SINOPEC DAYLIGHT ENERGY LTD.
2018 ANNUAL SUMMARY RESERVE REPORT

Disclosure of Reserves Data

The reserves data (the "Reserves Data") set forth below in this reserves report (the "Report") for Sinopec Daylight Energy Ltd. ("Sinopec Daylight" or the "Company") is based upon an independent evaluation by McDaniel & Associates Consultants Limited ("McDaniel") with an effective date of December 31, 2018 contained in the McDaniel reserve report ("McDaniel Report") dated February 22, 2019. The opening reserves balances represent the reserves for Sinopec Daylight at December 31, 2017. The Reserves Data summarizes the crude oil, natural gas liquids and natural gas reserves of the Company and the net present values of future net revenue for these reserves using forecast prices and costs. The McDaniel Report has been prepared in accordance with the standards contained in the COGE Handbook and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. We engaged McDaniel to provide an evaluation of proved and proved plus probable reserves and no request was made to evaluate possible reserves.

All of Sinopec Daylight's reserves are in Canada, and specifically in the provinces of Alberta and British Columbia.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Sinopec Daylight's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

Abbreviations and Conversions

AECO	physical storage and trading hub for natural gas on the TransCanada Alberta Transmission System (NOVA) which is the delivery point for the various Alberta index prices
API	American Petroleum Institute
API	measure of the density or gravity of liquid petroleum products derived from a specific gravity
Bbl	barrel
Bbl/d	barrels per day
Bcf	billion cubic feet
boe	barrels of oil equivalent converting 6 Mcf of natural gas or one barrel of natural gas liquids to one barrel of oil equivalent
boe/d	barrels of oil equivalent per day
GJ	Gigajoule
MBbl	one thousand barrels
Mboe	one thousand barrels of oil equivalent
MMboe	one million barrels of oil equivalent
Mcf	one thousand cubic feet
m^3	cubic meters
Mcf/d	one thousand cubic feet per day
MMBtu	one million British Thermal Units
MMcf	one million cubic feet
MMcf/d	one million cubic feet per day
MMBbl	one million barrels
M$	one thousand dollars
MM$	one million dollars
NGLs	natural gas liquids
WTI	West Texas Intermediate crude oil that serves as the benchmark crude oil for the NYMEX crude oil contract delivered in Cushing, Oklahoma

FORWARD-LOOKING STATEMENTS

Certain statements contained within this Report constitute forward-looking statements. These statements relate to future events or 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", "budget", "plan", "continue", "estimate", "expect", "forecast", "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. We believe the expectations reflected in these 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 this Report should not be unduly relied upon. These statements speak only as of the date of this Report.

The actual results could differ materially from those anticipated in forward-looking statements as a result of certain risk factors, including those set forth below:

- volatility in market prices for oil, NGLs and natural gas;
- counterparty credit risk;
- changes or fluctuations in oil, NGLs and natural gas production levels;
- infrastructure or transportation constraints for oil, NGLs or natural gas;
- liabilities inherent in and as a result of oil and natural gas operations;
- adverse regulatory rulings, orders and decisions;
- attracting, retaining and motivating skilled personnel;
- uncertainties associated with estimating oil and natural gas reserves;
- fluctuations in foreign exchange or interest rates;
- actions by governmental or regulatory authorities including changes in royalty structures and programs and income tax laws or changes in tax laws and incentive programs relating to the oil and natural gas industry generally;
- limitations on insurance;
- changes in accounting policies and standards;
- changes in environmental or other legislation applicable to our operations including environmental laws and regulations associated with drilling and completion technologies, and our ability to comply with current and future environmental and other laws; and
- geological, technical, drilling and processing problems and other difficulties in producing oil, NGLs and natural gas reserves.

Statements relating to "reserves" or "resources" are by their nature deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

Reserves Information

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

To Convert From	To	Multiply By
cubic meters	cubic feet	35.315
Mcf	cubic meters	28.174
Bbl	cubic meters	0.159
cubic meters	Bbl	6.290
Feet	Meters	0.305
Meters	Feet	3.281
Miles	Kilometers	1.609
Kilometers	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Summary of Reserves

The following tables summarize, as at December 31, 2018, Sinopec Daylight's oil, natural gas liquids and natural gas reserves and the estimated net present values of future net cash revenues associated with such reserves, together with certain information, estimates and assumptions associated with such reserve estimates, as contained in the McDaniel Report. The data contained in the tables set out below is a summary of the evaluations, and as a result, the numbers in the tables may not add due to rounding.

