

EMBER RESOURCES INC.

Second Quarter Highlights

	Three months ended June 30, 2007	Three months ended June 30, 2006 <i>(Restated)</i>	Six months ended June 30, 2007	Six months ended June 30, 2006 <i>(Restated)</i>	Percentage change 3 mos/6 mos
FINANCIAL HIGHLIGHTS					
<i>(000s, except per share amounts)</i>					
Natural gas sales	\$ 3,217	\$ 2,200	\$ 7,037	\$ 4,199	46 / 68
Funds from operations	\$ 1,559	\$ 525	\$ 3,488	\$ 1,409	197 / 148
– per share basic and diluted	\$ 0.04	\$ 0.02	\$ 0.10	\$ 0.05	100 / 100
Net income (loss)	\$ (268)	\$ (1,427)	\$ (375)	\$ (2,172)	81 / 83
– per share basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.01)	\$ (0.07)	80 / 86
Capital investment additions	\$ 2,382	\$ 5,078	\$ 6,953	\$ 16,631	(53) / (58)
Property acquisition	\$ 0	\$ 0	\$ 8,806	\$ 0	NA / NA
Total assets	\$ 93,901	\$ 72,991	\$ 93,901	\$ 72,991	29 / 29
Net debt (surplus)	\$ 8,405	\$ (3,947)	\$ 8,405	\$ (3,947)	313 / 313
Average shares – basic and diluted	36,075	30,418	34,230	30,418	19 / 13
OPERATING HIGHLIGHTS					
<i>(000s, except per unit amounts)</i>					
Daily average gas production (mcf/d)	5,068	4,225	5,477	3,756	20 / 46
Daily average production (boe/d)	845	704	913	626	20 / 46
Average sales price (\$/mcf)	6.98	5.72	7.10	6.18	22 / 15
Royalties (\$/mcf)	0.26	0.94	0.48	0.86	(72) / (44)
Operating expenses (\$/mcf)	1.17	1.94	1.20	1.76	(40) / (32)
Transportation expenses (\$/mcf)	0.20	0.24	0.20	0.25	(17) / (20)
Operating netback (\$/mcf)	5.35	2.60	5.22	3.31	106 / 58
Operating netback (\$/boe)	32.09	15.59	31.30	19.83	106 / 58
CBM wells drilled (gross/net)	0 / 0	3 / 3	1 / 1	7 / 7	(100) / (86)
– Mannville	0 / 0	0 / 0	1 / 1	0 / 0	0 / NA
– Horseshoe Canyon	0 / 0	0 / 0	0 / 0	7 / 7	0 / (100)
Land (000s of net acres)	300	302	300	302	(1) / (1)

QUARTERLY HIGHLIGHTS

Financial

- ▶ Higher production rates, stronger natural gas prices and a continued reduction in cost structures contributed to a 197% increase in funds from operations for the quarter to \$1.6 million or \$0.04 per share.
- ▶ The Company moved closer to profitability recording a \$268 thousand loss in the quarter as compared to a \$1.4 million loss in the second quarter of 2006.
- ▶ Ember's balance sheet remained strong with net debt including working capital at \$8.4 million at the end of the quarter.
- ▶ The Company's line of credit was increased to \$25 million supported by the first quarter acquisition of the Acme property which expanded Ember's base of low-risk Horseshoe Canyon CBM resources.

Operations

- ▶ Capital expenditures were minimal during the quarter totaling \$2.4 million. Due to an extended spring break-up that delayed drilling, operations were limited to workovers and remedial work on existing wells. A 42-well drilling program commenced in July.
- ▶ Production for the quarter was up 20% from last year's second quarter to an average 5.1 mmcf/d. Production was down 14% from the first quarter with nearly half of the decline due to one-time adjustments from 2006 and the remainder due to natural production declines. Production declines since the fourth quarter of 2006 have been modest despite reduced drilling and completion activity over the past three quarters.
- ▶ A long-term processing agreement for Ember's newly acquired Acme property was signed during the quarter with Ember's partner Altagas ("Altagas"). Under the agreement, Altagas will construct all of the required processing and pipeline infrastructure; in return Ember will pay a processing fee and dedicate its gas production and reserves in the area to the facility. Total cost to construct the infrastructure is estimated at \$12 million.

CHAIRMAN'S MESSAGE

WHILE SECOND QUARTER DRILLING WAS DELAYED BY WEATHER, WE HAVE EMBARKED ON A PROGRAM OF LOW COST, LOW RISK DRILLING WITH THE TARGET OF MORE THAN DOUBLING PRODUCTION BY YEAR END.

In the current environment of uncertain gas prices, our priority is to develop our low risk Horseshoe Canyon assets, which are characterized by low-cost drilling and wells that we believe can produce for 30 years. This conservative approach to capital spending will maintain financial flexibility while allowing Ember to continue to grow production, with a particular focus on per share growth on all metrics for our investors.

2007 Capital Program

Low cost, low risk Horseshoe Canyon CBM

As announced earlier this year, our near-term investment is being directed to low risk, low cost Horseshoe Canyon CBM resources. As of March 31, Ember had a total of 49 Bcf of proved plus probable reserves with an additional 9 Bcf of possible reserves booked at its two major Horseshoe Canyon properties located at Fenn-Big Valley and Acme. Of that total 58 Bcf of gas only 8 Bcf is currently producing. Meanwhile, costs associated with drilling and completing Horseshoe Canyon CBM wells are down by at least 20% providing an opportunity to drill wells today at a very low cost and which have an expected production life extending out 30 years.

In July, Ember began programs to drill 42 new Horseshoe Canyon wells, tie-in nine existing wells and re-complete four wells for a total of 55 net new producing CBM wells by year end. This activity is expected to more than double current production to a targeted 2007 exit rate of 11 mmcf/d.

At Fenn-Big Valley drilling operations were kicked off in July. Fourteen wells have been drilled and completion and tie-in operations are underway along with four re-completions. Production additions are expected by the end of the third quarter.

At Acme, Ember and Altagas are well advanced in securing the required access, permits and approvals to begin work on this significant property. A 28-well drilling program will begin in September along with pipeline and gas plant construction. When combined with nine existing wells, first production from 37 wells at Acme is expected prior to year end.

With two significant Horseshoe Canyon properties onstream by end of year, Ember will have the ability to continue to add low cost reserves and production from a drilling inventory in excess of 150 net development locations. Ultimate productivity of 20 mmcf/d is expected from full development of these two properties over the next couple of years.

Mannville wells de-watering

Major capital expenditures on the Company's Mannville CBM resource will be deferred until later in the year with two (2.0 net) new horizontal wells scheduled for drilling. However, natural gas prices, corporate production levels and the success of current Horseshoe Canyon activity will dictate the amount of capital spending on Mannville activities.

The five most recent Mannville wells drilled over the past year have increased the potential for commercial success. The Company has employed a number of new drilling, completion and production techniques as it continues to refine technologies on this emerging play. With an estimated 1.1 TCF of gas-in-place on Company lands, Ember continues to focus on ultimate commerciality of this project.

The Company is continuing to evaluate and produce its existing Mannville horizontal wells. Mannville production during the quarter was down 125 mcf/d to 190 mcf/d due to downtime caused by pump failures and limited access due to wet lease conditions. Those production problems have been corrected and consistent dewatering has been ongoing since mid-June.

Outlook

Natural gas fundamentals continue to point to an excess of supply relative to demand creating uncertainty in near-term prices. During this period of uncertainty and weak natural gas prices, the Company will take a conservative approach in managing its capital projects and maintaining financial flexibility. Priority will be given to projects that will show economic returns in the current pricing environment and will benefit from any future recovery in natural gas prices.

Production is expected to average 6-6.5 mmcf/d for the year which is within the previous forecast range, although at the lower end due to drilling delays. The 2007 exit rate remains unchanged at 11 mmcf/d. Production growth is anticipated from Fenn-Big Valley in the third quarter, and from Acme prior to the end of the year. Capital spending for the full year has been reduced to \$35 million due to lower drilling and completion costs of Ember's Horseshoe Canyon projects.

New Vice-President of Production

Ember is pleased to announce the appointment of Steve Gell as Vice-President, Production. Steve has extensive operating experience in both CBM and conventional production and is a welcome addition to the Ember team.

On behalf of the Board



Douglas Dafoe
Chairman and Chief Executive Officer

August 10, 2007

MD&A

The following Management Discussion & Analysis (“MD&A”) is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Ember Resources Inc. (“Ember” or the “Company”) for the six month period ended June 30, 2007. Ember was incorporated on June 3, 2005 and commenced commercial operations on July 7, 2005. The MD&A includes comparisons for the corresponding three month periods and six month periods ended June 30, 2006 and 2007. The following information has been prepared by management and should be read in conjunction with the unaudited interim financial statements for the six months ended June 30, 2007, and the audited financial statements and MD&A for the period ended December 31, 2006, dated March 14, 2007. The reporting and the measurement currency is the Canadian dollar. This MD&A is dated as of August 8, 2007.

