total Possible	3,099	1,727	1,065	702	485	3,099	1,727	1,065	702	485
Total Proved plus Probable plus Possible										
Egypt	155	109	82	64	52	155	109	82	64	52
Syria	8,493	4,851	3,042	2,024	1,399	8,493	4,851	3,042	2,024	1,399
Oudeh	4,516	2,359	1,379	862	562	4,516	2,359	1,379	862	562
Tishrine	3,745	2,317	1,534	1,067	767	3,745	2,317	1,534	1,067	767
Sheikh Mansour/Sheikh Suliman	232	175	129	95	70	232	175	129	95	70
Total Proved plus Probable plus Possible	8,648	4,960	3,124	2,088	1,451	8,648	4,960	3,124	2,088	1,451

**SUMMARY OF OIL AND GAS RESERVES
FORECAST PRICES AND COSTS**

Reserves Category	Reserves							
	Light and Medium Crude Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbbls)	Net (Mbbbls)	Gross ⁽¹⁾ (Mbbbls)	Net ⁽²⁾ (Mbbbls)	Gross (MMcf)	Net (MMcf)	Gross ⁽¹⁾ (Mbbbls)	Net ⁽²⁾ (Mbbbls)
Proved Developed Producing								
Egypt	-	-	2,764	1,410	-	-	-	-
Syria	-	-	4,471	1,061	-	-	149	27
Oudeh	-	-	1,636	474	-	-	149	27
Tishrine	-	-	2,835	587	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	-	-	-	-	-	-
Total Proved Developed Producing	-	-	7,235	2,471	-	-	149	27
Proved Developed Non-Producing								
Egypt	-	-	1,463	746	-	-	-	-
Syria	-	-	517	255	-	-	-	-
Oudeh	-	-	-	-	-	-	-	-
Tishrine	-	-	91	34	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	426	221	-	-	-	-
Total Proved Developed Non-Producing	-	-	1,980	1,001	-	-	-	-
Proved Undeveloped								
Egypt	-	-	1,022	521	-	-	-	-
Syria	-	-	163,323	87,515	-	-	-	53
Oudeh	-	-	87,707	49,597	-	-	-	53
Tishrine	-	-	73,885	36,989	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	1,731	929	-	-	-	-
Total Proved Undeveloped	-	-	164,345	88,036	-	-	-	-
Total Proved								
Egypt	-	-	5,249	2,677	-	-	-	-
Syria	-	-	168,311	88,831	-	-	149	80
Oudeh	-	-	89,343	50,071	-	-	149	80
Tishrine	-	-	76,811	37,610	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	2,157	1,150	-	-	-	-
Total Proved	-	-	173,560	91,508	-	-	149	80
Total Probable								
Egypt	-	-	5,700	2,907	-	-	-	-
Syria	-	-	596,526	339,835	-	-	50	38
Oudeh	-	-	252,432	147,604	-	-	50	38
Tishrine	-	-	323,018	178,024	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	21,076	14,207	-	-	-	-
Total Probable	-	-	602,226	342,742	-	-	50	38
Total Proved plus Probable								
Egypt	-	-	10,949	5,584	-	-	-	-
Syria	-	-	764,837	428,666	-	-	199	118
Oudeh	-	-	341,775	197,675	-	-	199	118
Tishrine	-	-	399,829	215,634	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	23,233	15,357	-	-	-	-
Total Proved plus Probable	-	-	775,786	434,250	-	-	199	118
Total Possible								
Egypt	-	-	300	153	-	-	-	-
Syria	-	-	268,462	175,207	-	-	-	2
Oudeh	-	-	135,148	82,330	-	-	-	2
Tishrine	-	-	117,382	80,812	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	15,932	12,065	-	-	-	-
Total Possible	-	-	268,762	175,360	-	-	-	2
Total Proved plus Probable plus Possible								
Egypt	-	-	11,249	5,737	-	-	-	-
Syria	-	-	1,033,299	603,873	-	-	199	120
Oudeh	-	-	476,923	280,005	-	-	199	120
Tishrine	-	-	517,211	296,446	-	-	-	-
Sheikh Mansour/Sheikh Suliman	-	-	39,165	27,422	-	-	-	-
Total Proved plus Probable plus Possible	-	-	1,044,548	609,610	-	-	199	120

1) Gross reserves consist of Tanganyika's Participating Interest share of reserves before deduction of all royalties, production taxes or their equivalent.

2) Net reserves consist of Tanganyika's Participating Interest share of reserves after deduction of all royalties, production taxes or their equivalent but before deduction of income taxes (which do not apply under production sharing agreements in Syria and Egypt).

**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE
FORECAST PRICES AND COSTS**

Reserves Category	Before Deducting Income Taxes Discounted at					After Deducting Income Taxes Discounted at				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
Proved Developed Producing										
Egypt	40	32	26	23	20	40	32	26	23	20
Syria	19	18	18	17	17	19	18	18	17	17
Oudeh	11	10	10	9	9	11	10	10	9	9
Tishrine	8	8	8	8	8	8	8	8	8	8
Sheikh Mansour/Sheikh Suliman	-	-	-	-	-	-	-	-	-	-
Total Proved Developed Producing	59	50	44	40	37	59	50	44	40	37
Proved Developed Non-Producing										
Egypt	23	15	12	9	8	23	15	12	9	8
Syria	4	4	3	2	2	4	4	3	2	2
Oudeh	-	-	-	-	-	-	-	-	-	-
Tishrine	1	1	1	-	-	1	1	1	-	-
Sheikh Mansour/Sheikh Suliman	3	3	2	2	2	3	3	2	2	2
Total Proved Developed Non-Producing	27	19	15	11	10	27	19	15	11	10
Proved Undeveloped										
Egypt	11	9	7	5	3	11	9	7	5	3
Syria	1,267	844	582	412	295	1,267	844	582	412	295
Oudeh	815	508	328	219	148	815	508	328	219	148
Tishrine	463	348	265	205	159	463	348	265	205	159
Sheikh Mansour/Sheikh Suliman	(11)	(12)	(11)	(12)	(12)	(11)	(12)	(11)	(12)	(12)
Total Proved Undeveloped	1,278	853	589	417	298	1,278	853	589	417	298
Total Proved										
Egypt	74	56	45	37	31	74	56	45	37	31
Syria	1,290	866	603	431	314	1,290	866	603	431	314
Oudeh	826	518	338	228	157	826	518	338	228	157
Tishrine	472	357	274	213	167	472	357	274	213	167
Sheikh Mansour/Sheikh Suliman	(8)	(9)	(9)	(10)	(10)	(8)	(9)	(9)	(10)	(10)
Total Proved	1,364	922	648	468	345	1,364	922	648	468	345
Total Probable										
Egypt	90	59	42	32	25	90	59	42	32	25
Syria	5,721	2,968	1,733	1,096	731	5,721	2,968	1,733	1,096	731
Oudeh	2,880	1,355	735	436	275	2,880	1,355	735	436	275
Tishrine	2,597	1,447	879	570	387	2,597	1,447	879	570	387
Sheikh Mansour/Sheikh Suliman	244	166	119	90	69	244	166	119	90	69
Total Probable	5,811	3,027	1,775	1,128	756	5,811	3,027	1,775	1,128	756
Total Proved plus Probable										
Egypt	164	115	87	69	56	164	115	87	69	56
Syria	7,011	3,834	2,336	1,527	1,045	7,011	3,834	2,336	1,527	1,045
Oudeh	3,706	1,873	1,073	664	432	3,706	1,873	1,073	664	432
Tishrine	3,069	1,804	1,153	783	554	3,069	1,804	1,153	783	554
Sheikh Mansour/Sheikh Suliman	236	157	110	80	59	236	157	110	80	59
Total Proved plus Probable	7,175	3,949	2,423	1,596	1,101	7,175	3,949	2,423	1,596	1,101
Total Possible										
Egypt	4	1	-	-	-	4	1	-	-	-
Syria	3,687	1,915	1,133	734	505	3,687	1,915	1,133	734	505
Oudeh	2,049	926	481	276	168	2,049	926	481	276	168
Tishrine	1,480	886	582	409	302	1,480	886	582	409	302
Sheikh Mansour/Sheikh Suliman	158	103	70	49	35	158	103	70	49	35
Total Possible	3,691	1,916	1,133	734	505	3,691	1,916	1,133	734	505
Total Proved plus Probable plus Possible										
Egypt	168	116	87	69	56	168	116	87	69	56
Syria	10,698	5,749	3,469	2,261	1,550	10,698	5,749	3,469	2,261	1,550
Oudeh	5,755	2,799	1,554	940	600	5,755	2,799	1,554	940	600
Tishrine	4,549	2,690	1,735	1,192	856	4,549	2,690	1,735	1,192	856
Sheikh Mansour/Sheikh Suliman	394	260	180	129	94	394	260	180	129	94
Total Proved plus Probable plus Possible	10,866	5,865	3,556	2,330	1,606	10,866	5,865	3,556	2,330	1,606