Reserves	**Light and Medium Oil**		**Heavy Oil**		**Tight Oil**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
	(MBbl)	*(MBbl)*	*(MBbl)*	*(MBbl)*	*(MBbl)*	*(MBbl)*
Proved						
Developed producing	7,525	6,411	48	50	89	78
Developed non-producing	1,436	1,188	-	-	-	-
Undeveloped	704	598	-	-	2,136	1,834
Total Proved	9,665	8,197	48	50	2,225	1,912
Probable	3,305	2,625	15	15	4,453	3,659
Total proved plus probable	**12,971**	**10,821**	**63**	**65**	**6,678**	**5,571**

Reserves	**Conventional Natural Gas**		**Coalbed Methane**		**Shale Gas**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**
	(MMcf)	*(MMcf)*	*(MMcf)*	*(MMcf)*	*(MMcf)*	*(MMcf)*
Proved						
Developed producing	104,337	94,890	307	291	55,512	50,763
Developed non-producing	10,079	8,665	-	-	9,245	8,644
Undeveloped	18,710	17,671	-	-	445,919	411,574
Total Proved	133,126	121,226	307	291	510,676	470,981
Probable	58,737	53,451	91	87	587,589	534,761
Total proved plus probable	**191,863**	**174,677**	**398**	**378**	**1,098,265**	**1,005,741**

Reserves	Natural Gas Liquids		Total	
	Gross	Net	Gross	Net
	(MBbl)	*(MBbl)*	*(Mboe)*	*(Mboe)*
Proved				
Developed producing	7,188	5,381	41,543	36,244
Developed non-producing	1,348	981	6,005	5,054
Undeveloped	22,238	18,380	102,516	92,352
Total Proved	30,773	24,743	150,063	133,650
Probable	24,966	19,207	140,475	123,556
Total proved plus probable	**55,739**	**43,950**	**290,538**	**257,206**

Net Present Value of Future Net Revenue (before income taxes)

(000s) discounted at	0%	5%	10%	15%	20%
Proved					
Developed producing	$358,649	$300,203	$256,065	$223,133	$198,063
Developed non-producing	$95,012	$73,956	$59,748	$49,841	$42,642
Undeveloped	$553,422	$293,427	$141,146	$49,279	($7,528)
Total Proved	$1,007,083	$667,585	$456,959	$322,253	$233,177
Probable	$1,453,094	$876,666	$563,968	$382,231	$270,139
Total proved plus probable	**$2,460,177**	**$1,544,251**	**$1,020,928**	**$704,484**	**$503,317**

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Future Net Revenue (undiscounted)

(000s)	Revenue	Royalties	Operating Costs	Development Costs	Abandon-ment and Reclamation Costs	Future Net Revenue Before Income Taxes	Future Income Taxes	Future Net Revenue After Income Taxes
Proved								
Developed producing	$1,456,833	$175,741	$837,181	$1,630	$83,631	$358,649	-	$358,649
Developed non-producing	$254,741	$44,288	$98,146	$7,166	$10,129	$95,012	-	$95,012
Undeveloped	$3,369,721	$372,039	$1,290,926	$1,131,028	$22,307	$553,422	-	$553,422
Total Proved	$5,081,295	$592,068	$2,226,253	$1,139,824	$116,067	$1,007,083	-	$1,007,083
Probable	$4,835,250	$663,619	$2,036,586	$656,974	$24,977	$1,453,094	-	$1,453,094
Total proved plus probable	**$9,916,545**	**$1,255,687**	**$4,262,840**	**$1,796,798**	**$141,044**	**$2,460,177**	**-**	**$2,460,177**

Future Net Revenue by Production Group (Discounted at 10%)	Future Net Revenue before Income Taxes *(000s)*	Unit Value[3] *($/boe or $/Mcf)*
Proved		
Light and medium crude oil[1]	-$15,815	-$1.93
Heavy oil[1]	$540	$10.92
Tight oil[1]	$13,824	$7.23
Natural gas[2] (Non Assoc. & Assoc.)	$105,869	$0.98
Coalbed methane	-$104	-$0.36
Shale Gas	$352,645	$0.79
Total Proved	$456,959	
Proved plus probable		
Light and medium crude oil[1]	$29,765	$2.76
Heavy oil[1]	$760	$11.73
Tight oil[1]	$83,625	$15.01
Natural gas[2] (Non Assoc. & Assoc.)	$155,960	$0.99
Coalbed methane	-$43	-$0.11
Shale Gas	$750,860	$0.80
Total Proved plus probable	$1,020,928	

(1) Including solution gas, other by-products, oil and gas facilities
(2) Including by-products but excluding natural gas from oil wells
(3) Calculated using net oil or net gas reserves and forecast prices and cost assumptions

Pricing Assumptions

The forecast cost and price assumptions include increases in wellhead selling prices and take into account inflation with respect to future operating and capital costs. The estimated future net revenue to be derived from the production of the reserves includes an inflation rate assumption of 2% per year together with the following price forecasts supplied by McDaniel.