Forward-looking Statements

Statements throughout this MD&A that are not historical facts may be considered “forward-looking statements.” Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks may be forward-looking statements which reflect management’s expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as “may”, “will”, “should”, “could”, “anticipate”, “believe”, “expect”, “intend”, “plan”, “potential”, “continue” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and may be updated as required by law should material events or circumstances arise.

Ember’s Business

Ember is a natural gas exploration and production company focused on extraction of natural gas derived from coal (“CBM”) in the province of Alberta, Canada. The Company operates in four principal geographic areas of Alberta: Horseshoe Canyon areas of Acme and Fenn-Big Valley both located north-east of Calgary; and Mannville prospective areas of Rosalind located south-east of Edmonton, and Manola located north-west of Edmonton. At June 30, 2007 the Company held interests in 300,000 net acres of developed and undeveloped land, and produced at an average rate for the six month period ended June 30, 2007 of 5,477 mcf/d (913 boe/d).

History

In July 2005, Ember, Thunder Energy Inc. (“Thunder”), Mustang Resources Inc. (“Mustang”) and Forte Resources Inc. (“Forte”) completed a Plan of Arrangement (the “Arrangement”). Under the Arrangement, Ember acquired certain natural gas rights associated with coal from Thunder and became engaged in the acquisition, development and production of CBM gas reserves. Ember assumed all liabilities, including environmental liabilities, relating to the transferred assets.

In July 2005, Ember completed a \$6 million private placement consisting of 3,108,808 common shares in the capital of Ember (“Common Shares”) issued at \$1.93 per share to employees, directors and service providers of Ember. The Common Shares are subject to escrow agreements which allow for release in equal amounts on January 9, 2006, July 10, 2006 and July 5, 2007.

On August 31, 2005, Ember completed a bought deal financing of 7,000,000 Common Shares at a price of \$7.15 per share for gross proceeds of \$50,050,000.

In April 2006 Ember finalized arrangements to increase its credit facility to \$15 million from \$2.5 million.

On October 18, 2006 the Company held a Special Meeting of Shareholders in which the shareholders ratified and approved the Shareholder Rights Plan of Ember which was adopted pursuant to a Shareholder Rights Agreement dated August 9, 2006 between Ember and Olympia Trust Company, as rights agent.

On March 1, 2007, the Company acquired CBM natural gas assets from a private company for cash consideration of \$8.75 million. The assets located in the Acme area of Alberta consist of 10 drilled and completed non producing gas wells with an average working interest of 92%, and a 70.5% operated interest in 16,960 gross acres of land (11,960 net).

Also on March 1, 2007, the Company issued 5,660,400 Common Shares by way of a private placement, at \$2.65 per share for cash consideration of \$15.0 million. Proceeds of the issue were used to fund the \$8.75 million Acme acquisition with the balance to be used to reduce debt and for working capital purposes.

In May 2007 the Company renegotiated its credit facility resulting in an available facility totaling \$25 million. The facility is available in two Tranches: Tranche A, a revolving \$15 million operating facility for general corporate purposes; and Tranche B a development facility for the development of the Company's Acme property.

Since inception Ember has drilled 60 gross (60 net) Horseshoe Canyon wells, and 13 gross (11.5 net) Mannville wells. The Company has increased production from 2,336 mcf/d (389 boe/d) at inception to current rates of 5,068 mcf/d (845 boe/d), an increase of 117%.

Second Quarter 2007 Review

The following are highlights of the six month period ended June 30, 2007.

Operations

Capital expenditures were minimal during the quarter totaling \$2.4 million. Due to an extended spring break-up that delayed drilling, operations were limited to workovers and remedial work on existing wells. A 42-well drilling program commenced in July.

Production for the quarter was up 20% from last year's second quarter to an average 5.1 mmcf/d. Production was down 14% from the first quarter with nearly half of the decline due to one-time adjustments from 2006 and the remainder due to natural production declines. Production declines since the fourth quarter of 2006 have been modest despite reduced drilling and completion activity over the past three quarters.

A long-term processing agreement for Ember's newly acquired Acme property was signed during the quarter with Ember's partner Altagas ("Altagas"). Under the agreement, Altagas will construct all of the required processing and pipeline infrastructure; in return Ember will pay a processing fee and dedicate its gas production and reserves in the area to the facility. Total cost to construct the infrastructure is estimated at \$12 million.

Financial performance

Higher production rates, stronger natural gas prices and a continued reduction in cost structures contributed to a 197% increase in funds from operations for the quarter to \$1.6 million or \$0.04 per share.

The Company moved closer to profitability recording a \$268 thousand loss in the quarter as compared to a \$1.4 million loss in the second quarter of 2006.

Ember's balance sheet remained strong with net debt including working capital at \$8.4 million at the end of the quarter.

The Company's line of credit was increased to \$25 million supported by the first quarter acquisition of the Acme property which expanded Ember's base of low-risk Horseshoe Canyon CBM resources.

Change in Accounting Policies

During the third quarter 2006 Ember changed its accounting policies governing direct and indirect general and administrative expenses, stock based compensation, and pre-production costs associated with wells drilled into the Mannville zone. Previously the Company had expensed all these costs. The change results in capitalization of a portion of these costs and inclusion in the full cost capital pool subject to depletion. The changes have been applied retroactively with restatement of results back to commencement of operations in July 2005.

The changes are as follows:

General and administrative (G&A) and stock based compensation (SBC)

Effective July 1, 2006, Ember changed its accounting policy for direct and indirect G&A and SBC expenses in order to more accurately reflect the cost of bringing assets on production. Previously Ember expensed all direct G&A expenses and SBC expenses related to acquisition and development activities. Under the new policy, direct G&A costs together with the related portion of the SBC expenses for the impacted employees are being included in the full cost pool and depleted. The effect of this change in accounting policy has been recorded retroactively with restatement of prior periods.

Capitalized Mannville Pre-production Expenses

Effective July 1, 2006, Ember changed its accounting policy for initial production costs related to Ember's drilling and production operations in Mannville zones. Previously, the Company recorded initial production activities (including all revenues and expenses) for all Mannville wells through the income statement as is typical for more conventional natural gas operations. Significant gas production and revenue generation does not occur in Mannville zones until dewatering of the coals occur. Until commercial gas production and revenue generation commences, Ember believes that a policy of capitalizing these pre-production costs (including all expenses and incidental revenue) on a well by well basis is more representative of the costs of bringing assets on production. Under the new policy, certain net pre-production costs including expenses and incidental revenue will be included in the full cost pool and depleted. The effect of this change in accounting policy has been recorded retroactively with restatement of prior periods.

The results of the change on June 30, 2006 results from operations are as follows:

Income Statement (\$000s)

	Capitalization of Direct G&A and SBC	Capitalization of Mannville Pre-production costs	Total for the six months ended June 30, 2006
Natural gas sales	\$ -	\$ (89)	\$ (89)
Royalties	-	(14)	(14)
G&A expense	(626)	-	(626)
Operating expense	-	(457)	(457)
SBC expense	(546)	-	(546)
Depletion, depreciation and accretion expense	116	-	116
Net income	\$ 1,056	\$ 382	\$ 1,438
Net income per share - basic and diluted			\$ 0.05

Income Statement (\$000s)

	Capitalization of Direct G&A and SBC	Capitalization of Mannville Pre-production costs	Total for the three months ended June 30, 2006
Natural gas sales	\$ -	\$ (49)	\$ (49)
Royalties	-	(6)	(6)
G&A expense	(313)	-	(313)
Operating expense	-	(232)	(232)
SBC expense	(169)	-	(169)
Depletion, depreciation and accretion expense	69	-	69
Net income	\$ 413	\$ 189	\$ 602
Net income per share - basic and diluted			\$ 0.02

Loss and Funds from Operations ⁽¹⁾

Loss was \$0.4 million for the six month period ended June 30, 2007 compared to loss of \$2.2 million for the six month period ended June 30, 2006. Funds from operations were \$3.5 million for the six month period ended June, 2007 compared to \$1.4 million for the six month period ended June 30, 2006.

