BORDER PETROLEUM INC.

REPORT TO SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAY 17, 2010

SUITE 700, 602 – 12 AVENUE, S.W.
CALGARY, ALBERTA T2R 1J3

BORDER PETROLEUM INC.

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SELECTED ANNUAL INFORMATION

CALGARY, ALBERTA – Border Petroleum Inc. (NEX Exchange – "BOP.H") announces its operating and financial results for the two months and eleven months ended March 31, 2010 compared to three months and year ended April 30, 2009.

	TWO MONTHS ENDED MARCH 31	THREE MONTHS ENDED APRIL 30	ELEVEN MONTHS ENDED MARCH 31	YEAR ENDED APRIL 30
	2010	**2009**	**2010**	2009
				(re-stated)
Revenue - net of royalties	**$ 117,110**	$ 86,898	**$ 527,241**	$ 305,214
Funds from operations (*)	**$ (155,709)**	$ (207,379)	**$ (815,460)**	$ (502,656)
Per share (basic)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Per share (diluted)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)
Net and comprehensive (loss)	**$ (1,586,631)**	$ (243,532)	**$ (2,383,186)**	$ (679,260)
Per share (basic)	**$ (0.02)**	$ (0.00)	**$ (0.04)**	$ (0.01)
Per share (diluted)	**$ (0.02)**	$ (0.00)	**$ (0.04)**	$ (0.01)
Total Assets			**$ 1,237,918**	$ 2,489,353
OPERATING				
Production				
Oil and liquids (bbls per day)	**27**	20	**24**	26
Natural gas (Mcf per day)	**39**	15	**12**	24
Barrels of oil equivalent (boe per day)	**34**	23	**26**	30
Average Selling Prices				
Oil and liquids ($ per bbl)	**$ 71.31**	$ 49.00	**$ 69.50**	$ 52.80
Natural gas ($ per Mcf)	**$ 5.01**	$ 13.61	**$ 5.57**	$ 6.79
Barrels of oil equivalent ($ per boe)	**$ 68.79**	$ 52.55	**$ 66.98**	$ 51.19

SHARES OUTSTANDING

	ELEVEN MONTHS ENDED MARCH 31	YEAR ENDED APRIL 30
	2010	2009
End of year		
Basic	**74,464,263**	57,226,763
Diluted	**90,009,263**	57,476,763
Weighted Average, end of year		
Basic	**64,999,017**	53,460,735
Diluted	**64,999,017**	53,460,735

* - See Non-GAAP measures discussion.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of financial results and related data has been prepared by management, is reported in Canadian dollars and should be read in conjunction with the audited financial statements for the period ended March 31, 2010, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

For the Eleven Month Period ended March 31, 2010, it has been determined that the proved reserves and future development costs used in the depletion and depreciation calculation for the year ended April 30, 2009 were over-stated which has resulted in restatement of the financial statements for that year.

BOE presentation – For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one boe unless otherwise stated. A boe is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation.

FORWARD-LOOKING STATEMENTS

The information herein contains forward-looking statements and assumptions. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", continue", "estimate", "expect", "may", "will", "project", "predict", "potential, "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. Such statements and assumptions also include those relating to guidance, results of operations and financial condition, capital spending, financing sources, commodity prices, cost of production and the magnitude of oil and gas reserves. By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, actual results may differ materially from those predicted. Border Petroleum Inc. is exposed to numerous operation, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results.

Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain employees on a cost-effective basis, commodity and marketing risk and seasonality. Border Petroleum Inc. is subject to significant drill risks and uncertainties including the ability to find oil and natural gas reserves on an economic basis and the potential for technical problems that could lead to well blowouts and environmental damage. Border Petroleum Inc. is also exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third party gathering and processing facilities, transportation and other third party related operation risks. Furthermore, there are numerous uncertainties in estimating Border Petroleum Inc.'s reserve base due to the complexities in estimated future production, costs and timing of expenses and future capital. The financial risks Border Petroleum Inc. is exposed to include, but not limited to, access to debt or equity markets and fluctuations in commodity prices, interest rates and the Canadian/US dollar exchange rate. Border Petroleum Inc. is subject to regulatory legislation, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time preparation of, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Border Petroleum Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

NON-GAAP MEASURES

The MD&A contains the term funds from operations, which should not be considered an alternative to, or more meaningful than, funds from operating activities as determined in accordance with Canadian generally accepted accounting principles as an indicator of the Company's performance. Border Petroleum Inc.'s calculation of funds from operations may not be comparable to that reported by other companies. Funds from operations are calculated before changes in non cash working capital and abandonment cost expenditures. Funds from operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of earnings per share.

The following table reconciles funds flow from operations to cash flows from operating activities which is the most directly comparable measure calculated in accordance with GAAP:

	ELEVEN MONTHS ENDED MARCH 31, 2010	**YEAR ENDED APRIL 30, 2009**
Cash flow (deficiency) from operating activities	**$ (664,600)**	$ (243,412)
Net change in non-cash working capital	**(150,860)**	(259,244)
Funds (deficiency) from operations	**$ (815,460)**	$ (502,656)

Border Petroleum Inc. also uses "operating netbacks" as a key performance indicator of field results by commodity. Operating netbacks do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Operating netbacks are determined by deducting royalties, operating, processing and transportation expenses from petroleum and natural gas sales.

