



June 5, 2014

Dear Shareholders,

Georgian Light Oil

We have completed a total of 13 fracking stimulation treatments in three wells in Georgia, two wells which were recently drilled, along with one existing well. We have been testing all three wells and are optimizing the production on all three wells by running tubing and pumps. By the end of June, we expect to understand the production capabilities of those wells.

One of our newly drilled wells (SKN 102) did not encounter the thick part of the reservoir and would appear to be an unsuccessful well. The other well that was drilled in the Satskhenisi field (SKN 101) has been flowing intermittently at about 25- 50 bpd; oil cut is increasing and is currently at about 80% as we recover the water injected during the fracking process. We have recently installed a pump and hope that this well can then produce at somewhat higher rates. We also fracked a shallow zone in a well recently drilled by our partner in the nearby Norio field, which gives our company exposure to a new very shallow oil play that extends from Norio to our Satskhenisi Permit. We have recently installed a pump and this well has been flowing to cleanup, with total fluid rates of about 50 bpd with oil cut at about 20%.

Iskander has a very strong relationship with our local partner in Georgia which is based upon our strong technical expertise, proven throughout our joint operations. This relationship provides Iskander with a competitive advantage as our local partner has access to multiple opportunities and wants us to participate in these with him. We are in discussion on a number of these additional opportunities in Georgia which could include farming-in to earn interest in further blocks owned by our partner, additional workovers on licenses owned by third parties, and acquiring an additional license with our partner directly.

Ukraine CBM Testing

After successfully fracking our first coal bed methane (CBM) well, we have continued to pump it to recover water associated with both the frac program and reservoir water resident in some of the coals and surrounding formations. Gas flow has started but is still well below economic rates. We have completed working over our new well to see if we can further draw down the fluid level and increase gas rates. As is typical with CBM, we will need the next few months for the gas rates to hopefully build so we can get an idea of the well's eventual productivity.



We will be very selective about additional investment in Ukraine until the future of the country becomes clearer, especially the Donetsk region in Eastern Ukraine where our lands are located.

Poland Sale

We have entered into an agreement to sell our Polish assets earlier this week, subject to final due diligence. The purchaser has provided a \$200k non-refundable deposit which will be used to cover outstanding Poland JV payments and will owe a further \$500k upon closing which is expected in late June. A final payment of \$240k is due at the end of the year.

Financing Update

We continue to try to raise additional funds by selling non-core assets; particularly our excess inventory of well equipment in Ukraine and our Bulgarian licenses.

We are finalizing our go forward plan in Georgia and then will be approaching potential investors in Asia, London and North America who have expressed interest in funding Georgia.

If you have questions please feel free to contact one of the senior team.

Sincerely,

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