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
CONSTANT PRICES AND COSTS**

Reserves Category	Revenue (MM\$)	Royalties ⁽¹⁾ (MM\$)	Operating Costs (MM\$)	Development Costs (MM\$)	Abandonment and Reclamation Costs (MM\$)	Future Net Revenue Before Future Income Tax Expenses (MM\$)	Future Income Tax Expenses (MM\$)	Future Net Revenue After Income Taxes (MM\$)
Total Proved								
Egypt	210	103	25	13	1	69	-	69
Syria	5,851	2,819	994	789	4	1,244	-	1,244
Total Proved	6,061	2,922	1,019	802	5	1,313	-	1,313
Total Probable								
Egypt	228	112	24	9	-	83	-	83
Syria	20,288	9,100	2,356	4,680	-	4,152	-	4,152
Total Probable	20,516	9,212	2,380	4,689	-	4,235	-	4,235
Total Proved plus Probable								
Egypt	438	215	49	22	1	152	-	152
Syria	26,139	11,919	3,350	5,469	4	5,396	-	5,396
Total Proved plus Probable	26,577	12,134	3,399	5,491	5	5,548	-	5,548

- (1) In Egypt, the Corporation is not subject to a royalty. Up to 30% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 70% of the crude oil and any excess cost oil production are defined as profit oil and is shared 30% to the working interest partners and 70% to the Government.
- (2) In Syria, the Oudeh Field is subject to a base production deduction as defined in the contract, followed by a royalty deduction of 12 ½%. Up to 70% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 30% of the crude oil and any excess cost oil production are defined as profit oil and is shared 30% to the participating partners and 70% to the Government. Production in the Tishrine – Sheikh Mansour Fields is subject to a base production deduction as defined in the contract, followed by a royalty deduction of 12.5%. Up to 48% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 52% of the crude oil and any excess cost oil production are defined as profit oil and are shared 30% to the Corporation and 70% to the Government.
- (3) The ownership rights to capital assets are transferred to the Government once costs are recovered through cost oil. Ownership includes abandonment liability.

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
FORECAST PRICES AND COSTS**

Reserves Category	Revenue (MM\$)	Royalties ⁽¹⁾ (MM\$)	Operating Costs (MM\$)	Development Costs (MM\$)	Abandonment and Reclamation Costs (MM\$)	Future Net Revenue Before Future Income Tax Expenses (MM\$)	Future Income Tax Expenses (MM\$)	Future Net Revenue After Income Taxes (MM\$)
Total Proved								
Egypt	231	113	30	13	1	74	-	74
Syria	6,235	2,938	1,161	841	4	1,290	-	1,290
Total Proved	6,466	3,051	1,191	854	5	1,364	-	1,364
Total Probable								
Egypt	255	125	30	9	-	90	-	90
Syria	23,963	10,260	3,227	4,753	2	5,721	-	5,721
Total Probable	24,218	10,385	3,257	4,762	2	5,811	-	5,811
Total Proved plus Probable								
Egypt	486	238	60	22	1	164	-	164
Syria	30,198	13,198	4,388	5,594	6	7,011	-	7,011
Total Proved plus Probable	30,684	13,436	4,448	5,616	7	7,175	-	7,175

- (1) In Egypt, the Corporation is not subject to a royalty. Up to 30% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 70% of the crude oil and any

excess cost oil production are defined as profit oil and is shared 30% to the working interest partners and 70% to the Government.

- (2) In Syria, the Oudeh Field is subject to a base production deduction as defined in the contract, followed by a royalty deduction of 12 ½%. Up to 70% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 30% of the crude oil and any excess cost oil production are defined as profit oil and is shared 30% to the participating partners and 70% to the Government. Production in the Tishrine – Sheikh Mansour Fields is subject to a base production deduction as defined in the contract, followed by a royalty deduction of 12.5%. Up to 48% of the crude oil production is available as cost oil to the Corporation to recover exploration, development and operating expenses. The remaining 52% of the crude oil and any excess cost oil production are defined as profit oil and are shared 30% to the Corporation and 70% to the Government.
- (3) The ownership rights to capital assets are transferred to the Government once costs are recovered through cost oil. Ownership includes abandonment liability.

**FUTURE NET REVENUE BY PRODUCTION GROUP
CONSTANT PRICES AND COSTS**

Production Group	Future Net Revenue Before Income Taxes (discounted at 10%/yr) (MM\$)
Proved Reserves	
Heavy Oil	626.0
Light and Medium Crude Oil	-
Natural Gas and Natural Gas Liquids	-
Total	626.0
Total Proved Plus Probable Reserves	
Heavy Oil	2,059.0
Light and Medium Crude Oil	-
Natural Gas and Natural Gas Liquids	-
Total	2,059.0

**FUTURE NET REVENUE BY PRODUCTION GROUP
FORECAST PRICES AND COSTS**

Production Group	Future Net Revenue Before Income Taxes (discounted at 10%/yr) (MM\$)
Proved Reserves	
Heavy Oil	647.0
Light and Medium Crude Oil	-
Natural Gas and Natural Gas Liquids	-
Total	647.0
Total Proved Plus Probable Reserves	
Heavy Oil	2,423.0
Light and Medium Crude Oil	-
Natural Gas and Natural Gas Liquids	-
Total	2,423.0

Note: Natural Gas Liquids Revenue is included in the Heavy Oil Revenue as the products are blended and sold as a blend.

PART 3 PRICING ASSUMPTIONS

Forecast Prices and Costs - Provided by D&M

Year Ended 31-Dec	Oil			Inflation rate % per Annum
	Brent North Sea Blend (\$/Bbl)	Egypt Contract Price (\$/Bbl)	Syria Contract Price (\$/Bbl)	
Forecast				
2007	64.00	43.78	36.69	0.0
2008	62.00	44.13	37.10	4.0
2009	59.00	43.28	36.47	3.0
2010	55.50	41.54	35.12	2.0
2011	52.00	39.72	33.78	2.0
2012	51.00	39.75	33.96	2.0
2013	51.00	40.55	34.89	2.0
2014	51.00	41.38	35.92	2.0
2015	51.00	42.22	36.76	2.0
2016	51.00	43.08	37.71	2.0
2017	51.00	43.95	38.55	2.0
2018	51.00	44.85	39.46	2.0
2019		45.75	40.40	2.0
2020		46.66	42.30	2.0
2021		47.59	43.14	2.0
2022		48.55	44.00	2.0

Summary of Pricing Assumptions as at December 31, 2006 Constant Prices and Costs

	Oil Benchmark	Oil at Sales Point (\$/Bbl)	
	Brent North	Egypt	Syria
D&M	58.50	40.00	34.04

Summary of the Corporation's Weighted Average Prices

Year Ended December 31, 2006	Egypt	Syria - Oudeh	Syria - Tishrine	Syria
Average Oil Sales Price (\$/bbl)	\$44.99	\$47.46	\$36.29	\$44.71

PART 4 RECONCILIATION OF CHANGES IN RESERVES AND FUTURE NET REVENUE

RECONCILIATION OF COMPANY NET RESERVES
BY PRINCIPAL PRODUCT TYPE
BASED ON FORECAST PRICES AND COSTS

	Light and Medium Oil			Heavy Oil			Natural Gas			Natural Gas Liquids		
	Net Proved	Net Probable	Net Proved Plus Probable	Net Proved	Net Probable	Net Proved Plus Probable	Net Proved	Net Probable	Net Proved Plus Probable	Net Proved	Net Probable	Net Proved Plus Probable
	(mdbl)	(mdbl)	(mdbl)	(mdbl)	(mdbl)	(mdbl)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)	(mmcf)
Egypt												
Opening Balance	-	-	-	641	176	817	-	-	-	-	-	-
Extensions	-	-	-	452	1,361	1,813	-	-	-	-	-	-
Improved Recovery	-	-	-	447	-	447	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	1,137	1,370	2,507	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	271	-	271	-	-	-	-	-	-
At December 31, 2006	-	-	-	2,677	2,907	5,584	-	-	-	-	-	-
Syria												
Opening Balance	-	-	-	15,896	25,364	41,260	-	-	-	-	-	-
Extensions	-	-	-	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	73,366	314,471	387,837	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	-	-	-	81	38	119
Discoveries	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	431	-	431	-	-	-	-	-	-
At December 31, 2006	-	-	-	88,831	339,835	428,666	-	-	-	81	38	119

