



August 31, 2015

Dear Shareholders,

As reported earlier, we have completed major workovers (zonal isolation and hydraulic frac stimulation) on 2 wells in Georgia and minor workovers (re-perforation and new downhole pump installations) on 2 other wells. In spite of operations in the field being successful in terms of execution, the results have been disappointing with very little improvement in production from our Georgian asset. Additionally, we have been plagued with pump reliability issues caused primarily by formation fines entering into the wellbore from the frac'd zones and plugging off the pumps. As a result of the above, our daily production rates have been 7-20bbls/d (depending on which wells are on production) compared to 125-150bbls/d we were anticipating prior to the workovers.

Financial Update

The Company is operating with a zero/negative working capital balance at the present time. Poor well results, continuing low oil prices and field operational problems as noted above have greatly reduced cash flows and increased costs in the field. The limited remaining cash reserves are being used to conclude negotiations and settlements with most of our creditors, a process we hope to have wrapped up by the end of this quarter.

Total G&A expenses have been reduced to <\$20k/month. We currently have ~1800bbls (value = \$60k) of oil available for sale in Georgia which we expect to sell in September.

Brad Giblin, Iskander CFO has resigned to take advantage of another employment opportunity but has agreed to continue to provide assistance on an ongoing basis. We are grateful for Brad's past and continuing service to the Company.

Options going forward:

The situation is obviously dire. Our assets in Ukraine are currently located in the war zone in the south-east of that country. Bulgaria continues to impose a moratorium on all hydraulic frac stimulation treatments, a situation that has deterred any potential buyers of our assets in that country. The poor field results in Georgia have left us with an asset of reduced or questionable value.

We have been in negotiations with a small privately owned start-up company located in the UK who expressed interest in acquiring Iskander's Georgian asset in exchange for a minority interest in their new company. They are also trying to acquire another producing field nearby from our Georgian partner. This deal for Iskander is contingent on this new company being able to raise \$4-\$5M in funds as well as concluding the acquisition of the offsetting production and negotiating the payment of the outstanding amount still owing for Satskhenisi on our behalf. We are currently exchanging agreements with the intent to enter into a sixty day due diligence period by the end of this month.



There is no assurance that we will be able to realize value for any of the company's remaining assets. However, the company is committed to extract as much value for shareholders under the circumstances and is considering options to allow shareholders to crystallize applicable capital losses.

We will continue to update you on our progress.

A handwritten signature in black ink, appearing to read "Roger G. McMechan".

Roger G. McMechan

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