

Principals

P. A. Welch P. Eng.	G. M. Heath P. Eng.
B. H. Emslie P. Eng.	R. F. Ott P. Geol.
C. B. Kowalski P. Eng.	B. J. Wurster P. Eng.

May 2, 2008

Infinity Alliance Ventures Inc.

1208 – 808 Nelson St.
Vancouver B. C.
V6Z 2H2

Attention: Mr. Clint Sharples, Director

Reference: **East Kalimantan CBM Block Review**

Dear Sir:

Pursuant to the request of Infinity Alliance Ventures Inc. (“Infinity”), McDaniel & Associates Consultants Ltd. (“McDaniel”) has conducted a brief review (the “Review”) of the Coal Bed Methane (“CBM”) resource potential of the Kutai–Ephindo Block (the “Block”) on Kalimantan Island of Indonesia. Infinity has entered into an agreement to acquire the interests of a British Columbia based company, CBM Asia Development Corp (“CBM Asia”), which recently farmed-in on the Block. A quantitative assessment of the resource potential cannot be conducted at this time due to the early stage of development and limited technical data although a review of the work program proposed by Infinity has been conducted.

An overview of the Review and a summary of our opinions are presented below.

1. EXECUTIVE SUMMARY

The objective of this report was to conduct a brief review of the CBM potential in the Kutai-Ephindo Block on Kalimantan Island of Indonesia and to review the initial work program proposed by Infinity. The scope of this review included the following:

- A brief review of the existing ownership of the Block.
- Review of a resource report prepared by ETTI on the Block.
- Review of various other technical papers and press releases on the CBM potential of Indonesia.

The general findings of this report were as follows:

- The Kutai-Ephindo Block is at a very early stage of CBM exploration.
- The area underlying the Block appears to be underlain by a significant number of coal bearing intervals that are worthy of CBM exploration.
- The coal quality appears to be favorable for CBM development.
- The drilling and testing program proposed by CBM Asia is in our opinion well designed to acquire the most important information necessary for a CBM potential assessment.

2. OVERVIEW OF THE BLOCK

The Kutai-Ephindo Block is located on the eastern side of Kalimantan Island, Indonesia as shown on Figure 1 and encompasses an area of approximately 830 square kilometers. This Block is located within the Kutai Basin which is a major oil and gas producing basin. According to Stevens and Hadiyanto (SPE 2004), the Kutai Basin is the third largest CBM basin in Indonesia and is estimated to contain in-place resources of approximately 80 Tcf.



Figure 1 – Kutai-Ephindo Block Location Map

The eastern area of Kalimantan Island has numerous coal outcrops and open pit coal mines. Oil and gas exploration and production activities have been conducted throughout the area for over 100 years but CBM has only started to receive the attention of the oil industry in the past few years.

There are several natural gas fields on the eastern side of Kalimantan Island. There is also a large LNG facility that would be the most likely market for any CBM projects.

3. CBM ASIA INTERESTS IN THE BLOCK

Based on information provided by Infinity, CBM Asia signed a Participation Agreement to earn a 40 percent interest in a project to explore, appraise and develop potential CBM resources within the Kutai-Ephindo Block with a local company, Ephindo Ibthabi CBM Holding Inc. (“Ephindo”), who owns the oil and gas exploration and development rights. This project will involve three phases; a Study Phase, a Proposal Phase and a Pilot Project Phase.

Under the terms of the Participation Agreement, CBM Asia has the following farm-in commitments:

- 1) Cash consideration of US\$120,000 as follows:
 - a) US\$20,000 upon execution of the agreement (paid)
 - b) US\$40,000 in expenses to cover the participating partner’s share of the Study Phase costs (paid); and
 - c) US\$60,000 upon the award of a cooperation contract, prior to the start of the Pilot Project Phase
- 2) Cash Payments of US\$10,000 per month for a period not to exceed 24 months (paid US\$130,000 to April 15, 2008);
- 3) In the Study Phase, CBM Asia shall have full control and direction over the allocation of the expenses it incurs up to the Study Phase cap of US\$1,000,000 including the right to drill up to two exploration wells; fund the full costs of the Study Phase until completion of the Study Phase or until the Study Phase cap is reached, whichever is first and, subject to Ephindo’s prior approval, share the costs of the Study Phase in excess of the Study Phase cap two thirds CBM Asia and one third Ephindo.
- 4) In the Proposal Stage, CBM Asia shall fund two-thirds of the costs of the Proposal Phase until completion of the Proposal Phase or until any earn-in cap of US\$18,000,000 is reached, whichever is earlier; and shall fund the Proposal Phase costs in excess of the earn-in cap to the extent of its participating interest.
- 5) In the Pilot Project Phase, CBM Asia shall fund two thirds of the cost of the Pilot Project Phase or until the earn-in cap is reached, whichever is earlier, and shall fund its share of the Pilot Project Phase costs in excess of the earn-in cap to the extent of its participating interest.