Year	**West Texas Intermediate Crude Oil** *($US/Bbl)*	**Edmonton Light Crude Oil** *($Cdn/Bbl)*	**Natural Gas At AECO** *($Cdn/MMbtu)*	**Foreign Exchange** *($US/$Cdn)*
2019	$56.50	$63.30	$1.85	$0.75
2020	$63.80	$74.30	$2.20	$0.78
2021	$67.60	$78.50	$2.55	$0.80
2022	$71.60	$83.40	$3.05	$0.80
2023	$73.10	$85.10	$3.20	$0.80
2024	$74.50	$86.80	$3.30	$0.80
2025	$76.00	$88.50	$3.35	$0.80
2026	$77.50	$90.30	$3.40	$0.80
2027	$79.10	$92.10	$3.45	$0.80
2028	$80.70	$94.00	$3.55	$0.80
2029	$82.30	$95.80	$3.60	$0.80
2030	$83.90	$97.70	$3.70	$0.80
2031	$85.60	$99.70	$3.75	$0.80
2032	$87.30	$101.70	$3.80	$0.80
2033 Escalation of 2% thereafter	$89.10	$103.80	$3.90	$0.80

Weighted average historical prices realized by Sinopec Daylight for the year ended December 31, 2018 were $2.46 per Mcf for natural gas, $65.42 per Bbl for light oil and $19.27 per Bbl for NGLs.

Reserves Reconciliation

Reconciliation of Gross Reserves	Light and Medium Oil			Heavy Oil		
	Proved (MBbl)	Probable (MBbl)	Proved plus Probable (MBbl)	Proved (MBbl)	Probable (MBbl)	Proved plus Probable (MBbl)
December 31, 2017	10,691	3,301	13,992	52	15	67
Extensions and improved recovery	1	0	1	-	-	-
Technical revisions	(1)	(34)	(36)	13	(3)	10
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Expired Leases	-	-	-	-	-	-
Economic factors	24	38	63	(1)	3	2
Production	(1,049)	-	(1,049)	(16)	-	(16)
December 31, 2018	**9,665**	**3,305**	**12,970**	**48**	**15**	**63**

Reconciliation of Gross Reserves	Tight Oil			Natural Gas Liquids		
	Proved (MBbl)	Probable (MBbl)	Proved plus Probable (MBbl)	Proved (MBbl)	Probable (MBbl)	Proved plus Probable (MBbl)
December 31, 2017	2,273	5,111	7,383	32,494	24,047	56,542
Extensions and improved recovery	-	-	-	2,932	1,289	4,221
Technical revisions	0	(660)	(660)	(2,298)	(254)	(2,552)
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Expired Leases	-	-	-	-	-	-
Economic factors	(12)	2	(9)	(837)	(116)	(952)
Production	(37)	-	(37)	(1,519)	-	(1,519)
December 31, 2018	**2,225**	**4,453**	**6,677**	**30,773**	**24,966**	**55,739**

Reconciliation of Gross Reserves

	Conventional Natural Gas			Shale Gas		
	Proved (MMcf)	Probable (MMcf)	Proved plus Probable (MMcf)	Proved (MMcf)	Probable (MMcf)	Proved plus Probable (MMcf)
December 31, 2017	161,977	75,484	237,461	491,941	494,317	986,258
Extensions and improved recovery	1	0	1	53,169	35,528	88,697
Technical revisions	2,400	(17,086)	(14,686)	(12,494)	63,763	51,269
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Expired Leases	-	-	-	-	-	-
Economic factors	(12,133)	339	(11,794)	(9,547)	(6,019)	(15,567)
Production	(19,119)	-	(19,119)	(12,393)	-	(12,393)
December 31, 2018	**133,126**	**58,737**	**191,863**	**510,676**	**587,589**	**1,098,265**

Reconciliation of Gross Reserves

	Coalbed Methane			Oil Equivalent		
	Proved (MMcf)	Probable (MMcf)	Proved plus Probable (MMcf)	Proved (Mboe)	Probable (Mboe)	Proved plus Probable (Mboe)
December 31, 2017	281	102	383	154,543	127,458	282,001
Extensions and improved recovery	-	-	-	11,795	7,210	19,005
Technical revisions	204	13	217	(3,935)	6,830	2,895
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Expired Leases	-	-	-	-	-	-
Economic factors	(124)	(23)	(147)	(4,459)	(1,023)	(5,482)
Production	(54)	-	(54)	(7,881)	-	(7,881)
December 31, 2018	**307**	**91**	**399**	**150,063**	**140,475**	**290,538**

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by McDaniel in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to place them on production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to place them on production.