(\$000s)	Three months ended June 30, 2007	Three months ended June 30, 2006 <i>(Restated)</i>	Six months ended June 30, 2007	Six months ended June 30, 2006 <i>(Restated)</i>	Percentage change 3 mos/6 mos
Loss for the period	(268)	(1,427)	(375)	(2,172)	(81) / (83)
Add items not involving cash					
Depreciation, depletion and accretion	1,584	1,433	3,322	2,560	10 / 30
Stock-based compensation	243	519	541	1,021	(53) / (47)
Funds from operations ⁽¹⁾	1,559	525	3,488	1,409	197 / 148

⁽¹⁾ See "Non-GAAP earnings Measurements"

Netback Analysis

The following tables summarize Ember's operating netback and funds from operations on a mcf and boe basis for the three and six months ended June 30, 2007 and 2006.

(\$/mcf)	Three months ended	Three months ended	Six months ended	Six months ended	Percentage change 3 mos/6 mos
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	
		<i>(Restated)</i>		<i>(Restated)</i>	
Natural gas revenues	6.98	5.72	7.10	6.18	22 / 15
Royalties	(0.26)	(0.94)	(0.48)	(0.86)	(72) / (44)
	6.72	4.78	6.62	5.32	41 / 24
Operating expense	(1.17)	(1.94)	(1.20)	(1.76)	(40) / (32)
Transportation expense	(0.20)	(0.24)	(0.20)	(0.25)	(17) / (20)
Operating netback	5.35	2.60	5.22	3.31	106 / 58
Interest and other income	0.00	0.13	0.00	0.29	(100) / (100)
General and administrative expense	(1.75)	(1.37)	(1.48)	(1.52)	28 / (3)
Interest expense	(0.22)	0.00	(0.21)	0.00	NA / NA
Funds from operations	3.38	1.36	3.53	2.08	156 / 70

(\$/boe)	Three months ended	Three months ended	Six months ended	Six months ended	Percentage change 3 mos/6 mos
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	
Natural gas revenues	41.85	34.32	42.59	37.05	22 / 15
Royalties	(1.55)	(5.62)	(2.90)	(5.17)	(72) / (44)
	40.30	28.70	39.69	31.88	40 / 24
Operating expense	(7.01)	(11.65)	(7.21)	(10.54)	(40) / (32)
Transportation expense	(1.20)	(1.46)	(1.18)	(1.52)	(18) / (22)
Operating netback	32.09	15.59	31.30	19.82	106 / 58
Interest and other income	0.00	0.80	0.00	1.72	(100) / (100)
General and administrative expense	(10.48)	(8.21)	(8.91)	(9.11)	24 / (2)
Interest expense	(1.31)	0.00	(1.27)	0.00	NA / NA
Funds from operations	20.30	8.18	21.12	12.43	148 / 70

Product Pricing

Natural Gas	Three months ended	Three months ended	Six months ended	Six months ended	Percentage change 3 mos/6 mos
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	
		<i>(Restated)</i>		<i>(Restated)</i>	
NYMEX average price (US\$/mcf)	7.53	6.56	7.34	6.97	15 / 23
Market differential (US\$/mcf)	(1.09)	(1.17)	(0.98)	(1.18)	(7) / (17)
Average foreign exchange rate (Cdn\$/US\$)	0.911	0.891	0.882	0.879	2 / 0
AECO average price (Cdn\$/mcf)	7.06	6.05	7.23	6.60	17 / 10
Corporate differential (Cdn\$/mcf)	(0.08)	(0.33)	(0.13)	(0.42)	(75) / (69)
Ember average price (Cdn\$/mcf)	6.98	5.72	7.10	6.18	22 / 15
Transportation (Cdn\$/mcf)	(0.20)	(0.24)	(0.20)	0.25	(17) / (20)
Ember wellhead price (Cdn\$/mcf)	6.78	5.48	6.90	5.93	23 / 16

Soft gas prices through much of 2006 caused a contraction of capital programs on an industry wide basis in Canada resulting in emerging gas supply challenges. This coupled with storage reductions from a fairly cold February in North America had created expectations for a continuing price rally through 2007. However, building storage through July 2007 has stalled any such rally and resulted in decreased current prices and uncertainty in near term futures prices. Factors which will have an immediate impact on gas prices are: the supply demand balance in North America, imports of LNG, demand destruction, weather patterns, drilling trends in both Canada and the US and overall economic activity.

CBM is in all material respects the same as natural gas. It varies in heating content and other elements contained within the produced gas stream. For example, Ember's CBM contains no harmful H₂S and minor amounts of CO₂. Ember currently receives pricing that averages approximately 2% less than the weighted average of AECO (based on Ember's weighted average volumes) in Canadian dollars which reflects the slightly lower heating content of CBM gas.

Revenue and Production

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Percentage change 3 mos/6 mos
		(Restated)		(Restated)	
Natural gas revenue (\$000s)	3,217	2,200	7,037	4,199	46 / 68
Average natural gas production (mcf/d)	5,068	4,225	5,477	3,756	20 / 46
Average natural gas production (boe/d)	845	704	913	626	20 / 46
Total natural gas production (mcf)	461,188	384,457	991,305	679,855	20 / 46
Total natural gas production (boe)	76,865	64,076	165,217	113,309	20 / 46

Ember had a limited capital program in the first half of 2007 drilling only one well in the period. The company's current production and sales rate is approximately 5.3 mmcf/d. Production for the quarter was up 20% from last year's second quarter to an average 5.1 mmcf/d. Production was down 14% from the first quarter with nearly half of the decline due to one-time adjustments from 2006 and the remainder due to natural production declines. Production declines since the fourth quarter of 2006 have been modest despite reduced drilling and completion activity over the past three quarters.

Ember's production levels increased by 20% in the second quarter of 2007 and 46% for the first half of 2007 compared to the same periods in 2006 as a result of drilling programs occurring in the winter and fall of 2006. Average prices increased by 22% and 15% over the same periods resulting in a 46% and 68% revenue increase. The production increases were attributed primarily to the Horseshoe Canyon project at Fenn-Big Valley where the Company has drilled over 60 wells from late 2005 through 2006.

Horseshoe Canyon production increased 37% from 3,543 mcf/d (590 boe/d) in Q2 2006 to average 4,875 mcf/d (813 boe/d) in Q2 2007. The Mannville projects in Manola and Rosalind that are not being capitalized decreased production by 72% to an average of 193 mcf/d (32 boe/d) in Q2 2007 from 682 mcf/d (114 boe/d) in Q2 2006. Ember's current mix of production consists entirely of CBM natural gas with 96% produced from the Horseshoe Canyon and 4% from Mannville formations.

The Company's current production is derived primarily from its Fenn-Big Valley area wells which produce from coals in the Horseshoe Canyon formation. Over the long-term, Ember's production is expected to shift from Horseshoe Canyon dominated; to a blend that includes more production from Mannville formations. Characteristics of Mannville production include wells that require dewatering prior to peak production rates and wells that have higher capital costs to drill. Once dewatered these wells are expected to produce at higher daily rates than Horseshoe Canyon wells.

Royalties

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Percentage change 3 mos/6 mos
		(Restated)		(Restated)	
Total natural gas royalties (\$000s)	119	360	479	586	(67) / (18)
Crown royalties per unit	0.26	0.91	0.47	0.81	(71) / (41)
Freehold royalties per unit	0.00	0.03	0.01	0.05	(100) / (80)
Total royalties per unit	0.26	0.94	0.48	0.86	(72) / (43)
Royalties as a % of revenue	3.70	16.36	6.80	13.95	(77) / (51)
		(Restated)		(Restated)	
Total natural gas royalties (\$000s)	119	360	479	586	(67) / (18)
Crown royalties per unit	1.55	5.45	2.86	4.88	(71) / (41)
Freehold royalties per unit	0.00	0.17	0.03	0.29	(100) / (80)
Total royalties per unit	1.55	5.62	2.89	5.17	(72) / (43)
Royalties as a % of revenue	3.70	16.36	6.80	13.95	(77) / (51)

Royalties are calculated and paid based on production and revenue, net of associated transportation cost. The Company's current base of wells are primarily on Crown lands. Crown royalty rates vary with productivity, with reduced rates for wells that average less than 700 mcf/d (117 boe/d).

Crown royalties were significantly lower for both the three and six months ended June 30, 2007 as compared to 2006 due to annual gas cost allowance and custom processing fee credits received in Q2 2007. The credits received from the Crown are based on the Company's actual pipeline and facility expenditures in the preceding year. Rates are also lower due to a shift in the Company's production mix, with more production coming from Ember's lower royalty rate Fenn wells. Ember's production is primarily from Horseshoe Canyon wells (currently 96%) which initially average 50-125 mcf/d per well, resulting in normalized royalty rates that are currently averaging approximately 7.5% after factoring in the increased monthly gas cost allowance and custom processing fees.