**RECONCILIATION OF CHANGES IN NET PROVED RESERVES
OF FUTURE NET REVENUE DISCOUNTED AT 10%**

Based on Constant Prices and Costs

	After Tax (MM\$)
Egypt	
Estimated Future Net Revenue (Opening Balance)	14.4
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	(10.3)
Net Change in Prices, Production Costs and Royalties Related to Future Production	(4.0)
Development Costs During the Period	4.1
Changes in Estimated Future Development Costs	(11.0)
Extensions and Improved Recovery	22.1
Discoveries	17.4
Acquisitions of Reserves	-
Dispositions of Reserves	-
Technical Reserves Revisions	6.9
Accretion of Discount	1.4
Net Change in Income Taxes	-
All Other Changes	-
Estimated Future Net Revenue at December 31, 2006	41.0
Syria	
Estimated Future Net Revenue (Opening Balance)	176.7
Sales and Transfers of Oil and Gas Produced, Net of Production Costs and Royalties	(5.8)
Net Change in Prices, Production Costs and Royalties Related to Future Production	(85.2)
Development Costs During the Period	62.7
Changes in Estimated Future Development Costs	(557.8)
Extensions and Improved Recovery	977.7
Discoveries	-
Acquisitions of Reserves	-
Dispositions of Reserves	-
Technical Reserves Revisions	-
Accretion of Discount	17.7
Net Change in Income Taxes	-
All Other Changes	-
Estimated Future Net Revenue at December 31, 2006	586.0

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

UNDEVELOPED RESERVES

Tankanyika has been operating its Egypt properties since 2000 when production started from the Hana field. Due to the nature of the PSA contract the Company was focused of drilling exploration wells and at the same time drill enough development wells to support the exploration and operation activities. In general the company plans to complete developing the proved and probable undeveloped reserves within one to two years from identification. This will be accomplished in Egypt in 2007 and 2008

In Syria, the company started operating the Oudeh field in July 2003 and the Tishrine Field in September 2005. The proved undeveloped and probable reserves have been continuously revised due to the company's activities and evaluations. The Company plans to develop the proved and probable reserves in Oudeh and Tishrine within the next six years to maximize the asset value within the contract period.

SIGNIFICANT FACTORS OR UNCERTAINTIES

The Company does not anticipate any significant economic factors or significant uncertainties that will affect any particular component of the reserves data. However, the reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs and well performance that are beyond the Company's control.

FUTURE DEVELOPMENT COSTS

	Total Proved Estimated Using Constant Prices and Costs (MM\$)	Total Proved Estimated Using Forecast Prices and Costs (MM\$)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (MM\$)
Egypt			
2007	8.0	8.0	11.0
2008	5.0	5.0	7.0
2009	0.0	0.0	1.0
2010	0.0	0.0	4.0
2011	0.0	0.0	0.0
Remainder	0.0	0.0	0.0
Total for all years undiscounted	13.0	13.0	23.0
Total for all years discounted at 10% per y	11.0	11.0	19.0
Syria			
2007	93.0	94.0	194.0
2008	170.0	174.0	464.0
2009	141.0	148.0	454.0
2010	130.0	140.0	433.0
2011	103.0	113.0	415.0
Remainder	156.0	176.0	3,634.0
Total for all years undiscounted	793.0	845.0	5,594.0
Total for all years discounted at 10% per y	585.0	538.0	2,539.0

PART 6 OTHER OIL AND GAS INFORMATION

OIL AND GAS PROPERTIES AND WELLS

	Light & Medium Oil		Heavy Oil		Natural Gas	
	Gross Wells	Net Wells	Gross Wells	Net Wells	Gross Wells	Net Wells
Egypt						
Producing	-	-	17	10	-	-
Non-Producing	-	-	7	4	-	-
Syria						
Producing	-	-	152	152	-	-
Non-Producing	-	-	178	178	-	-

Note 1: Gas wells are included in the Heavy Oil well count as only the liquids are shared and are blended with the heavy oil

Note 2: Net is based on working interest

PROPERTIES WITH NO ATTRIBUTED RESERVES

As per the D&M report, the Company has no properties with no attributed reserves.

ABANDONMENT AND RECLAMATION COSTS - total proved plus probable

	Undiscounted (M\$)	Discounted 10% (M\$)
Egypt	1	-
Syria	4	2
Total	5	2

Note: Columns may not add up due to rounding

TAX HORIZON

Taxes applicable to Tanganyika in both Egypt and Syria are paid on behalf of the Corporation out of the Government's share of profit oil.

In Egypt, Tanganyika pays an effective 43% tax as part of the Government's share of production under the terms of the concession agreement for the West Gharib and Hana field. This tax is paid by production in kind taken by the Egyptian Government at the well head. This effective tax will continue for the life of the assets in Egypt.

In Syria, Tanganyika pays an effective 35% tax as part of the government's share of production under the terms of the production sharing agreements for the Oudeh Field and the Tishrine-Sheikh Mansour Fields. This tax is paid by production in kind taken by the Syrian Government at the well head. This effective tax will continue for the life of the assets in Syria.

COSTS INCURRED

	Property Acquisition Costs		Exploration Costs	Development Costs
	Proved Properties (\$000s)	Unproved Properties (\$000s)	(\$000s)	(\$000s)
Egypt	-	3,516	5,602	4,130
Syria	-	-	-	62,738

EXPLORATION AND DEVELOPMENT ACTIVITIES

	Development Wells		Exploratory Wells	
	Gross	Net	Gross	Net
Egypt				
Oil Wells	9	4	3	1
Gas Wells	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	8	4
Total Completed Wells	9	4	11	5
Syria				
Oil Wells	27	27	-	-
Gas Wells	-	-	-	-
Standing	-	-	-	-
Dry Holes	-	-	-	-
Total Completed Wells	27	27	-	-

Note: Net is based on working interest

PRODUCTION ESTIMATES

	Estimated 2007 Production (Proved plus Probable)							
	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (bbl/d)	Net (bbl/d)	Gross (bbl/d)	Net (bbl/d)	Gross (mmcf/d)	Net (mmcf/d)	Gross (bbl/d)	Net (bbl/d)
Egypt	-	-	983	501	-	-	-	-
Syria	-	-	8,564	4,122	-	-	-	-
Total	-	-	9,547	4,623	-	-	-	-

Note: Gross and Net estimated production is Company gross and net

PRODUCTION HISTORY

	Three Months Ended March 31, 2006	Three Months Ended June 30, 2006	Three Months Ended September 30, 2006	Three Months Ended December 31, 2006
Syria				
Average Daily Production				
Light and Medium Crude Oil (bbl/d)	-	-	-	-
Heavy Oil (bbl/d)	914	846	1,456	1,180
Natural Gas (mmcf/d)	-	-	-	-
Natural Gas Liquids (bbl/d)	-	-	-	-
Average Net Prices Received	-	-	-	-
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	46.21	56.79	45.32	36.14
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Royalties				
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Production Costs	-	-	-	-
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	4.35	10.26	10.54	6.39
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Netback Received				
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	41.86	46.53	34.78	29.75
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Egypt				
Average Daily Production				
Light and Medium Crude Oil (bbl/d)	-	-	-	-
Heavy Oil (bbl/d)	756	737	728	742
Natural Gas (mmcf/d)	-	-	-	-
Natural Gas Liquids (bbl/d)	-	-	-	-
Average Net Prices Received				
Light and Medium Crude Oil (\$/bbl)				
Heavy Oil (\$/bbl)	40.85	48.68	50.28	44.99
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Royalties				
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Production Costs				
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl)	2	5	4	4
Natural Gas (\$/mcf)	-	-	-	-
Natural Gas Liquids (\$/bbl)	-	-	-	-
Netback Received				
Light and Medium Crude Oil (\$/bbl)	-	-	-	-
Heavy Oil (\$/bbl) - Egypt	38.41	43.71	46.76	40.99
Natural Gas (\$/mcf)	-	-	-	-

Tanganyika's properties are currently located in Egypt and Syria, where the Corporation has acquired or has leased plants, facilities and other installations necessary to produce, lift, transport and sell oil and gas. A description of Tanganyika's properties, plants, facilities and installations is set out below.

Syria

Tanganyika's production assets are located in northeast Syria onshore approximately 600 kilometers from the capital city of Damascus. There is excellent existing transport and petroleum-related infrastructure in the region. Field operations are managed from company offices located within the fields.

A field office is located near the Oudeh central processing facilities. Paved roads connect the Oudeh field to the nearby town of Roumelan, headquarters of the Syrian Petroleum Company ("SPC") Hassakeh division and the major city of Al Kamishli near the Turkish border. Al Kamishli has an airport with twice daily commuter flights from Damascus.