We do not intend to carry proved undeveloped reserves for long periods of time unless there is a good reason not to produce these reserves in the short term. Where there is sufficient economic justification, we intend to take steps to accelerate and enhance production. These steps could involve dually completing and/or re-drilling to twin wells for secondary zones.

About 45% of our probable reserves are attributed to better performance of proved wells. The remaining 55% results from identified step-out drilling locations and recompletion of existing wells. While these assets do not yet meet the required confidence factor for a booking in the proved category, they are anticipated to be developed in the near term.

For the year ended December 31, 2018, $55.4 million was spent on capital expenditures including land and property acquisitions, net of dispositions. A portion of the 2019 development capital is planned to be used to convert proved undeveloped reserves and probable reserves into proved developed producing reserves. Allocating capital to properties and timing of development is based on the economics and performance of the respective properties.

We plan to continue pursuing development opportunities such as drilling, completions and facilities upgrades in order to convert proved undeveloped and probable reserves into proved developed producing reserves. In instances where land rights are expected to expire within one year, we may engage in farmout arrangements which would eliminate the potential expiry and possibly result in certain proved undeveloped and probable reserves becoming proved developed producing reserves.

There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals).

Proved Undeveloped Reserves

The following table discloses, for each product type, the volumes of current proved undeveloped reserves that were first attributed in each of the most recent three financial years and, in the aggregate, before that time. In the following table, "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Proved Undeveloped Reserves	**Light and Medium Oil**		**Heavy Oil**		**Tight Oil**	
	First Attributed *(MBbl)*	**Total at Year-end** *(MBbl)*	**First Attributed** *(MBbl)*	**Total at Year-end** *(MBbl)*	**First Attributed** *(MBbl)*	**Total at Year-end** *(MBbl)*
2015	212	7,494	-	-	-	-
2016	-	5,639	-	-	-	-
2017	-	707	-	-	-	2,136
2018	-	704	-	-	-	2,136

Proved Undeveloped Reserves	**Conventional Natural Gas**		**Shale Gas**		**Natural Gas Liquids**	
	First Attributed *(MMcf)*	**Total at Year-end** *(MMcf)*	**First Attributed** *(MMcf)*	**Total at Year-end** *(MMcf)*	**First Attributed** *(MBbl)*	**Total at Year-end** *(MBbl)*
2015	8,621	91,724	-	274,327	912	18,140
2016	5,213	50,963	-	325,935	685	20,443
2017	5,778	39,143	8,819	424,225	620	23,820
2018	-	18,710	48,565	445,919	2,753	22,238

Proved Undeveloped Reserves		
	Oil Equivalent	
	First Attributed	Total at Year-end
	(Mboe)	*(Mboe)*
2015	2,561	86,643
2016	1,554	88,898
2017	3,053	103,890
2018	10,847	102,516

Approximately 92% of Sinopec Daylight's future capital associated with proved undeveloped reserves is scheduled for expenditure in 2019 to 2023, the remaining is associated with facilities and capitalized maintenance on existing wells. The major areas of development are the Wapiti and Karr properties, which represent 84% of the total proved undeveloped future development costs and 90% of the total proved undeveloped reserves. The remaining proved undeveloped capital and reserves are primarily associated with the Brazeau (Rock Creek) and Fox Creek (Duvernay) areas.