Operating and Transportation Expense

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Percentage change 3 mos/6 mos
		(Restated)		(Restated)	
Total operating expenses (\$000s)	539	746	1,192	1,194	(28) / 0
\$ per mcf	1.17	1.94	1.20	1.76	(40) / (32)
\$ per boe	7.01	11.65	7.21	10.54	(40) / (32)
Horseshoe Canyon operating expenses (\$000s)	359	488	823	866	(26) / (5)
\$ per mcf	0.81	1.51	0.88	1.50	(46) / (41)
\$ per boe	4.86	9.09	5.27	9.01	(46) / (41)
Mannville operating expenses (\$000s)	180	258	369	328	(30) / 13
\$ per mcf	10.24	4.16	6.82	3.20	147 / 114
\$ per boe	61.42	24.94	40.91	19.20	147 / 114
Transportation expense (\$000s)	91	94	193	173	(2) / 12
\$ per mcf	0.20	0.24	0.20	0.25	(17) / (20)
\$ per boe	1.20	1.46	1.18	1.52	(17) / (20)

Operating costs per unit averaged \$1.17/mcf (\$7.01/boe) for the second quarter 2007 compared with \$1.94/mcf (\$11.63/boe) for the second quarter 2006. Operating costs on a per unit basis have decreased from Q2 2006 as Ember is realizing operating efficiencies at its Fenn-Big Valley area. The efficiencies achieved result from an increasing base of production from well additions and a fixed overhead level that has remained fairly constant.

CBM operating costs vary between Horseshoe Canyon and Mannville production. Horseshoe Canyon wells produce gas immediately and do not require dewatering to reach peak production levels. Unit operating costs from this formation have a consistent profile when wells commence production. Mannville wells require dewatering prior to reaching peak production. As a result, operating costs on a per unit basis are initially high, but typically decrease as water production declines and gas production increases. Ember capitalizes certain pre-production Mannville costs to better reflect the cost of bringing these wells on production.

Operating costs for Ember's Fenn-Big Valley wells (Horseshoe Canyon) averaged approximately \$0.81/mcf (\$4.86/boe) for the second quarter 2007 compared with \$1.51/mcf (\$9.09/boe) in the same period in 2006. In future periods, unit operating costs are expected to be at approximately the current level.

The Company's Rosalind and Manola wells (Mannville) currently incur higher operating costs with relatively low gas production rates as the wells are at the early dewatering stage of their production lives. Operating costs for Mannville production averaged \$10.24/mcf (\$61.42/boe) for the second quarter 2007 compared with \$4.14/mcf (\$24.85/boe) for the same period in 2006. These increases in unit operating costs were primarily due to reduced gas production in the quarter, and reductions in capitalized Mannville pre-production costs. Unit operating costs over the long term are expected to decline as Mannville gas production increases and water handling costs decrease. In the near-term average unit operating costs for Mannville wells will be influenced by the number of new wells put on production, production rates from such wells and the average dewatering time of all Mannville wells.

Transportation expense relates to costs of transporting Ember's natural gas production on major pipelines. This rate has declined to the range of \$0.20/mcf (\$1.20/boe) as the Company has benefited from competitive market rates.

Depletion, Depreciation, and Accretion (DD&A)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Percentage change 3 mos/6 mos
		(Restated)		(Restated)	
DD&A expense (\$000s)	1,584	1,433	3,322	2,560	11 / 30
\$ per mcf	3.43	3.72	3.35	3.76	(8) / (11)
\$ per boe	20.61	22.35	20.11	22.59	(8) / (11)

For the first half 2007, depletion and depreciation of capital assets and the accretion of the asset retirement obligations (DD&A) increased by 30% to \$3.3 million from \$2.6 million during the same period in 2006. The increase reflected a 46% production increase and a 11% decrease in the per unit DD&A rate from \$22.59/boe to \$20.11/boe. The decrease in per unit costs reflects the favorable lower cost asset additions per unit of reserves from the Acme property acquisition announced and closed during the first quarter of 2007.

Ember excluded \$35.0 million of unproved asset costs from the depreciation and depletion calculation for the second quarter of 2007 compared to \$33.5 million during the same period in 2006. These costs represent land and drilling costs for unproved properties, some of which are expected to be assigned reserves in the future, at which time these costs will be subject to depletion. The depletion base for the second quarter 2007 also included \$35.1 million of estimated future development costs related to proved undeveloped reserves that form a key part of Ember's reserve base during the second quarter of 2007 compared to \$7.1 million during the same period in 2006. This increase is primarily the result of the Acme acquisition during the quarter.

General and Administrative Expenses (G&A)

(\$000s)	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006	Percentage change 3 mos/6 mos
		(Restated)		(Restated)	
Gross G&A expenses	1,036	814	1,929	1,629	27 / 18
Indirect capitalized G&A	(168)	(156)	(366)	(331)	8 / 11
Capital overhead recoveries	(60)	(132)	(88)	(266)	(55) / (67)
Net G&A expense	808	526	1,475	1,032	54 / 43
\$ per mcf	1.75	1.37	1.48	1.52	26 / (2)
\$ per boe	10.48	8.21	8.91	9.11	26 / (2)

Net general and administrative expenses totaled \$1.48 million or \$1.48/mcf (\$8.91/boe) for the first half 2007 compared with \$1.03 million or \$1.52/mcf (\$9.11/boe) for the same period in 2006. The comparatively high overall G&A costs per unit of production reflect the start-up nature and growth phase of Ember's business. Per unit costs are expected to decrease with increased drilling activity and production growth.

Indirect general and administrative (G&A) expenses totaling \$366 thousand (\$331 thousand – 2006) were capitalized during the six month period ending June 30, 2007. Indirect general and administrative (G&A) expenses totaling \$168 thousand (\$156 thousand – 2006) were capitalized during the three month period ending June 30, 2007.

Stock-based Compensation

Stock-based compensation expense totaled \$0.24 million for the three month period ended June 30, 2007 compared to \$0.52 million for the same period in 2006. Stock-based compensation expense totaled \$0.54 million for the six month period ended June 30, 2007 compared to \$1.02 million for the same period in 2006. The reduction in both the three and six month periods is due primarily to the age of the options. The options vest over three years and since the majority of the options have reached the two year mark a declining amount of the total expense remains to be charged to the income statement. Further reductions in this expense would be expected through the balance of 2007 and 2008 assuming that no further material changes occur to the plan through new issuances of options.

Ember has a total of 1,865,000 stock options issued at an average exercise price of \$5.51 per share and 1,323,000 performance shares issued as of June 30, 2007.

Income Taxes

Ember is not currently taxable, and the Company does not anticipate paying current income tax over the next several years. The Company's current tax rate is a combined Canadian federal and Alberta provincial rate of 32.12%.

Ember has deductible tax pools and share issue costs totaling \$118.1 million which are available to shelter future taxable income. The Company has unrecorded potential future income tax assets for accounting purposes totaling \$9.7 million resulting primarily from deductible temporary differences. These differences are the result of deductions for tax purposes in excess of deductions for accounting purposes. The Company has not recorded a future income tax asset at this time as it does not currently meet the conditions to demonstrate taxable operations. Accordingly, Ember has taken a full valuation allowance against the future income tax asset balance.

During the second quarter 2007, Ember submitted tax filings related to its research efforts in developing processes to exploit coal bed methane in Mannville coals. These filings classified \$17.2 million of applicable Mannville costs as scientific research and experimental development deduction pools ("SRED"), a 100% deductible pool which is available for carry-forward up to 20 years (this amount is reflected in the table of carry-forwards below). In addition Ember has related tax credits totaling \$3.4 million which may be applied against tax payable and are able to be carried forward for up to 20 years.

The following table outlines carry-forward tax deductible and credit amounts.

As at June 30, 2007 (\$000s)

COGPE	52,965
CEE	49
CDE	12,918
SRED	17,167
CCA classes	16,929
Share issue costs	1,995
Non capital loss carry-forwards	16,092
Total tax deductions	118,115
Total tax credits	3,434

Capital Expenditures

(\$000s)	Three months ended June 30, 2007	Three months ended June 30, 2006 <i>(Restated)</i>	Six months ended June 30, 2007	Six months ended June 30, 2006 <i>(Restated)</i>	Percentage change 3 mos/6 mos
Land	90	648	135	2,208	(86) / (94)
Drilling and completions	1,495	3,414	5,231	9,605	(56) / (46)
Equipment and facilities	797	1,016	1,587	4,818	(22) / (67)
Asset additions for cash	2,382	5,078	6,953	16,631	(53) / (58)
Property acquisitions	0	0	8,806	0	NA / NA
Non cash asset additions					
Abandonment assets	11	41	142	203	(73) / (30)
Capitalized stock based compensation	120	169	321	546	(29) / (41)
Total asset additions	2,513	5,288	16,222	17,380	(52) / (7)

During the first half of 2007, capital expenditures totaled \$16.2 million, all of which were funded through working capital, the issue of equity, bank borrowings and cash flow.