The second field office for the Tishrine – Sheikh Mansour Fields is located near the Tishrine West main processing plant approximately 40 kilometers southeast of the city of Al Hasakah located 100 kilometers south from Al Kamishli. Excellent access by road exists from Al Hasakah to the field areas and to the town of Jbissa headquarters of SPC Jbissa division.

The Corporation has free access to all existing wells, facilities and tangible assets owned by SPC in the Contract Areas. Participation interest is 100%. Tanganyika is not entitled to gas production except for the purposes of recovering and producing crude oil. SPC will provide Tanganyika, free of charge, access to and utilization of gas reserves in the area for use in enhanced recovery projects. Liquids recovered through production and/or recycling of gas will be treated as crude oil.

Oil produced from the Oudeh field will be transported to and treated at the Tel Addas processing plant and then shipped via the existing pipeline to the Tartous export terminal on the Mediterranean Coast for terminal loading and selling or storing. Similarly produced oil from the Tishrine field is shipped in the Syrian Heavy Blend pipeline to the Tartous terminal. Transport costs to the Tartous export terminal are fixed at \$0.75 per barrel.

Original Oil In Place

As both Production Sharing Agreements ("PSA") in Syria are focused on enhanced oil recovery, quantifying the Original Oil In Place is important. The following is a summary of the Stock Tank Oil Initially In Place (STOIIP) as determined by D&M.

	Oudeh	Tishrine	Sheikh Mansour/Sheikh Suliman	Total
Proven (MBbls.)	2,101,822	2,688,470	128,284	4,918,576
Probable (MBbls.)	931,348	445,998	145,111	1,522,457
Possible (MBbls.)	887,298	316,309	150,626	1,354,233
Total Proved plus Probable plus Possible (MBbls.)	3,920,468	3,450,774	424,021	7,795,263

Tishrine and Sheikh Mansour Blocks

Tanganyika was granted a PSA in November 2004 that includes two separate blocks and the Company has 100% participating interest for fields in these blocks. The Tishrine Block includes the East and West Tishrine fields and the Sheikh Mansour Block includes the Sheikh Mansour and Sheikh Suliman fields. The official ratification was granted February 16, 2005 and Tanganyika assumed operatorship of the field on September 29, 2005.

The Tishrine block is the southerly of the two blocks and comprises 409 square kilometers or 101,062 acres. Oil was discovered in 1977 and production from the Tishrine field was started in 1978 by SPC. Petroleum related infrastructure exists on the block. Production plants are located at the Tishrine West and Tishrine East field areas. The Tishrine West field has four substations that collect and flow produced fluids to the central production plant. The Tishrine East field has two substations that collect, pipe and process produced fluids.

The Sheikh Mansour block is located south-southeast of the city of Al Hasakah. It covers 263 square kilometers and includes the undeveloped Sheikh Suliman gas-oil field discovered in 1977 on the west of the block. In addition a gas-oil discovery was made in 1978 and is located in the east of the Sheikh Mansour block. A total of five wells outline the area of the accumulation. Production from the Sheikh Mansour and Sheikh Suliman wells was limited to short testing periods and as a result production facilities do not exist in the Sheikh Mansour block, however a major oil pipeline runs through the block area. Transportation and utility infrastructure is excellent.

Tishrine West and Tishrine East Fields

The Tishrine Block contains two fields Tishrine West and Tishrine East, Figure 1. The Tishrine East field consists of 80 wells of which 18 were producing 19 °API oil from the Cretaceous Shiranish formation at the end of 2006 (346 BOPD with 69% water cut). The Tishrine West field December 31, 2006 exit rate production was 5507 bopd 17 °API heavy oil from the Tertiary Chilou and Jaddala limestone reservoirs in 93 wells of 167 total. In total there are 261 wells from which 108 were producing during 2006. The Tishrine field in total averaged over 6,222 BOPD in 2006.

Drilling began at the Tishrine West field in April 2006 with a total of 14 wells drilled. Three of these wells targeted the Chilou A reservoir resulting in new proved oil reserves and sustained production. The remaining 11 wells were drilled as vertical and horizontal wells targeting the Chilou B and Jaddala reservoirs. Initial primary production tests from these wells indicate a cumulative 815 BOPD capacity.

An enhanced oil recovery (EOR) cyclic steam injection pilot program commenced operation in the latter half of 2006 at the Tishrine West field. Three wells T-206 (Chilou B – Jaddala), T-207H (Chilou A) and T-208 (Chilou B2 – B3) are included in the pilot. The initial steam cycle was able to increase daily production rates by 200 percent of “cold” production from the Chilou A, Chilou B and Jaddala reservoirs. The second steam cycle calls for increasing the steam quantity injected into the reservoirs and is expected to further increase oil production rates.

Three dimensional seismic data was acquired and processed in 2006 at both the Tishrine field (330 km²) and the Sheikh Mansour field (153 km²). The 3D seismic program was approved by SPC which was not a 2006 work program requirement. The 3D seismic provides for contiguous information at both the Tishrine and Sheikh Mansour fields to identify the structural geometry and trends for the existing oil fields and discoveries. Verification of the larger extent of the field limits from the seismic data will be utilized for the 2007 drilling program. In addition, the exploration potential for other petroleum traps in both fields will be confirmed and reviewed for drilling activity in 2007.

Tanganyika has internally estimated the 3P stock tank original oil-in-place (STOOIP) at Tishrine West as 1,680 mmbbls and at the Tishrine East as 1,820 mmbbls, which is in close agreement with the D&M assessment. Primary recovery factor is considered by D&M to be 7 percent, however, with the success of the cyclic steam pilot stimulation program, D&M has acknowledged that enhanced recovery rates are increased to approximately 14 percent.

Tanganyika recognizes the potential for extension of the Tishrine West and Tishrine East fields, beyond the proved plus probable plus possible (3P) STOOIP as stated above. Figure 2 shows the STOOIP areas evaluated by D&M for the Tishrine West and Tishrine East fields. The opportunity for significant expansion of the field area is highlighted by excellent oil and gas test results from earlier SPC exploration wells.

Figure 1. Tishrine Block. Field locations and wells with significant oil and gas shows.