Production Sharing Contracts (“PSC’s”) for CBM development are currently being drafted by the Indonesian government so the exact terms are not yet known but they are expected to be more favorable than the terms for conventional gas production.

One of the issues associated with the development of CBM gas in Indonesia is the unclear ownership of the gas contained in the coal between the conventional oil and gas owners and the coal rights owners. As part of the drafting of the new PSC regulations, the Indonesian government ruled that the ownership would be split 50 percent by the oil and gas owners and 50 percent by the coal rights owners. We understand that CBM Asia and Ephindo are currently approaching the coal rights owners that overlap the Block to acquire their interests, farm-out their interests or participate in the future exploration. If the coal rights owners elect to participate, CBM Asia’s interest will be reduced by 50 percent. McDaniel has only been provided with a relatively poor quality map showing the outlines of the coal mining concessions and it is difficult to accurately determine how much of the Block has overlapping coal rights but it appears to be close to 100 percent. A map of the Block showing the areas that have overlapping coal rights is shown in Figure 2.

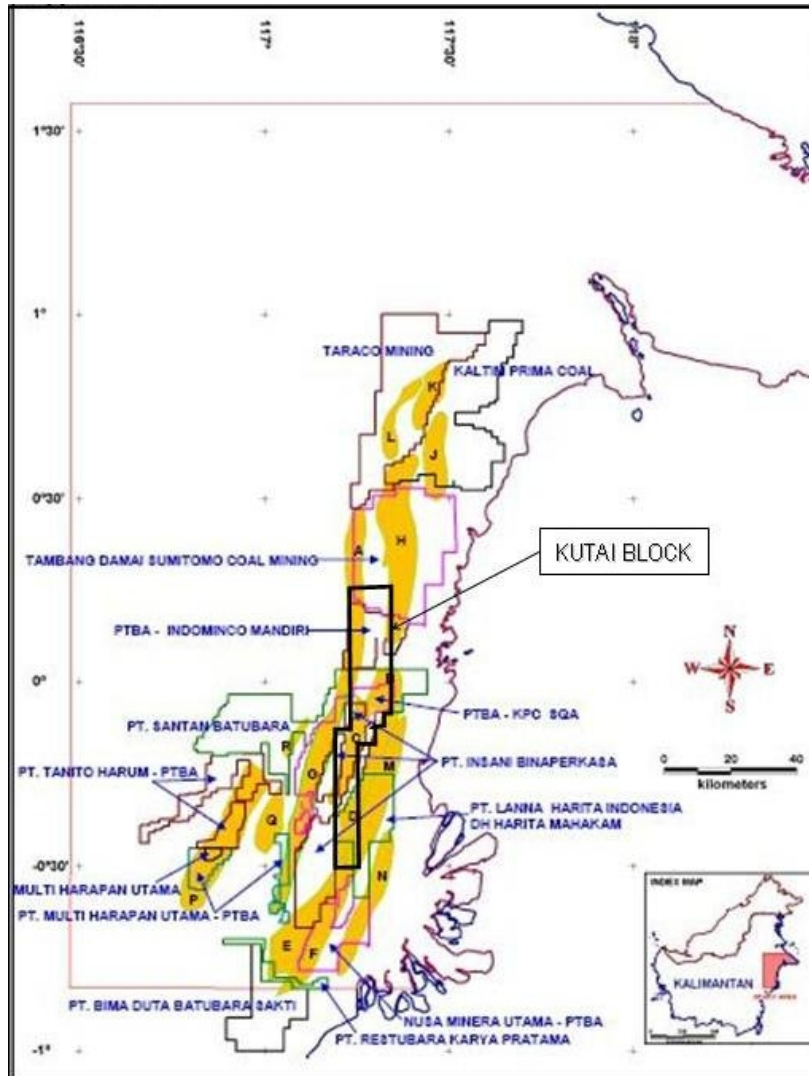


Figure 2 – Kutai-Ephindo Block – Areas with Overlapping Coal Rights

4. DATA PROVIDED FOR THE REVIEW

A collection of data was provided by CBM Asia to McDaniel in early September 2007 that included the following:

- A report prepared by ETTI (PT. Exploration Think Tank Indonesia, an Indonesian technical consultant) in 2007 on the Kutai and Sangatta Blocks called “Desk Study Regional Reconnaissance of Coal Bed Methane in Kutai Basin, East Kalimantan Indonesia”.
- An SPE paper prepared by Scott Stevens in October 2004 on the CBM potential of Indonesia.
- A few other miscellaneous press releases and other public data.