During the first half 2007, the Company drilled a total of 1.0 gross (1.0 net) wells, compared to 7.0 gross (7.0 net) in the first half of 2006. Cash expenditures for the Acme property acquisition, land, drilling, completion, equipping and facility construction totaled \$15.8 million for the period.

For 2007, including first half activity and spending, the capital budget is estimated at \$35 million. The Company anticipates drilling a total of 42 new Horseshoe Canyon wells (42 net) and three horizontal Mannville wells (3 net), including the one well drilled in the first quarter at Manola. In addition, nine existing shut-in wells at Acme will be placed on production. Funding will come from cash flow and the existing lines of credit.

Quarterly Results

Ember's quarterly summary for the periods from commencement of operations, July 7, 2005 to date:

<i>(\$000s except per share amounts and volumes)</i>	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Sales gas (mmcf/d)	5,068	5,890	6,107	4,972
Average natural gas price (\$/mcf)	6.98	7.21	6.74	5.31
Gross revenue	3,217	3,820	3,784	2,431
Royalty expense	119	360	227	244
Operating and transportation expense	630	755	869	744
General and administrative expense	808	667	602	324
Stock-based compensation expense	243	298	435	472
Interest expense	101	109	0	0
Depletion, depreciation and accretion expense	1,584	1,738	1,921	1,730
Net earnings (loss)	(268)	(107)	(300)	(1,040)
– per share basic and diluted	(0.01)	(0.00)	(0.01)	(0.04)
Funds from operations ⁽¹⁾	1,559	1,929	2,057	1,162
– per share basic	0.04	0.06	0.07	0.03
– per share diluted	0.04	0.06	0.07	0.03
Property and equipment additions	2,382	4,571	6,007	12,204
Property acquisitions	0	8,806	0	0
Shares outstanding (000s)	36,075	36,075	30,415	30,415
<i>(\$000s except per share amounts and volumes)</i>	Q2 2006	Q1 2006	Q4 2005	Q3 2005
	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
Sales gas (mmcf/d)	4,225	3,282	2,475	2,336
Average natural gas price (\$/mcf)	5.72	6.77	11.55	8.25
Gross revenue	2,200	1,999	2,630	1,774
Royalty expense	360	226	239	115
Operating and transportation expense	840	527	409	339
General and administrative expense	526	499	384	213
Stock-based compensation expense	519	502	214	312
Depletion, depreciation and accretion expense	1,433	1,127	704	664
Net earnings (loss)	(1,427)	(745)	925	185
– per share basic and diluted	(0.05)	(0.02)	0.03	0.01
Funds from operations ⁽¹⁾	525	884	1,855	1,161
– per share basic	0.02	0.03	0.06	0.05
– per share diluted	0.02	0.03	0.06	0.04
Property and equipment additions	5,078	11,553	26,659	4,935
Property acquisitions	0	0	0	0
Shares outstanding (000s)	30,417	30,419	30,419	30,432

⁽¹⁾ See "Non-GAAP Measurements"

Liquidity and Capital Resources

Capitalization and Capital Resources

Share Capital (000s)	June 30, 2007
Outstanding Common Shares	
Weighted average outstanding Common Shares ⁽¹⁾	
– Basic	34,230
– Diluted	34,230
Outstanding securities at June 30, 2007	
– Common Shares	36,075
– Common Share options	1,865
– Performance Shares	1,323
Outstanding securities at July 31, 2007	
– Common Shares	36,103
– Common Share options	2,088
– Performance Shares	1,200

⁽¹⁾ Per share information is calculated on the basis of the weighted average number of Common Shares outstanding during the fiscal year. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted to Common Shares. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon exercise of in-the-money stock options, plus the unamortized stock based compensation expense would be used to buy back Common Shares at the average market price for the period. Performance Shares (contingently issuable shares) are calculated based on the shares that would be issuable, if the end of the reporting period were the end of the contingency period, and the result would be dilutive.

Equity Issue

On March 1, 2007 the Company issued 5,660,400 common shares by way of private placement, at \$2.65 per common share for cash consideration of \$15 million before transaction costs. Proceeds of the issue were used to fund an \$8.8 million asset acquisition in the Acme area of Alberta with the balance used to reduce debt and for working capital purposes.

Total Market Capitalization

The Company's market capitalization at June 30, 2007 was \$ 89 million.

(\$000s, except per share amount)	June 30, 2007
Common Shares outstanding	36,075
Share price ⁽¹⁾	\$ 2.46
Total market capitalization	\$ 88,745

⁽¹⁾ Represents the closing price on the TSX on June 30, 2007.

Capital Resources

At June 30, 2007, the Company had a working capital deficiency of \$8.4 million. This includes \$7.9 million drawn on the Company's credit facility of \$25.0 million.

The Company's additions to property and equipment for the six month period June 30, 2007 totaling \$7.0 million consisted primarily of expenditures for a well in Manola that was drilled in 2007 and expenditures on completions, equipping, facilities and tie-ins of projects drilled in 2006. The Company also completed an asset acquisition acquiring a property in the Acme area of Alberta for \$8.8 million including transaction costs, in March 2007. The acquired assets consist of 10 drilled and completed non producing gas wells with an average working interest of 92%, and a 70.5% operated interest in 16,960 acres of land (11,960 net). These activities were funded by funds from operations, existing working capital and an equity issue described above.

Current available resources

(\$000s)

Capital resources	
Working capital deficiency June 30, 2007	(8,405)
Bank debt available	25,000
Total capital resources available	16,595

For 2007, including first and second quarter activity and spending, the capital budget has been increased to \$35 million. The Company anticipates drilling a total of 42 new Horseshoe Canyon wells (42 net) and three horizontal Mannville wells (3 net), including the one well drilled in the first quarter at Manola. In addition, nine existing shut-in wells at Acme will be placed on production. Funding will come from cash flow and existing lines of credit.

Bank Facility

As at June 30, 2007, the Company has a \$25.0 million demand operating and development credit facility with a Canadian chartered bank. The facility is available in two tranches: Tranche A, a revolving \$15,000,000 operating facility for oil and gas and general corporate purposes; and Tranche B, a non-revolving \$10,000,000 development facility for the development of the company's Acme property.

This borrowing base facility is determined based on, among other things, the Company's then current reserve report, results of operations, current and forecasted commodity prices and the current economic environment. The applicable margin charged by the bank is dependent upon the Company's debt to trailing cash flow ratio. The Banker's Acceptances for Tranche A bear interest at the applicable Banker's Acceptance rate plus an explicit stamping fee based upon the Company's debt to trailing cash flow ratio. Tranche B borrowing bears interest at the Tranche A rate plus 150 basis points.

At the date of this report, August 8, 2007 Ember had drawn approximately \$9,100,000 on this facility.

Working Capital

The Company will continue to monitor its counterparty credit positions to mitigate any potential credit losses. All revenues are subject to normal collection risk. For activities conducted with joint venture partners, Ember collects its partners' share of capital and operating expenses on a monthly basis. At June 30, 2007, Ember had no material accounts receivable that it deemed uncollectible.

Accounts payable and accrued liabilities consist of amounts payable to suppliers relating to head office, field operating activities and capital spending activities. These invoices are processed within the Company's normal payment period.

Ember continuously manages the pace of its capital spending program by monitoring forecasted production and commodity prices and resulting cash flows. Should circumstances affect cash flow in a detrimental way, the Company is capable of altering capital spending activity levels.

Accounting Policies and Estimates and Business Risks

The accounting policies and estimates of the Company and the business risks applicable to Ember's business remain substantially unchanged from the Company's MD&A for the period ended December 31, 2006, except as outlined below.

As of January 1, 2007, Ember adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506 "Accounting Changes"; Section 1530 "Comprehensive Income"; Section 3251 "Equity"; Section 3855 "Financial Instruments – Recognition and Measurement"; Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges."

CICA Section 1506, "Accounting Changes," provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information.

CICA Section 1530, "Comprehensive Income", introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges. The application of this revised standard did not result in comprehensive income (loss) being different from the net loss for the periods presented.

CICA Section 3251, “*Equity*”, introduces new standards for the presentation of equity and changes in equity during the reporting period. Application of the section is in conjunction with *Comprehensive Income* Section 1530, *Share Capital* Section 3240 and *Reserves* Section 3260. Application of the section did not result in changes to the presentation of equity.