Probable Undeveloped Reserves

The following table discloses, for each product type, the volumes of current probable undeveloped reserves that were first attributed in each of the most recent three financial years and, in the aggregate, before that time. In the following table, "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Probable Undeveloped Reserves						
	Light and Medium Oil		Heavy Oil		Tight Oil	
	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end
	(MBbl)	*(MBbl)*	*(MBbl)*	*(MBbl)*	*(MBbl)*	*(MBbl)*
2015	321	2,786	-	-	-	-
2016	60	1,899	-	-	3,004	3,004
2017	-	378	-	-	479	5,078
2018	-	377	-	-	-	4,435

Probable Undeveloped Reserves						
	Conventional Natural Gas		Shale Gas		Natural Gas Liquids	
	First Attributed	Total at Year-end	First Attributed	Total at Year-end	First Attributed	Total at Year-end
	(MMcf)	*(MMcf)*	*(MMcf)*	*(MMcf)*	*(MBbl)*	*(MBbl)*
2015	1,926	104,138	-	296,654	119	19,755
2016	1,592	125,477	-	414,339	1,495	26,352
2017	8,165	43,255	92,400	480,891	3,401	21,844
2018	-	25,915	34,686	571,498	1,272	22,529

Probable Undeveloped Reserves		
	Oil Equivalent	
	First Attributed	Total at Year-end
	(Mboe)	*(Mboe)*
2015	761	89,339
2016	4,824	121,224
2017	20,641	114,658
2018	7,053	126,909

Approximately 71% of Sinopec Daylight's future capital associated with proved plus probable undeveloped reserves is scheduled for expenditure in 2019 and 2023. The major areas of development are the Wapiti and Karr properties, which represent 86% of the total proved plus probable undeveloped future development costs and 91% of the total proved plus probable undeveloped reserves. The remaining proved plus probable undeveloped capital and reserves are primarily associated with the Brazeau (Rock Creek) and Fox Creek (Duvernay) areas.

Significant Factors or Uncertainties Affecting Reserves Data

The process of evaluating reserves is inherently complex and such evaluations are estimates only. Our reserves have been evaluated by McDaniel, an independent engineering firm. The reserve evaluation process requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, geological evaluation, engineering data, prices and economic conditions. These factors and assumptions include among others: (i) historical production in the area compared with production rates from analogous producing areas; (ii) initial production rates; (iii) production decline rates; (iv) ultimate recovery of reserves; (v) success of future development activities; (vi) marketability of production; (vii) effects of government regulations; and (viii) other government levies imposed over the life of the reserves. As circumstances change and additional data becomes available, reserve estimates also change. Estimates are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions. Revisions to reserve estimates can arise from changes in year-end prices, reservoir performance and geologic conditions or production. These revisions can be either positive or negative. High operating costs substantially reduce our netback, which in turn reduces the amount of cash available for reinvestment in drilling opportunities. This becomes most relevant during periods of low commodity prices when profits are more significantly impacted by high costs.

Our oil and gas properties have no material extraordinary risks or uncertainties beyond those which are inherent in other oil and gas producing companies.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below.

Future Development Costs (undiscounted) *(000s)*	**Proved Reserves**	**Proved Plus Probable Reserves**
2019	$93,051	$93,068
2020	$139,162	$180,295
2021	$153,738	$206,414
2022	$346,442	$386,475
2023	$318,350	$408,862
Remaining	$89,081	$521,685
Total	**$1,139,824**	**$1,796,798**

Future development costs are capital expenditures required in the future for us to convert proved non-producing reserves and probable reserves into proved developed producing reserves. We anticipate using a combination of internally generated cash provided by operating activities, and, as required, financing from Sinopec International Petroleum Exploration and Production Corporation ("SIPC") and external sources to fund these future development costs. Sinopec Daylight has the support of its operating parent, SIPC, which provides financial support as required. Based on the commodity price and cost assumptions adopted for the forecast prices and costs case, all the expenditures included in the future development costs are economic as they enhance the net present values of the proved developed producing reserves.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth herein and would reduce reserves and future net revenue to some degree depending upon the funding sources utilized. We do not anticipate that interest or other funding costs would make development of any of these properties uneconomic.

Overview

Our operational strategies and activities are directed toward maximizing value over the long-term. We intend to utilize our extensive operating experience and employ prudent oil and natural gas business practices to increase value through development and optimization activities on both existing and acquired oil and natural gas properties. We expect to achieve this value creation through an active development program directed towards lower risk development, continuous optimization of our assets and active management of risk.

Optimization of our assets will take the form of debottlenecking, compression, installation or enhancement of artificial lift, water injection, fluid handling and fluid processing, facility optimization, and other activities. These activities are usually smaller projects with attractive rates of return given the limited capital investment required and rapid payback. We expect to use a variety of technical and operating experts, both internal and external, to achieve these results.

We currently focus our development activities in the Western Canadian Sedimentary Basin. Our development activities are expected to be funded by internally generated cash provided by operating activities, intercompany financing and external sources. We do not anticipate that the costs of funding these development activities will have a material effect on our disclosed oil and gas reserves or future net revenue attributable to those reserves.