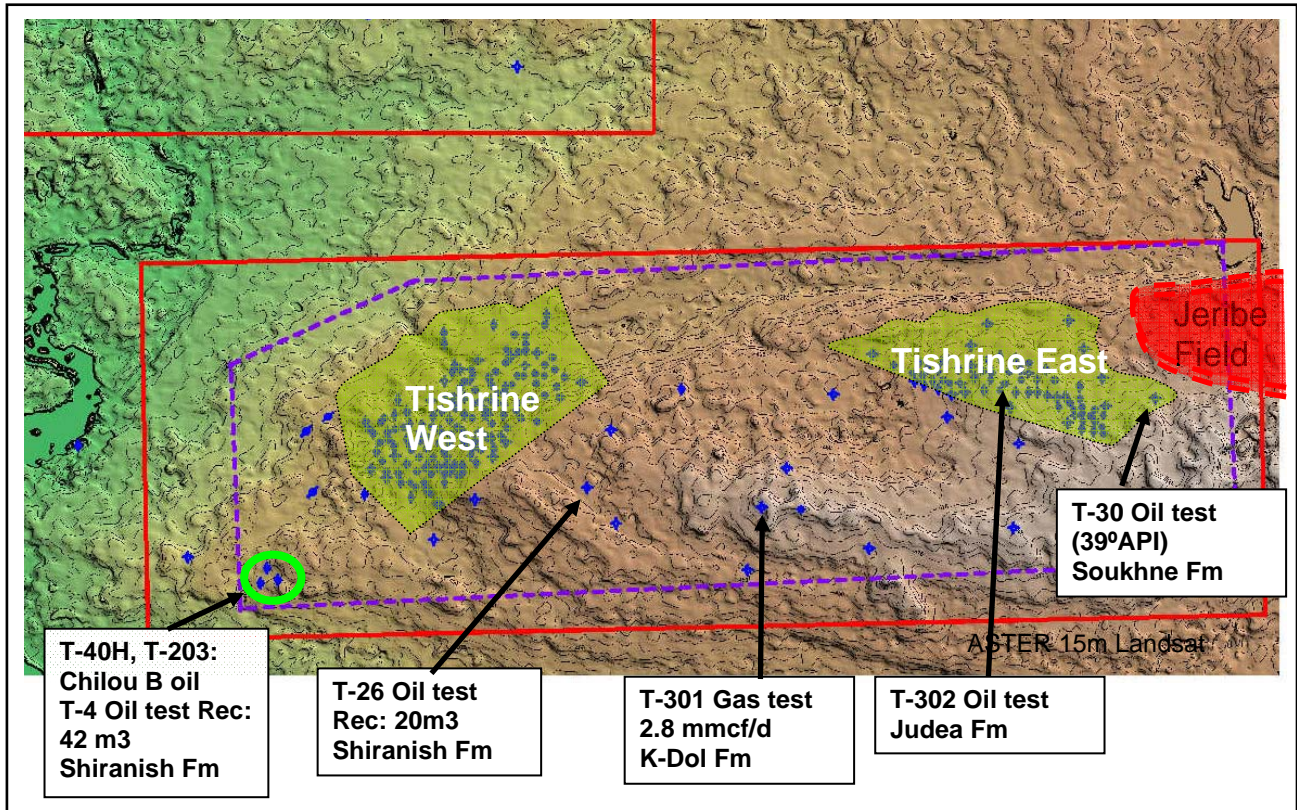
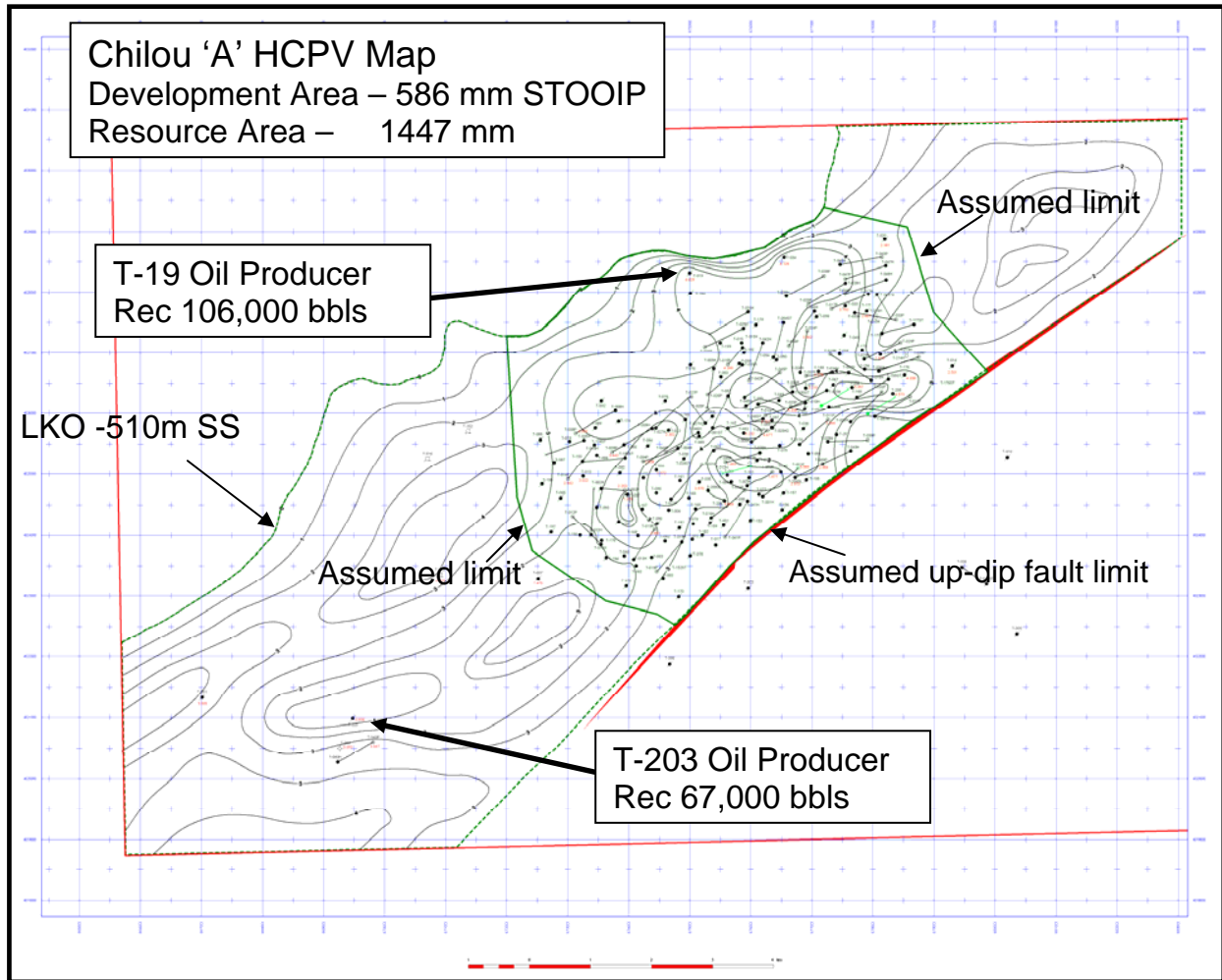
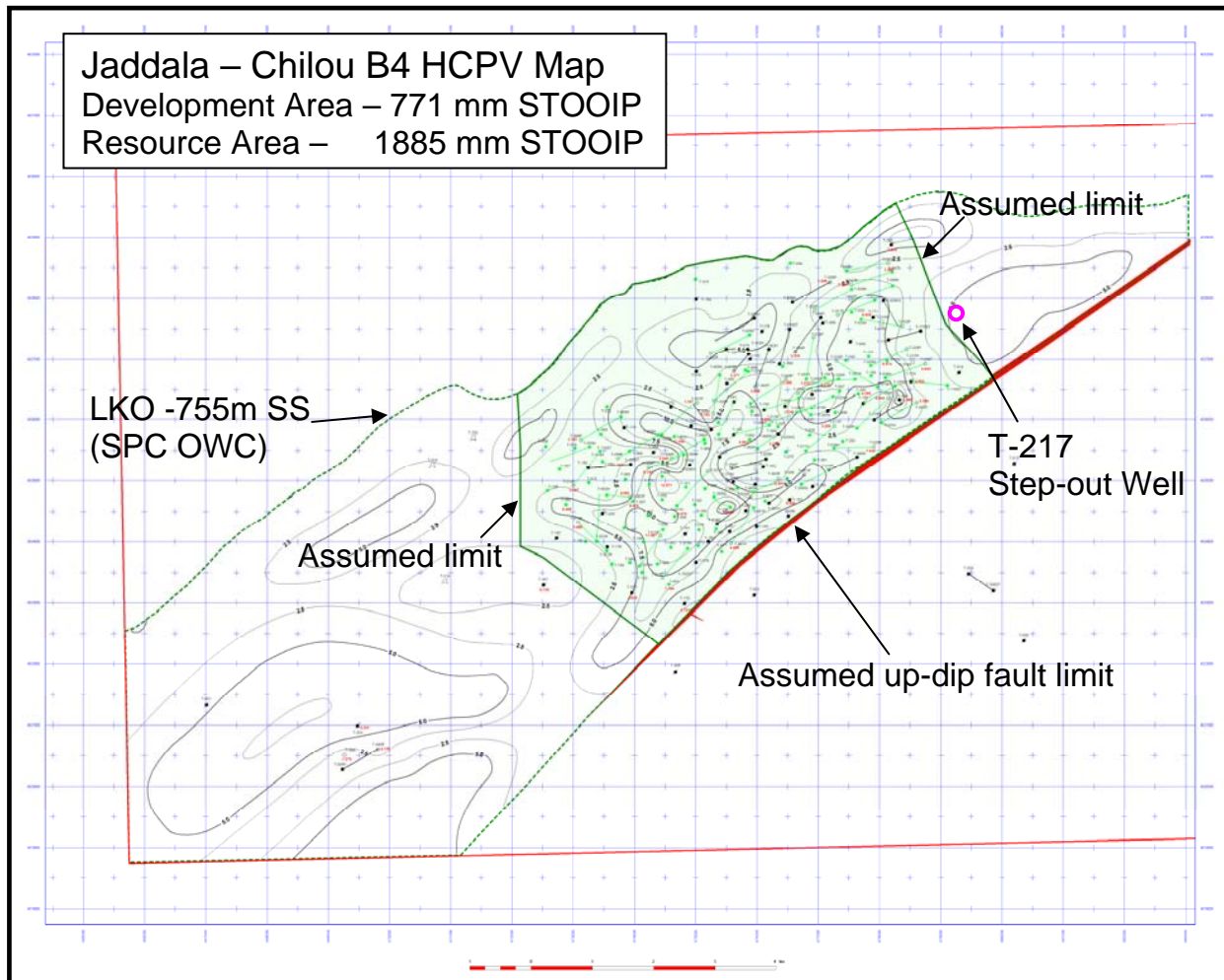


Figure 2. Field Extents - Tishrine West and Tishrine East fields.