CICA Section 3855, “*Financial Instruments – Recognition and Measurement*”, prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- a) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- b) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- c) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- d) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

The application of CICA Section 3855 did not have an impact on Ember’s financial statements.

CICA Section 3861, “*Financial Instruments – Disclosure and Presentation*”, introduces new standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Application of the section is in conjunction with *Comprehensive Income* Section 1530, and *Financial Instruments – Recognition and Measurement* Section 3855. Application of the section did not result in changes to the presentation of the financial statements.

CICA Section 3865, “*Hedges*”, provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “*Hedging Relationships*”, and the hedging guidance in Section 1650 “*Foreign Currency Translation*” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. Ember does not currently employ hedge instruments.

For a complete description of the Company’s accounting policies and estimates and business risks, reference should be made to Ember’s MD&A for the period ended December 31, 2006 available at www.sedar.com or www.emberresources.com.

Advisories

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure timely and accurate preparation of financial and other reports. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Company’s filings. The Chief Executive Officer and the Chief Financial Officer oversee this evaluation process and have concluded that the design and operation of these disclosure controls and procedures are adequate and effective in ensuring that the information required to be disclosed by the Company in reports filed with the Canadian Securities Administrators is accurate and complete and filed within the time periods required. The Chief Executive Officer and Chief Financial Officer have individually signed certifications to this effect.

Internal Control over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There is no change in the Corporation's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. Management, including the Chief Executive Officer and the Chief Financial Officer, do not expect that the Company's disclosure controls or the Company's internal controls over financial reporting will prevent or detect all error or fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. However, none of the segregation of duty deficiencies resulted in a misstatement to the financial statements as the Company relies on certain compensating controls, including substantive periodic review of the financial statements and other information by the Chief Executive Officer and Audit Committee. This weakness is considered to be a common area of deficiency for many smaller listed companies in Canada.

Non-GAAP Measurements

This MD&A contains the terms "operating netback" and "funds from operations". These measurements should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with Canadian GAAP as an indicator of the Company's performance. The Company's determination of funds from operations and operating netback may not be comparable to that reported by other companies. The Company also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculations used in determining earnings per share. Ember's peer companies in the oil and gas industry use the same definitions and for consistency the Company will continue to report in this manner.

Funds from operations are determined as operating cash flows before working capital adjustments. Management uses this term to compare with other companies that also report this measure, to manage debt facilities that may use this measure to guide determination of debt pricing, and to readily provide this information to investors that routinely request this measure. Operating Netback is not a measure that is readily apparent in the GAAP prepared financial statements. It is an energy industry measure which measures funds flows at the field level by determining all field-related revenues less costs. The Company uses this measure to compare its field operations with those of its peers, and reports this measure to the investment community which is either requesting it, or in the absence of the Company providing it, calculating the measure themselves.

BOE Presentation

This MD&A contains disclosure expressed as barrel of oil equivalent ("boe"), and as such equivalency measures may be misleading particularly if used in isolation. Petroleum and natural gas reserves and volumes have been converted to a common unit of measure of one boe on a basis of six thousand cubic feet (mcf) of gas to one barrel (bbl) of oil. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Additional Information

Additional information relating to Ember is filed on Sedar and can be viewed at www.sedar.com. This information includes the Company's initial Annual Information Form. Information can also be obtained by contacting the Company at Ember Resources Inc., Suite 800, 521 – 3rd Avenue, SW, Calgary, Alberta, Canada T2P 3T3. Information is also accessible on the Company's website at www.emberresources.com.

BALANCE SHEETS

<i>(\$ thousands) (unaudited)</i>	As at June 30, 2007	As at December 31, 2006
Assets <i>(note 4)</i>		
Current assets		
Accounts receivable <i>(note 8)</i>	\$ 2,988	\$ 4,430
Prepaid expenses	164	241
	3,152	4,671
Property and equipment <i>(note 3)</i>	90,749	77,739
	\$ 93,901	\$ 82,410
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,642	\$ 6,876
Bank loan <i>(note 4)</i>	7,915	8,890
	11,557	15,766
Asset retirement obligation <i>(note 5)</i>	2,779	2,527
	14,336	18,293
Commitments <i>(Note 10)</i>		
Shareholders' Equity		
Share capital <i>(note 6)</i>	77,855	62,894
Contributed surplus <i>(note 6)</i>	4,475	3,613
Deficit	(2,765)	(2,390)
	79,565	64,117
	\$ 93,901	\$ 82,410

See accompanying notes to financial statements

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(\$ thousands, except per share amounts) (unaudited)	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
		(Restated – Note 2)		(Restated – Note 2)
Revenue				
Natural gas sales	\$ 3,217	\$ 2,200	\$ 7,037	\$ 4,199
Royalties	(119)	(360)	(479)	(586)
Interest income	–	51	–	195
	3,098	1,891	6,558	3,808
Expenses				
Operating	539	746	1,192	1,194
Transportation	91	94	193	173
General and administrative	808	526	1,475	1,032
Stock based compensation expense (note 6)	243	519	541	1,021
Interest	101	–	210	–
Depletion, depreciation and accretion	1,584	1,433	3,322	2,560
	3,366	3,318	6,933	5,980
Loss and comprehensive loss for the period	(268)	(1,427)	(375)	(2,172)
Retained earnings (deficit), beginning of period	(2,497)	377	(2,390)	1,122
Deficit, end of period	\$ (2,765)	\$ (1,050)	\$ (2,765)	\$ (1,050)
Loss per share (note 6)				
Basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.01)	\$ (0.07)

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

(\$ thousands, except per share amounts) (unaudited)	Three months ended June 30, 2007	Three months ended June 30, 2006 <i>(Restated – Note 2)</i>	Six months ended June 30, 2007	Six months ended June 30, 2006 <i>(Restated – Note 2)</i>
Operating activities				
Loss and comprehensive loss for the period	\$ (268)	\$ (1,427)	\$ (375)	\$ (2,172)
Add items not involving cash:				
Depletion, depreciation and accretion	1,584	1,433	3,322	2,560
Stock based compensation expense	243	519	541	1,021
Change in non-cash working capital related to operating activities <i>(note 9)</i>	186	(124)	1,267	(25)
	1,745	401	4,755	1,384
Financing activities				
Proceeds on issuance of share capital, net of share issuance costs	-	(3)	14,961	(3)
Bank loan increases (repayments)	3,158	-	(975)	-
	3,158	(3)	13,986	(3)
Investing activities				
Short-term investments	-	3,500	-	5,500
Additions to property and equipment	(2,382)	(5,078)	(6,953)	(16,631)
Acquisition of property and equipment	-	-	(8,806)	-
Change in non-cash working capital related to investing activities <i>(note 9)</i>	(2,521)	2,575	(2,982)	(6,451)
	(4,903)	997	(18,741)	(17,582)
Increase (decrease) in cash and cash equivalents	-	1,395	-	(16,201)
Cash and cash equivalents, beginning of period	-	-	-	17,596
Cash and cash equivalents, end of period	\$ -	\$ 1,395	\$ -	\$ 1,395

See accompanying notes to financial statements

NOTES TO THE INTERIM FINANCIAL STATEMENTS

June 30, 2007 (unaudited)

1. Significant Accounting Policies

Nature of Business and Basis of Presentation

Ember Resources Inc. ("Ember" or the "Company") was incorporated on June 3, 2005 under the Business Corporations Act (Alberta), and commenced commercial operations on July 7, 2005.

Ember is engaged in the acquisition of, exploration for and development and production of natural gas coalbed methane properties in Alberta. The financial statements are stated in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These unaudited interim financial statements follow the same accounting policies as the financial statements for the year ended December 31, 2006, except as noted below. These notes are incremental to, and should be read in conjunction with, the audited financial statements for the fiscal year ended December 31, 2006.

2. Change in Accounting Policies

Financial Instruments

As of January 1, 2007, Ember adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1506 "Accounting Changes"; Section 1530 "Comprehensive Income"; Section 3251 "Equity"; Section 3855 "Financial Instruments – Recognition and Measurement"; Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges."

CICA Section 1506, "Accounting Changes," provides expanded disclosures for changes in accounting policies, accounting estimates and corrections of errors. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of GAAP or the change results in more relevant and reliable information.

CICA Section 1530, "Comprehensive Income", introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges. The application of this revised standard did not result in comprehensive loss being different from the net loss for the periods presented.

CICA Section 3251, "Equity", introduces new standards for the presentation of equity and changes in equity during the reporting period. Application of the section is in conjunction with *Comprehensive Income* Section 1530, *Share Capital* Section 3240 and *Reserves* Section 3260. Application of the section did not result in changes to the presentation of equity.