Description of Principal Oil and Natural Gas Properties

The following is a description of the principal oil and natural gas properties in which we have an interest. Unless otherwise specified, production estimates, gross and net acres and well count information are as at December 31, 2018. Reserve amounts are stated, before deduction of royalties as at December 31, 2018, based on forecast cost and price assumptions as evaluated in the McDaniel Report. **The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties due to the effects of aggregation.**

Pembina Cash Generating Unit

The Pembina CGU comprises Sinopec Daylight's Brazeau, Tomahawk, and Warburg properties, in addition to a number of minor properties.

The Brazeau property is located approximately 145 kilometers southwest of Edmonton, Alberta near the community of Drayton Valley. Sinopec Daylight operates three significant facilities for the processing of sour oil and the compression of gas in the Brazeau area. The gas is shipped for final processing at the neighboring Brazeau River Complex with the option to flow to other processing plants in the area.

The Warburg and Tomahawk properties are located approximately 30 kilometers east of Drayton Valley. Sinopec Daylight operates two significant facilities for the processing of sour oil and the compression of sour gas in addition to a number of sweet oil facilities in the Warburg/Tomahawk area. The sour gas is shipped for final processing at Minnehik-Buck Lake.

The majority of reserves in the Pembina area are associated with the Rock Creek, Cardium, Ellerslie, Nisku, and Belly River formations with additional reserves assigned to various other cretaceous zones. Proved plus probable reserves in the McDaniel Report total 37 MMboe for our interests in this area at year end 2018.

West Central Cash Generating Unit

The West Central properties are primarily located approximately 230 kilometers northwest of Edmonton, Alberta. The West Central area contains five significant sub-properties: Fox Creek (Duvernay), Medicine Lodge, Oldman, Ansell South, Marlboro, and a number of minor properties. The major producing formations in the West Central area are the liquids-rich Duvernay, Wilrich, and Notikewin zones.

Proved plus probable reserves in the McDaniel Report total 20 MMboe to our interests in this area at year end 2018.

Peace River Arch Cash Generating Unit

The Peach River Arch (PRA) CGU comprises 3 major properties, Wapiti, Karr, and Elmworth in addition to a number of minor properties in proximity to the City of Grande Prairie, in northwest Alberta. In Wapiti and Karr, development and production is primarily in the Montney formation, which is being developed with horizontal wells. In Elmworth, reserves are developed with both vertical and horizontal gas wells and production is commingled from the Cadotte, Falher, Bluesky, Gething, Cadomin, and Nikanassin formations. Sinopec Daylight has identified numerous additional Montney horizontal well opportunities in the PRA area. McDaniel has assigned total proved plus probable reserves of 233 MMboe to our interest in this area at year end 2018.

Oil and Natural Gas Wells

The following table sets forth the number and status of wells in which we had a working interest as at December 31, 2018. Although many wells produce both oil and natural gas, a well is categorized as an oil well or a natural gas well based upon the proportion of oil or natural gas production that constitutes the majority of production from that well.

Number and Status of Wells

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross[1]	Net	Gross[1]	Net	Gross[1]	Net	Gross[1]	Net
Alberta	398	325	222	167	636	301	352	212
British Columbia	1	0	9	3	3	2	17	6
Saskatchewan	0	0	1	1	0	0	0	0
Total	399	325	231	169	639	303	369	218

(1) Gross wells include unit wells

Properties with no Attributed Reserves

The following table sets out our undeveloped land holdings as at December 31, 2018. Our undeveloped land holdings have no reserves attributed to them.

Undeveloped Land Holdings	Undeveloped Acres	
	Gross	Net
Alberta	490,199	365,407
British Columbia	11,196	5,413
Saskatchewan	0	0
Total	501,394	370,819

We expect that rights to explore, develop and exploit 50,497 net acres of our undeveloped land holdings will be subject to potential expiry within one year. We have no material work commitments on such properties. Where we determine appropriate, we may continue expiring leases by either making the necessary applications to extend or by performing the necessary work. Sinopec Daylight calculates gross undeveloped acres by including undrilled spacing units in each lease or license where we have a working interest. The net undeveloped acreage is calculated by multiplying the gross acreage by our working interest percentage.

There are several economic factors and significant uncertainties that affect the anticipated development of Sinopec Daylight's properties with no attributed reserves. Sinopec Daylight will be required to make substantial capital expenditures in order to prove, exploit, develop and produce oil and natural gas from these properties in the future.