None of the above reports included the original technical data.

Mr. B. H. Emslie of McDaniel traveled to Denver on September 25 and 26, 2007 to meet with CBM Asia technical staff and personnel from ETTI. The objective of this visit was to view original technical data that was used to prepare the ETTI report on the Block.

The data viewed in Denver included a portion of the hardcopy oil and gas well logs, a large montage showing about 14 seismic lines and a few miscellaneous coal mining reports or outcropping analyses in the area (all in Indonesian). The well logs were of typical exploration well quality but the seismic data was very poor quality thus it was impossible to be able to review the interpretations in detail. None of the data viewed in Denver could be kept by McDaniel apart from a few selected photo copies.

5. GEOLOGICAL AND COAL CHARACTERISTICS OF THE BLOCK

In most CBM projects, the coal deposits are relatively flat and cover large areas however in the East Kalimantan Area the coal deposits have been highly folded and faulted due to tectonic activity in the area. This complex geology requires a much higher well density along with closely spaced seismic data to prepare geological maps than would be the case with flatter coal deposits.

Coal outcrops are very common throughout the East Kalimantan area which is where many open pit coal mines have been located however coal bed methane gas would be recovered from underground coal seams located at depths ranging from 500 to 4,000 feet. Information obtained from surface coal outcrops and coal mines is useful to determine the quality of the coal but does not provide as much information on the content of the gas that will be recovered from coal seams below existing outcrops and more often laterally away from the outcrops.

Often conventional oil and gas wells are drilled through the deeper coal seams so that net pay maps and structure maps of the various coal layers can be prepared. There are apparently only 34 deep wells in the vicinity of the Block, of which only 3 are located within the Block outline so the information available to map the coal seams is very limited.

In addition to the use of well logs and surface coal data, coal seams are often mapped using 2D or 3D seismic data. The ETTI report only identified 10 to 15 seismic lines throughout the

area which is very little considering the distance from the southern to northern ends of the Block is close to 80 kilometers. In all likelihood there are more seismic lines which were not available to ETTI. The seismic data provided to McDaniel consisted of only hardcopy pictures on a very small scale thus it was impossible to be able to review the interpretations in detail.

The few well logs provided from the Block area indicated that most wells have a relatively large number (10 to 30) of thin (3 to 15 feet) coal seams that are spread out over the entire prospective depth interval from 500 to 4,000 feet.

There was a large amount of information obtained from surface outcrops on the coal quality throughout the area in or near the Block, which indicated that the coal has characteristics suitable for CBM development. It is generally characterized as lignite to sub-bituminous and has low ash and CO₂ content, with moderate water content.

There is no information in the area to indicate the gas saturation within the coal seams, only tests on surface coal samples to determine the theoretical maximum gas adsorption potential. Only special tests run on core data obtained while drilling future wells will provide that information.

The risks associated with an exploration program on this Block, like all CBM projects, is in finding favorable gas contents in the coal and having sufficient permeability in the cleat system of the coal to allow for economic production rates.

6. REVIEW OF THE CBM POTENTIAL

The amount of information available to be able to conduct a volumetric assessment of the original gas in the coal underlying the Kutai Block or of the recoverable gas volumes is very limited since the historical exploration focused on either surface coal outcrops for coal mining or deeper oil and gas accumulations. It is therefore very difficult to assess the resource potential of the Block with a high degree of confidence at this time.

ETTI prepared a report on the CBM potential of the Block which consisted of a compilation of data related to CBM exploration in the East Kalimantan area, it identified coal sweet spots, and it provided estimates of the initial gas in place (“IGIP”) within coal sweet spots. McDaniel & Associates reviewed the report and found it to be a very detailed and thorough analysis of the CBM potential for the Kutai Block area. However it was difficult to audit ETTI’s estimates due to the lack of the full original data set.

Notwithstanding the limited information available for our review, it is our opinion that the coals in and around the Block appear to have favorable characteristics for CBM exploration.

One issue that was identified was that there is a national park that covers the northern end of the Block thus it is likely the area within the park cannot not be developed due to surface access restrictions. However, the area covered by the park is only approximately 200 acres in size and represents less than 1 percent of the total area of the Block as shown in Figure 2.

7. WORK PROGRAM

CBM Asia has provided McDaniel with their proposed work program to assess the CBM potential of the Kutai-Ephindo Block. This work program consists of a geological review to identify the exact location and placement of drill targets within potential sweet spots followed by drilling and testing of three exploration wells on sweet spots and extended production testing.

The general locations of these wells are presented on the location map in Figure 1. It was not possible for McDaniel to assess whether these wells are positioned in optimum locations because of limited data but it is likely that good information can be obtained from almost any location within the Block.