A. Tishrine West Chilou A reservoir (Green-shaded area represents 3P development area recognized by D&M)



B. Tishrine West – Chilou B4-Jaddala reservoir (Green-shaded area represents 3P development area recognized by D&M)



C. Tishrine East – Shiranish reservoir (Bold green-outline area represents 3P development area recognized by D&M)

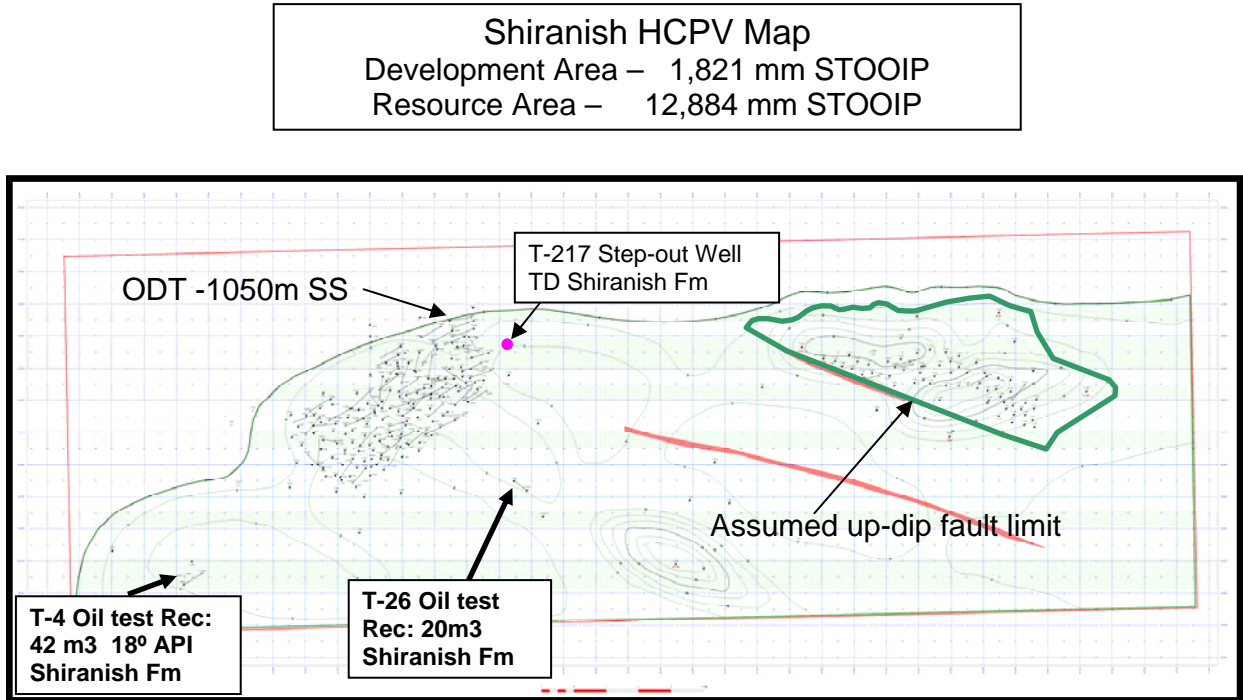


Figure 2A is a Chilou A Net Oil Pay map and demonstrates the extension of the Tishrine West field to the southwest. The down-dip well T-19 (cum production 106,000 Bbls oil) and the T-203 (cum production 67,000 Bbls oil) well located five kilometers from the main producing area may be indicators the southwest flank extension is continuous with the main Tishrine West field. Figure 2B similarly depicts the potential to extend the Jaddala reservoir from the existing Tishrine West field to the southwest.

The Tishrine West field up-dip fault limit is assumed from SPC mapping and old 2D seismic data for the reservoir zones. However this concept will be tested in 2007 by drilling appraisal wells up-dip to the east utilizing the 3D seismic interpretation. Well test of oil from the Chilou formation suggests that the Tishrine West field may be not be limited by the assumed up-dip fault.

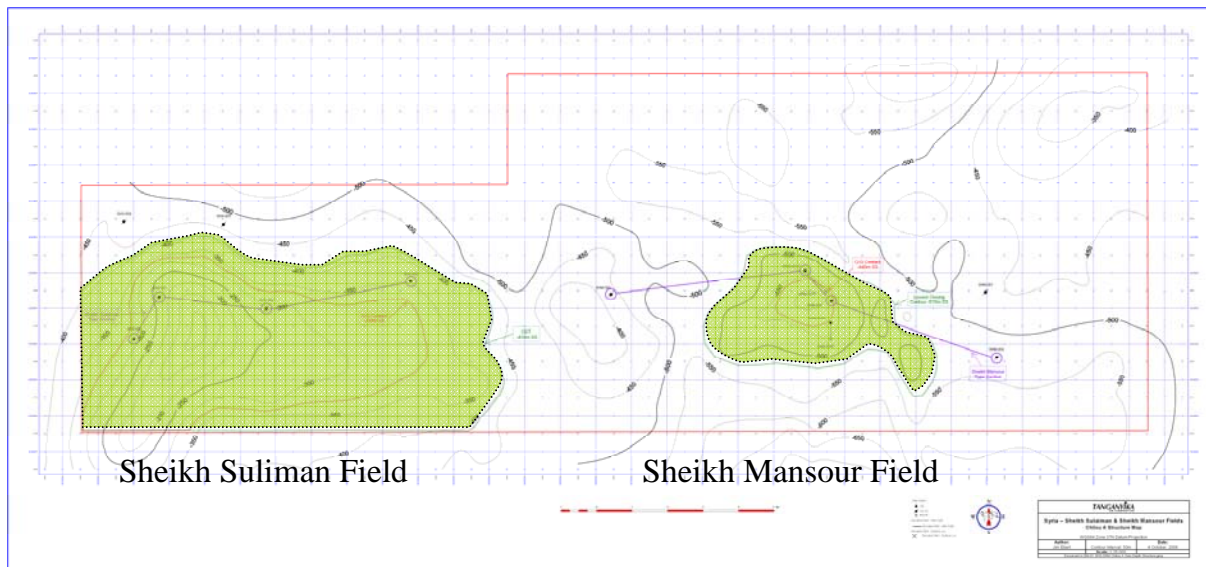
Figure 2C shows the possibility of a larger extent to the Shiranish reservoir oil potential as highlighted by oil tested from the T-4 and T-26 wells located west of the Tishrine East field but within a large structural closure that encompasses most the the Tishrine block. The inclusion of these potential extension areas as illustrated provides the resource potential of 14 billion Bbls STOOIP in addition to the 3P STOOIP recognized by D&M within the block boundaries.

Light oil potential from older and deeper reservoirs such as the Soukhne, Judea and Kurrachine Dolomite formations is recognized from well tests in the central and eastern areas of the Tishrine Block, Figure 1. The prospective size of these deeper opportunities will be determined from the 3D seismic data and may provide for exploration drilling sites in 2007.

Sheikh Mansour Block

The Sheikh Mansour Block (Figure 4) includes two oil and gas discoveries made by SPC. The Sheikh Suliman oil and gas field was discovered in 1977 by the SHS-01 well followed by the Sheikh Mansour-1 (SHM-1) oil discovery in 1978.

Figure 4. Sheikh Mansour Block. Top Chilou Depth Structure Map and Field Areas



Sheikh Suliman Field

The Sheikh Suliman field consists of a gas cap over oil column in the Chilou A limestone reservoir. The SHS-1 discovery well penetrated the gas cap. Five appraisal and step-out wells were drilled by SPC to delineate the field. Sweet gas was tested at the SHS-1 well at rates of 5.1 Mmcf/d using a choke of 15 mm. The SHS-6 vertical step-out well tested Chilou oil at 30 barrels per day 24 °API. Reservoir depths are shallow ranging from 575 to 750 m. Tanganyika estimates STOOIP at 544 million barrels however newly acquired 3D seismic data will provide better structural control to confidently map the hydrocarbon potential.

During 2006, Tanganyika re-activated the SHS-06 well for a long-term production test in the Chilou oil zone. The oil gravity has been confirmed at 23 - 24 ° API. Oil production began at 30 bbls/d from the Chilou A however the well was suspended due to intermittent oil productivity and its remote location. Appraisal drilling and long term testing at Sheikh Suliman will be conducted in 2007.

Sheikh Mansour Field

The SHM-01 discovery resulted in the drilling of three additional wells SHM-02, SHM-03 and SHM-04 and an appraisal well SHM-01H. SHM-02 tested oil in the Chilou B at rates up to 20 BOPD and gas in the Chilou A with a drillstem test. The SHM-01H was drilled as a horizontal producer in the Chilou A offsetting the SHM-02. Production testing indicates the Chilou A is a gas-bearing reservoir.