CICA Section 3855, "Financial Instruments – Recognition and Measurement", prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- a) Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- b) Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- c) Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- d) All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise.

The application of CICA Section 3855 did not have an impact on Ember's financial statements.

CICA Section 3861, "*Financial Instruments – Disclosure and Presentation*", introduces new standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Application of the section is in conjunction with *Comprehensive Income* Section 1530, and *Financial Instruments – Recognition and Measurement* Section 3855. Application of the section did not result in changes to the presentation of the financial statements.

CICA Section 3865, "*Hedges*", provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "*Hedging Relationships*", and the hedging guidance in Section 1650 "*Foreign Currency Translation*" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. Ember does not currently employ hedge instruments.

The carrying value of accounts receivable, accounts payable, and bank loan approximated their fair values as at June 30, 2007 due to the immediate or short term maturity of these instruments.

Future Accounting Policies

In addition, the Company has assessed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

- a) As of January 1, 2008, Ember will be required to adopt two new CICA standards, Section 3862 "*Financial Instruments – Disclosures*" and Section 3863 "*Financial Instruments – Presentation*," which will replace Section 3861 "*Financial Instruments – Disclosure and Presentation*." The new disclosure standards increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. The new financial instruments presentation and disclosure requirements were issued in December 2006 and the Company is assessing the impact on its financial statements.
- b) As of January 1, 2008, Ember will be required to adopt CICA standard, Section 1535 "*Capital Disclosures*," which will require companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. The new capital disclosure requirements were issued in December 2006 and the Company is assessing the impact on its financial statements.
- c) In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

Capitalized General and Administration and Stock Based Compensation Expenses

Effective July 1, 2006, Ember changed its accounting policy for general and administrative (G&A) and stock based compensation (SBC) expenses to better reflect the cost of bringing assets on production. Previously Ember included direct costs and stock based compensation benefits related to acquisition and development activities in G&A expenses. Under the new policy, direct costs and stock compensation benefits related to exploration and development are included in the full cost pool and depleted. The effect of this change in accounting policy has been recorded retroactively with restatement of prior periods.

Capitalized Mannville Pre-production Costs

Effective July 1, 2006, Ember changed its accounting policy for initial production costs related to Ember's drilling and production operations in Mannville zones. Previously the Company recorded initial production activities (including all revenues and expenses) for all Mannville wells through the income statement as is typical for more conventional natural gas operations. However significant revenue generation does not occur in Mannville zones until dewatering of the coals occurs thereby removing a significant amount of an impediment to gas production. Until commercial gas production and revenue generation commences, Ember believes that a policy of capitalizing these dewatering efforts (including all expenses and incidental revenue) on a well by well basis, is more representative of the costs of bringing these assets on production. Under the new policy, certain pre-production costs including expenses and incidental revenue are included in the full cost pool and depleted. The effect of this change in accounting policy has been retroactively applied with restatement of prior periods.

Effect of changes

The effect of the adoption of the changes in accounting for capitalized G&A and SBC expenses, and capitalized Mannville pre-production costs is presented below as increases (decreases) to amounts previously reported:

Income statement (\$000s)	Capitalization of Direct G&A and SBC	Capitalization of Mannville Pre-production costs	Total for the six months ended June 30, 2006
Natural gas sales	\$ –	\$ (89)	\$ (89)
Royalties	–	(14)	(14)
General and administrative expense	(626)	–	(626)
Operating expenses	–	(457)	(457)
Stock based compensation expense	(546)	–	(546)
Depletion, depreciation and accretion expense	116	–	116
Net income	\$ 1,056	\$ 382	\$ 1,438
Net income per share – basic and diluted			\$ 0.05

Income statement (\$000s)	Capitalization of Direct G&A and SBC	Capitalization of Mannville Pre-production costs	Total for the three months ended June 30, 2006
Natural gas sales	\$ –	\$ (49)	\$ (49)
Royalties	–	(6)	(6)
General and administrative expense	(313)	–	(313)
Operating expenses	–	(232)	(232)
Stock based compensation expense	(169)	–	(169)
Depletion, depreciation and accretion expense	69	–	69
Net income	\$ 413	\$ 189	\$ 602
Net income per share – basic and diluted			\$ 0.02

3. Property and Equipment

June 30, 2007 (\$000s)	Cost	Accumulated Depreciation	June 30, 2007 Net Book Value
Natural gas properties	\$ 100,847	\$ (10,229)	\$ 90,618
Office and computer hardware and software	446	(315)	131
Total	\$ 101,293	\$ (10,544)	\$ 90,749

December 31, 2006 (\$000s)	Cost	Accumulated Depreciation	December 31, 2006 Net Book Value
Natural gas properties	84,626	(7,114)	77,512
Office and computer hardware and software	445	(218)	227
Total	85,071	(7,332)	77,739

On March 1, 2007, the Company acquired Coal Bed Methane natural gas assets from a private company for cash consideration of \$8.75 million. The Company also recorded an additional \$186,000 as property and equipment assets with a corresponding asset retirement liability representing estimated costs to abandon and reclaim the acquired developed non-producing gas wells. The assets located in the Acme area of Alberta, consist of ten developed non producing gas wells, and a 70.5% operated interest in 16,960 gross acres of land (11,960 net).

The second quarter 2007 depletion calculation excluded unproved properties of \$34,983,000 (\$33,519,000 three months ended June 30, 2006). These properties consist of undeveloped land and assets with no assigned reserves that are held for future development. At June 30, 2007 a total of \$35,084,000 of future development costs were included in the depletion calculation (\$7,102,000 three months ended June 30, 2006). General & Administrative expenses totalling \$366,000 (\$331,000 – six months ended June 30, 2006) were capitalized during the six months ended June 30, 2007. General & Administrative expenses totalling

\$168,000 (\$156,000 – three months ended June 30, 2006) were capitalized during the three months ended June 30, 2007. Stock based compensation costs totalling \$ 321,000 (\$546,000 – six months ended June 30, 2006) were capitalized during the six months ended June 30, 2007. Stock based compensation costs totalling \$120,000 (\$169,000 – three months ended June 30, 2006) were capitalized during the three months ended June 30, 2007.

4. Bank Loan

The Company has a \$25,000,000 demand revolving operating credit facility with a Canadian chartered bank. The facility is available in two tranches: firstly Tranche A, a revolving \$15,000,000 operating facility for oil and gas and general corporate purposes; and secondly Tranche B, a non-revolving \$10,000,000 development facility for the development of the company's Acme property. The credit facility provides that advances may be made by way of direct advances and Banker's Acceptances for both Tranches, or standby letters of credit/guarantees for Tranche A only. Direct advances for Tranche A bear interest at the bank's prime lending rate plus an applicable margin for Canadian dollar advances and at the bank's U.S. base rate plus an applicable margin for U.S. dollar advances. The applicable margin charged by the bank is dependent upon the Company's debt to trailing cash flow ratio. The Banker's Acceptances for Tranche A bear interest at the applicable Banker's Acceptance rate plus an explicit stamping fee based upon the Company's debt to trailing cash flow ratio. Tranche B borrowing bears interest at the Tranche A rate plus 150 basis points.

The average interest rate on the loan during the six months ended June 30, 2007 was 6%. A fixed and floating charge debenture on the assets of the Company have been provided as collateral. At June 30, 2007 the Company had drawn \$7,915,000 on Tranche A of the facility and no amount of Tranche B.

5. Asset Retirement Obligation

The total future asset retirement obligation was estimated based on the Company's net ownership interest in all wells and facilities, the estimated cost to abandon and reclaim the wells and facilities and the estimated timing of the cost to be incurred in future periods. The total undiscounted amount of the estimated cash flows required to settle the retirement obligation is approximately \$5,221,000 which will be incurred over the next 3-13 years with the majority of costs incurred between 2012 and 2018. A credit adjusted risk-free rate of 8.5% and an inflation rate of 2.0% were used to calculate the present value of the asset retirement obligation.

The following table reconciles the Company's asset retirement obligation:

(\$000s)	Six months ended June 30, 2007	Six months ended June 30, 2006
Balance, beginning of period	\$ 2,527	\$ 1,952
Liabilities incurred	222	214
Revisions	(80)	(11)
Accretion expense	110	86
Balance, end of period	\$ 2,779	\$ 2,241

6. Share Capital

Authorized

An unlimited number of voting Common Shares, without nominal or par value
1,400,000 non-voting Performance Shares, without nominal or par value

Issued

	Number of shares (000s)	Amount (\$000s)
Common Shares		
Outstanding as at December 31, 2006	30,415	62,880
Private placement shares issued	5,660	15,000
Share issue costs	–	(39)
Outstanding as at June 30, 2007	36,075	77,841
Performance Shares		
Outstanding as at December 31, 2006 and June 30, 2007	1,323	14
Total share capital as at June 30, 2007		77,855

Issue of Common Shares

On March 1, 2007, the Company issued 5,660,000 common shares by way of a private placement, at \$2.65 per common share for cash consideration of \$15.0 million before share issue costs.