The program anticipates that the geological review will commence in June, 2008 and take approximately 17 weeks to complete. Thereafter, three wells will be drilled to a maximum depth of 3,500 feet over a period of 20 to 24 weeks. Two of the wells will be completed vertically and three zones will be fractured in each. The third well will have two 2,800 feet horizontal laterals, in two different coal seams. The well with the horizontal laterals and one of the vertical wells will have a 4.5 month production test.

The drilling will include full diameter coring on 15 coal seams in each well. The laboratory testing on cores acquired from these wells for each seam includes the following:

- Gas desorption tests
- Core porosity, grain density, horizontal permeability, and vertical permeability measurements
- Proximate and ultimate analyses
- Maceral studies
- Gas composition and water analyses
- Adsorption isotherms will be measured on 3 samples per well

The cost of locating, drilling, completing, core testing was estimated by CBM Asia to cost a total of \$2.595 million and production testing for 4.5 months an additional \$2.25 million. Under the Study Phase of the Participation Agreement, the entire cost of the geological review and the first two wells, being \$1.5 million, would be the responsibility of CBM Asia unless Ephindo agrees, in its discretion, to contribute one-third of such costs in excess of the Study Phase Cap. Thereafter, the cost of the third well, (\$1,095,000) and the production testing costs(\$2.25 million) would be split two-thirds CBM Asia and one-third Ephindo under the Proposal and Pilot Project Stages of the Participation Agreement unless the coal interest owners decide to participate and pay for 50 percent of such costs.

In our opinion, the drilling and testing program proposed by CBM Asia is well designed to acquire the most important information necessary for a CBM potential assessment.

8. LIMITATIONS OF THIS REVIEW

This review was intended to be primarily an assessment of whether the Kutai Block is worthy of CBM exploration. There are many other issues that will need to be addressed prior to

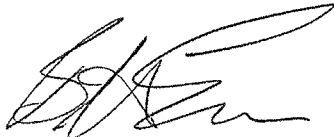
assigning resources or reserves and proceeding with a commercial development project on the Block including:

- Determining the government fiscal terms that will be applicable to a CBM PSC.
- Determining areas within the Block that will be inaccessible either due to government restrictions (such as national parks) or difficult to develop surface terrain.
- Reviewing the regulatory and environmental approval process to determine if there may be any impediments to a commercial CBM project.
- Reviewing the overall economics of development.

This report was prepared by McDaniel & Associates Consultants Ltd. for the exclusive use of Infinity Alliance Ventures Inc. and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Infinity Alliance Ventures Inc. without the knowledge and consent of McDaniel & Associates Consultants Ltd. We reserve the right to revise any comments and opinions provided herein as further data comes available on the properties.

Sincerely,

McDANIEL & ASSOCIATES CONSULTANTS LTD.



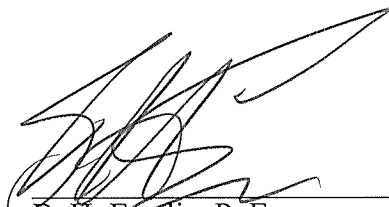
B. H. Emslie, P. Eng.
Senior Vice President

PERMIT TO PRACTICE	
McDANIEL & ASSOCIATES CONSULTANTS LTD.	
Signature	<u>B. Emslie</u>
Date	<u>Friday, May 02, 2008</u>
PERMIT NUMBER: P 3145	
The Association of Professional Engineers, Geologists and Geophysicists of Alberta	

CERTIFICATE OF QUALIFICATION

I, Bryan Howard Emslie, Petroleum Engineer of 2200, 255 - 5th Avenue S.W., Calgary, Alberta, Canada hereby certify:

1. That I am a Senior Vice President of McDaniel & Associates Consultants Ltd. which Company did prepare, at the request of Infinity Alliance Ventures Inc. a brief review of the Coal Bed Methane resource potential of the Kutai-Ephindo Block, As of May 02, 2008, dated May 02, 2008; and that I was involved in the preparation of this review.
2. That I attended the University of Alberta in the years 1973 to 1980 and that I graduated with a Bachelor of Science Degree in Mechanical Engineering, that I am a registered Professional Engineer with the Association of Professional Engineers, Geologists & Geophysicists of Alberta and that I have in excess of twenty-five years experience in oil and gas reservoir studies and evaluations.
3. That McDaniel & Associates Consultants Ltd., its officers or employees, have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in any properties or securities of Infinity Alliance Ventures Inc., any associate or affiliate thereof.
4. That the aforementioned report was not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the limited extent of the information available on the properties in question.



B. H. Emslie, P. Eng.
Senior Vice President

Calgary, Alberta
Dated: May 02, 2008