Tanganyika drilled the SHM-05H step-out appraisal well south of the SHM-02 discovery well in March 2006. The horizontal well was stopped prematurely due to unexpected faulting with only 110 meters drilled in the Chilou A oil reservoir. The well was completed as a Chilou A oil producer but is suspended due to intermittent oil production and its remote location. Integration of the well results with the 3D seismic interpretation will be completed early in 2007 for follow-up drilling and long term testing.

Oudeh Field

Tanganyika has a 100% participating interest and is the operator of the field. Drilling activities continued through 2006 focused on the Shiranish oil reservoir. A total of twelve wells were drilled. Ten of these wells produced oil. The OD-152 well drilled in December will be completed as a Shiranish oil producer. OD-141HST1 was drilled as a side-track from the original OD-141H well to remediate water influx from vertical fractures that breached the bottom seal of the Shiranish B reservoir. The side-track leg successfully encountered Shiranish B oil pay however water influx continues and remediation efforts will be reviewed.

Facilities upgrading has continued with the building of a 15 kilometer twelve inch pipeline from the Oudeh plant to the main trunk line for expected production increases. Installation of line and tank heaters to minimize impact of winter temperatures on production is ongoing.

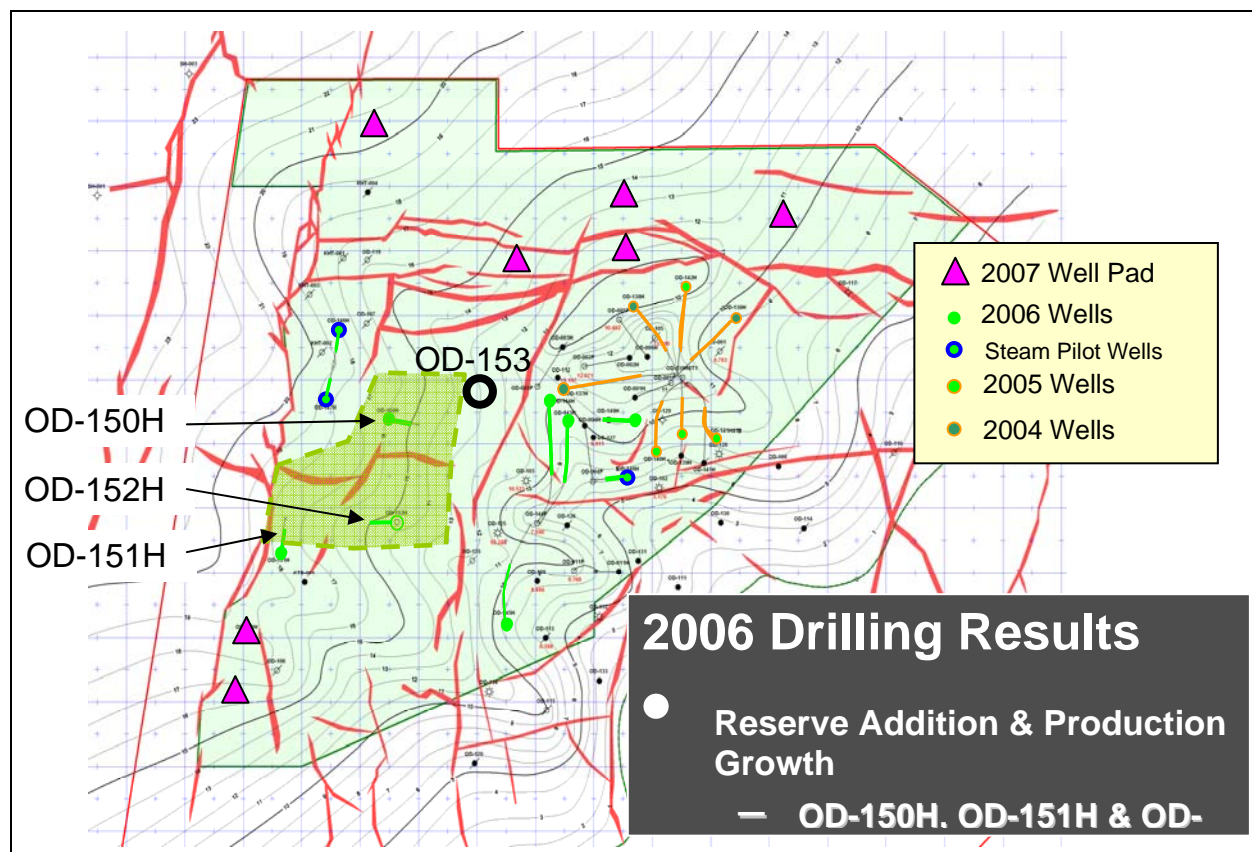
During September 2006 a cyclic steam injection pilot program was commissioned. By the end of 2006 the enhanced oil recovery (EOR) pilot program was initialized with cyclic steam injection at two wells: OD-146H and OD-147H. Injection of steam was successful in the two wells with one "huff and puff" cycle attained at OD-146H and OD-147H. Production rates increased by 200% during the short cycle periods. Better results with a longer steam injection periods will be attempted for early 2007. The success of this program indicates the opportunity to increase oil recovery factors from 7% primary production to a minimum of 14% as recognized by D&M for thermal enhanced recovery. Plans to expand the pilot program to a large area by drilling offset wells and inclusion in the steam injection will commence in 2007.

Exit rate oil production from the Oudeh field was 2,736 barrels of oil per day on 31st December compared to an exit rate of 1,968 barrels per day from a year earlier. At the end of 2006 thirty wells were on production from a total of 36 active wells.

The 210 square kilometer 3D seismic program acquired in 2005 over the entire block area was processed and interpreted in 2006. The new mapping was utilized for reserve estimation and development planning of the Shiranish B, Butmah and Kurrachine Dolomite reservoirs. The drilling of wells in the western area of the Oudeh field was based on the 3D interpretation resulting in reserve addition and production growth from the Shiranish B reservoir.

Significant reserve potential is mapped in undrilled western and northern areas of the block for the Shiranish B reservoir and for the deeper reservoir zones in the Butmah and Kurrachine Dolomite. These deeper zones have potential for light oil and condensate reserves. At the end of 2006 the OD-153 was drilling to test for this potential in the western area. If successful, the well will add reserves in the Oudeh field at an untested area.

Figure 5. Oudeh Field 2006 Drilling Activity - Shiranish B Net Oil Pay Map



Egypt

West Gharib Onshore Oil Fields

The Corporation holds a 70% participating interest and is the operator of the producing Hana Field. Tanganyika holds a 45% participating interest in all lands and operates all producing field outside the Hana Field in the West Gharib onshore area.

The Corporation made three oil discoveries in 2006 Rahmi South, North Hoshia and East Arta, and is production testing a potential fourth oil discovery at East Hoshia. Development licenses have been granted for the Arta, Rahmi South and West Hoshia fields. The North Hoshia and East Arta oil field development permits were submitted for approval to EGPC.

The reserve reporting for the Arta, Rahmi South and West Hoshia fields are included for 2006. Once development licenses have been granted for North Hoshia and East Arta, these fields will be quantified and valued under NI 51-101 guidelines.

At year end 2006, the Hana, Hoshia, Fadl, Rahmi South and Arta fields had a total of seventeen wells on production. Gross production averaged 2,742 bbls/d and Tanganyika's share was 786 bbls/d.

Future Anticipated Exploration and Development Activities

Egypt

Looking forward, the Corporation's main focus will be to develop its oil and gas interest in the West Gharib block in Egypt. The exploration contract term expired at end of November 2006 that included a six-month extension to continue the drilling of exploration wells. Any land not held by a development lease or commercial discovery reverts to the Government of Egypt.

Development plans to expand production levels at Rahmi South, Fadl and Arta will proceed during 2007. In addition appraisal drilling will be evaluated for the East Hoshia, North Hoshia and East Arta fields. The remaining West Gharib concession block outside of the development permit areas was relinquished. Facilities optimization and expansion will continue in 2007.

Syria

Tishrine – Sheikh Mansour Blocks

The Corporation has a 20 year production sharing contract, with an option to renew the contract for five additional years. The third year of the technical evaluation phase will begin in February 2007. The Corporation's commitment is to expand the cyclic steam pilot at Tishrine West, continue drilling at Tishrine West and begin development drilling at Tishrine East, Sheikh Suliman and Sheikh Mansour fields to expand production capacity and reserves growth. Tanganyika is committed to commissioning cyclic steam injection pilots for both the Sheikh Mansour and Tishrine East fields in the next three years. Re-completion efforts will be continued in 2007. There are over 100 wells shut-in that will be assessed for re-completion or re-drilling potential. Plans for the addition of a third rig are being implemented. The third rig will help to accelerate the drilling of new wells at Tishrine East field and appraisal wells at the undeveloped Sheikh Suliman and Sheikh Mansour fields.