Loss per share

The following table summarizes the Common Shares used in calculating the loss per Common Share:

Weighted average Common Shares (000s)	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Basic	36,075	30,418	34,230	30,418
Diluted	36,075	30,418	34,230	30,418

Stock Options

The number of Common Shares reserved for options granted under the stock option plan, together with any Common Shares reserved for issuance pursuant to the exercise of the Performance Shares, may not be more than 10% of the aggregate number of the then issued and outstanding Common Shares. As a result, the 3,607,000 shares authorized under the plan are reduced by the 1,323,000 Common Shares issuable on the exercise of the Performance Shares, leaving 2,284,000 shares available for other share options.

Share options issued have a term of five years, and vest equally over a period of three years. At June 30, 2007 outstanding share options had a remaining contractual life of 3.95 years, and were exercisable at prices ranging from \$2.19 to \$7.90. At June 30, 2007 365,000 options and 457,000 performance shares had vested and were exercisable.

The following table sets forth a reconciliation of stock option plan activity in 2007.

	Number of Options (000s)	Weighted Average Exercise Price (\$)
Balance, December 31, 2006	1,293	7.15
Granted	648	2.67
Balance, March 31, 2007	1,941	5.65
Granted	50	2.19
Cancelled	(126)	6.42
Balance, June 30, 2007	1,865	5.51

Stock based Compensation

Ember incurred stock based compensation expense during the period from its regular share option plan and ongoing costs from the Performance Share plan.

The following table reconciles the Company's contributed surplus balance:

(\$000s)	Six months ended June 30, 2007	Six months ended June 30, 2006 <i>(Restated - Note 2)</i>
Opening balance December 31	\$ 3,613	\$ 586
Stock based compensation expensed	298	502
Stock based compensation capitalized to property and equipment	201	377
Balance, March 31	\$ 4,112	\$ 1,465
Stock based compensation expensed	243	519
Stock based compensation capitalized to property and equipment	120	169
Balance, June 30	\$ 4,475	\$ 2,153

The fair value of each option and Performance Share granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions and resulting values for grants as follows:

	Six months ended June 30, 2007
Risk free interest rate (%)	3.93
Expected life (years)	4.00
Expected volatility (%)	60
Dividends	Nil
Results (per share)	
Fair value of options granted	\$1.08 – \$1.34

7. Taxes

Tax Expense

The combined provision for taxes in the statement of loss, comprehensive loss and retained earnings (deficit) reflects an effective tax rate which differs from the expected statutory tax rate. Differences were accounted for as follows:

(000s)	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
(Loss) before income taxes	\$ (268)	\$ (1,427)	\$ (375)	\$ (2,172)
Statutory income tax rate	32.12%	33.60%	32.12%	34.50%
Expected income taxes (recovery)	\$ (86)	\$ (479)	\$ (120)	\$ (749)
Add (deduct):				
Stock based compensation	78	173	174	352
Non-deductible Crown charges	-	37	-	71
Resource allowance	-	14	-	6
Rate adjustments and other	78	-	16	-
	70	(255)	70	(320)
Less: Valuation allowance	(70)	255	(70)	320
Future income tax expense	\$ -	\$ -	\$ -	\$ -

Future Income Taxes

(\$000s)	Balance as at June 30, 2007	Balance as at December 31, 2006
Property and equipment	\$ 3,352	\$ 2,991
Asset retirement obligation	845	770
Share issue costs	607	696
Tax loss carryforwards	4,892	5,309
	9,696	9,766
Less: Valuation allowance	(9,696)	(9,766)
Future income tax asset	\$ -	\$ -

As at June 30, 2007, the Company had tax deductions of approximately \$118,116,000 that are available to shelter future taxable income. Included in this amount is a non-capital loss of \$16,092,000 which expires in 2026. The Company also has investment tax credits totaling \$3,434,000 that are available for application against future tax payable, and which expire in 2026.

8. Credit Risk

Ember's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal credit risks. A portion of Ember's production is currently sold through a joint venture partner to purchasers under normal industry sale and payment terms; the balance is sold to purchasers also under normal industry terms.

9. Supplemental Cash Flow Information

Changes in non-cash working capital were comprised of the following:

(\$000s)	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Accounts receivable	\$ 298	\$ 4,120	\$ 1,442	\$ (1,152)
Prepaid expenses	39	(123)	77	(188)
Accounts payable and accrued liabilities	(2,672)	(1,546)	(3,234)	(5,136)
Net change	\$ (2,335)	\$ 2,451	\$ (1,715)	\$ (6,476)
Net change by activity:				
Operating	\$ 186	\$ (124)	\$ 1,267	\$ (25)
Investing	(2,521)	2,575	(2,982)	(6,451)
Net change	\$ (2,335)	\$ 2,451	\$ (1,715)	\$ (6,476)
Cash interest paid	\$ 80	\$ -	\$ 172	\$ -
Cash taxes paid	\$ -	\$ 35	\$ -	\$ 35

10. Commitments

In May 2007 the Company entered into a letter agreement with AltaGas for the processing of natural gas in Ember's Acme area located at Acme, Alberta. The agreement requires AltaGas to construct gathering and processing facilities to facilitate the delivery and sale of natural gas by Ember and other third parties, in exchange for a commitment from Ember to pay the greater of: a fee calculated as volume in monthly mcf times an established rate per mcf, or an established minimum monthly processing fee. The minimum monthly fee is based on an estimate of gas throughput ranging from 5 to 9 mmcf per day. The commitment ends on the earlier of November 1, 2013 or the delivery of a total of 15.33 bcf. Committed payments are outlined in the table below as processing commitments.

As at June 30, 2007 (\$000s)	Processing Commitments	Office lease	Total
2007	\$ 310	\$ 147	\$ 457
2008	1,989	294	2,283
2009	2,761	221	2,982
2010	3,356	-	3,356
2011	3,000	-	3,000
2012	2,621	-	2,621
2013	1,933	-	1,933
Total	\$ 15,970	\$ 662	\$ 16,632

CORPORATE INFORMATION

Board of Directors

Doug Dafoe, CA
*Chairman and
Chief Executive Officer
Ember Resources Inc.*

Terry Meek, P. Eng.
*President and
Chief Operating Officer
Ember Resources Inc.*

Dennis Balderston, CA ^{(1) (3)}
Independent Businessman

Colin Boyer, P.Eng. ^{(2) (4)}
Independent Businessman

Fox Benton III, MBA ^{(1) (3)}
Independent Businessman

Thomas Drolet, P.Eng. ^{(2) (3)}
Independent Businessman

Jack Peltier ^{(1) (2) (4)}
*President
Ipperwash Resources Inc.*

Jeff van Steenberg, P.Eng. ^{(2) (4)}
*General Partner
Kern Partners*

Richard Todd ⁽³⁾
*Chairman, Chief Executive Officer
OSUM Corp.*

Officers

Doug Dafoe, CA
*Chairman and
Chief Executive Officer*

Terry Meek, P.Eng.
*President and
Chief Operating Officer*

Bruce Ryan, CA, CFA
*Vice President, Finance
and Chief Financial Officer*

Tom Zuorro, B.Comm
Vice President, Land

Ken Ronaghan, P.Eng.
Vice President, Engineering

Steve Gell, P.Eng.
Vice President, Production

Managers

Art McMullen, P.Eng.
Manager, Reservoir

Jim Kelly
Manager, Operations

Quinton Rafuse
Manager, Geology

Peter Lawrence, CMA
Manager, Accounting

Auditors

Ernst and Young LLP

Bankers

Bank of Montreal

Legal Counsel

Macleod Dixon LLP

Reserves Engineers

Sproule Associates Limited

Transfer Agent and Registrar

Olympia Trust Company

Stock Exchange

Toronto Stock Exchange
Trading Symbol: EBR

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Abbreviations

bb(s)	barrel(s)
mbbls	thousand barrels
mmcf	million cubic feet
bcf	billion cubic feet
tcf	trillion cubic feet
boe	barrel of oil equivalent (6 mcf = 1 bbl)
/d	per day
NGL	natural gas liquids
CBM	coalbed methane

Committees

(1) Audit Committee

(2) Reserves, Environmental Health and Safety Committee

(3) Compensation, Corporate Governance and Nominating Committee

(4) Health, Safety and Environment Committee