Upgrading of production facilities will include 'de-bottle necking' flow lines, completing the installation of heaters and insulating for winter operations and employing an efficient fluid processing, water disposal and oil sales measurement system. Expansion, modification and in some cases replacement of existing infrastructure will be required for increased production and uninterrupted winter operations. At Sheikh Mansour blocks plans are in place for appraisal drilling and long term testing through temporary facilities during 2007.

Oudeh Block

During 2006, the Corporation entered the third year of the contract. The 2006 work program involved the continuation of an aggressive Shiranish appraisal and development drilling schedule, cyclic steam injection pilot testing and stimulation methods to enhance oil recovery.

The Corporation plans to utilize up to three rigs for the 2007 drilling program. Successful results from using the 2005 3D seismic data to drill Shiranish oil producers in unproven areas of the west Oudeh field will result in an aggressive drilling program to add new oil reserves and production from the Shiranish B reservoir. At the end of 2006 the first deep well OD-153 was spud to appraisal light oil potential in the Shiranish, Butmah and Kurrachine Dolomite formations in an untested area of west Oudeh field. Preliminary results indicate the presence of hydrocarbons and a testing program is planned for early 2007. The positive testing of oil will add a significant area of previously unrecognized oil reserves and Tanganyika will drill additional wells to proven the upside potential.

The cyclic steam injection pilot was successful improving heavy oil production rates from three Shiranish horizontal wells during the last quarter of 2006. The Corporation expects to begin expanding the pilot program to include a number of wells and pilot test a larger area during 2007. In addition development plans will result in the drilling of more Shiranish heavy oil producers and appraisal wells for the deeper Butmah and Kurrachine Dolomite reservoirs to increase light oil, condensate and supply gas production.

Tanganyika expects to drill up to 17 new Shiranish oil wells during 2007 producing from lateral and vertical open-hole sections. Proven new methods to increase mobility and production of the heavy Shiranish oil will be part of the completion techniques for the new wells. The arrival of additional rigs by mid-year will enable the drilling of deep wells to expand the drilling program for Butmah and Kurrachine Dolomite light oil production.

Field infrastructure upgrading will continue from 2006. The priority is for the installation of surface heating, increased cyclic steam injection capabilities, and expansion of the production pipeline system and main plant.

ABBREVIATIONS AND CONVERSION

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

Oil and Natural Gas Liquids 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
NGLs	natural gas liquids		
STB	standard tank barrels		

Other

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.
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 metres
MBOE	1,000 barrels of oil equivalent
McfGE	1,000 cubic feet of gas equivalent on the basis of 6 McfGEs to 1 bbl of crude oil.
	McfGEs may be misleading, particularly if used in isolation. A McfGE conversion ratio of 6 McfGEs to 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.
MMcfGE/d	1,000 cubic feet equivalent per day
MMcfGE	1,000 McfGE
\$000s	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade
\$M	\$1,000
\$MM	\$1,000,000

NOTES AND DEFINITIONS

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

“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 (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

“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.

“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 (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed nonproducing. 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.

“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 + probable reserves.

The following terms, used in the preparation of the Ryder Scott and Sproule Report's (as defined herein) and this document, have the following meanings:

“Associated gas” means the gas cap overlying a crude oil accumulation in a reservoir.

“Constant prices and costs” means prices and costs used in an estimate that are:

- (a) the Corporation'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;

- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation 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).

For the purpose of paragraph (a), the reporting issuer's prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

“Corporation” or **“Tanganyika”** means Tanganyika Oil Company Ltd.

“Crude oil” or **“oil”** means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulfur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“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 the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) 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, to the extent necessary in developing the reserves;
- (b) 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 the wellhead assembly;
- (c) 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
- (d) provide improved recovery systems.

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

“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 (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) 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 (collectively sometimes referred to as "geological and geophysical costs");
- (b) 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;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells.

“Exploratory well” means a well that is not a development well, a service well or a stratigraphic test well.

“Field” means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field.

The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

“Future prices and costs” means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future;
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer 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).

“Future income tax expenses” means future income tax expenses estimated (generally, year-by-year):

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
- (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;
- (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
- (d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

“Future net revenue” means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs.

“Gross” means:

- (a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;
- (b) in relation to wells, the total number of wells in which the Corporation has an interest; and
- (c) in relation to properties, the total area of properties in which the Corporation has an interest.

“Natural gas” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

“Natural gas liquids” means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of nonhydrocarbons.

“Net” means

- (a) in relation to the Corporation's interest in production or reserves its working interest (operating or nonoperating) share after deduction of royalty obligations, plus the its royalty interests and cost recovery oil in production or reserves;
- (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
- (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

“Non-associated gas” means an accumulation of natural gas in a reservoir where there is no crude oil.

“Operating costs” or **“Production costs”** means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

“Production” means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

“Property” includes:

- (a) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;
- (b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and
- (c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

“Property acquisition costs” means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

- (a) costs of lease bonuses and options to purchase or lease a property;
- (b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;
- (c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

“Proved property” means a property or part of a property to which reserves have been specifically attributed.

“Reservoir” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“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.

“Solution gas” means natural gas dissolved in crude oil.

“Stratigraphic test well” means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) "exploratory type" if not drilled into a proved property; or (b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

“Support equipment and facilities” means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

“Unproved property” means a property or part of a property to which no reserves have been specifically attributed.

“Well abandonment costs” means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the well site.

DEGOLYER AND MACNAUGHTON CANADA LIMITED
311 SIXTH AVENUE S.W., SUITE 1430
ENERGY PLAZA EAST TOWER
CALGARY, ALBERTA, CANADA, T2P 3H2

NATIONAL INSTRUMENT FORM 51-101F2

REPORT on RESERVES DATA

To the board of directors of Tanganyika Oil Company Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2006. The reserves data consist of the following:
 - a) (i) proved, proved plus probable and proved plus probable plus possible oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - b) (i) proved, proved plus probable and proved plus probable plus possible oil and gas reserves, estimated as at December 31, 2006 using constant prices and costs; and
 - (ii) the 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 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 forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us

as of December 31, 2006, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors.

Independent Qualified Reserves Evaluator	Description & Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue (before income tax, 10% discount rate)			
			Audited M\$	Evaluated M\$	Reviewed M\$	Total M\$
DeGolyer and MacNaughton Canada Limited	Appraisal Report as of December 31, 2006	Egypt	-	87,000	-	87,000
	on Certain Properties owned by	Syria		2,337,000		2,337,000
	Tanganyika Oil Company Ltd. dated January 15, 2007	Total Company		2,424,000		2,424,000

5. In our opinion, the reserves 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 this report 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.

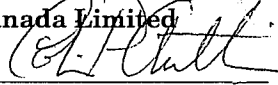
Executed as to our report referred to above:

DeGolyer and MacNaughton Canada Limited, Calgary, Alberta, dated January 31, 2007.

DEGOLYER and MACNAUGHTON
CANADA LIMITED



Colin P. Outtrim, P.Eng.

PERMIT TO PRACTICE	
DeGolyer and MacNaughton Canada Limited	
Signature	
Date	January 31, 2007
PERMIT NUMBER: P 5568	
The Association of Professional Engineers, Geologists and Geophysicists of Alberta	

TANGANYIKA OIL COMPANY LTD.

**FORM 51-101F3
REPORT OF MANAGEMENT
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* ("NI51-101").

1. Terms to which a meaning is ascribed in NI51-101 have the same meaning in this form.
2. The report referred to in item 3 of section 2.1 of NI51-101 shall in all material respects be as follows:

**Report of Management and Directors
on Reserves Data and Other Information**

Management of Tanganyika Oil Company Ltd. (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)
 - (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
- (b)
 - (i) proved oil and gas reserves estimated as at December 31, 2006 using constant prices and costs; and
 - (ii) the related estimated future net revenue.

DeGolyer and MacNaughton Canada Limited, independent qualified reserves evaluators, have evaluated the Company's reserves data. The report of DeGolyer and MacNaughton Canada Limited is presented above on Forms 51-101F2.

The Reserves Committee of the board of directors of the Company has:

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

The Reserves Committee of 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 and management 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 report of DeGolyer and MacNaughton Canada Limited 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.

"signed"

Gary S. Guidry
President and Chief Executive Officer

"signed"

Lukas Lundin
Director

"signed"

Keith C. Hill
Director

"signed"

Arlene Weatherdon
Chief Financial Officer