Funds from operations and operating netbacks are not intended to represent operating profits, nor should they be viewed as an alternative to cash flow provided by operating activities, net loss or other measures of financial performance calculated in accordance with Canadian GAAP.

COMPANY OVERVIEW

For the eleven months ended March 31, 2010, Border Petroleum Inc.'s ("Border" or the "Company") primary business was the acquisition, development and production of crude oil, natural gas and natural gas liquids from properties located in the province of Alberta. The shares are posted on the NEX, the Toronto Stock Exchange's ("TSX-VN") board for inactive companies.

HIGHLIGHTS

- ❖ Mr. K. Kimbley was appointed as President, Chief Executive Officer and director of the Company and Mr. T. Cran resigned as President and became Chairman of the Board of the Directors. Mr. G. Mendyk was appointed as Chief Financial Officer and Mr. T. Jackson was appointed to the Board of Directors. Subsequent to March 31, 2010, Mr. B. Bonneville resigned from the Board of Directors and Messer's A. Kroontje and S. Thompson were appointed to the Board of Directors.

- ❖ The Company entered into a purchase agreement and a number of farm-in agreements with companies to pursue light oil prospects in the Red Earth area of north central Alberta. The Company also purchased 256 hectares of land in the area through government land sales.

- ❖ Border completed a Private Placement involving the issuance of 16,500,000 units at a price of $0.05 per unit for gross proceeds of $825,000 during the eleven months ended March 31, 2010. Each unit consisted of one common share and one half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of $0.10 per share for a period of one year from the date of closing. The funds from this Private Placement were used to pay some of its outstanding accounts payable and the balance was used for general working capital.

- ❖ Border disposed of a non-core, low gravity oil property, which consisted of shut-in high operating costs production in the Lloydminster area of east central Alberta to a private company for $200,000.

- ❖ On December 17, 2009 Border announced it had entered into a letter of intent ("LOI") with Daredevil Energy Ltd., ("Daredevil") pursuant to which the Company is to acquire all issued and outstanding common shares of Daredevil in exchange for up to 50 million common shares of Border. On May 17, 2010 Border, with mutual consent from Daredevil, terminated the LOI.

- ❖ The Company conducted workover programs in its Second and Third Quarters to enhance production from its properties in the Norris, Cardiff and Cherhill areas of north central Alberta.

- ❖ As of the date of this report, the Company has accepted subscription agreements and received payment in escrow for $1,729,000 of the previously announced $2,000,000 convertible debenture offering (see subsequent event note).

PRESIDENT'S REPORT

Since changing its main business to oil and gas exploration and production in the summer of 2008, the Corporation, along with the rest of the world, has been severely impacted by the repercussions of the global financial crisis. These repercussions continue to take their toll and have only increased the significant challenges and time associated with getting an oil and gas startup off the ground. As the Corporation works its way through this challenging period, management's immediate focus areas include cost control and reduction, the capitalization and execution of current projects to increase near term production and cashflow, and the development of new opportunities for future growth. Recent efforts with respect to each of these areas have already begun to produce results. To reduce costs, the Corporation has begun to enhance and streamline its operations as well as dispose of non-core, high operating cost properties. As of the date of this report, the Company has accepted subscription agreements and received payment for $1,729,000 of the previously announced $2,000,000 convertible debenture offering, and commenced its Slave Point re-entry program at Red Earth. Border has also initiated steps to develop new core areas including the pursuit of oil and gas joint ventures with Metis and First Nations to explore their Lands for future oil and gas development. While difficult challenges remain, management believes that its continued efforts will create value for Border's shareholders who, on behalf of the Board of Directors, I would like to thank for their support.

RESULTS OF OPERATIONS – 2010

A brief summary of our reserve data as at March 31, 2010 is presented below. Management recommends a review of the full NI 51-101 continuous disclosure documents, which are listed on SEDAR (System for Electronic Document Analysis and Retrieval) (www.sedar.com).

TABLE A
SUMMARY OF RESERVES AND NET PRESENT VALUE
FORECAST PRICES AND COSTS AS OF MARCH 31, 2010
TOTAL RESERVES

	REMAINING RESERVES							
	Light/Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(MMcf)	(MMcf)	(Mbbl)	(Mbbl)
Proved								
Developed - Producing	13.0	12.0	-	-	29.0	28.0	-	-
Developed - NonProducing	-	-	-	-	-	-		
Undeveloped	-	-	-	-	-	-	-	-
Total Proved	13.0	12.0	-	-	29.0	28.0	-	-
Probable	6.0	5.0	-	-	16.0	16.0	-	-
Total Proved Plus Probable	19.0	17.0	-	-	45.0	43.0	-	-
Possible	6.0	6.0	-	-	30.0	30.0	-	-
Total Proved, Probable Plus Possible	**25.0**	**23.0**	**-**	**-**	**75.0**	**73.0**	**-**	**-**

TABLE B
NET PRESENT VALUES OF FUTURE NET REVENUE
BEFORE INCOME TAXES
AS OF MARCH 31, 2010 (FORECAST PRICES AND COSTS)

	Undisc.	@ 5.0%	@ 10.0%	@ 15.0%	@ 20.0%
	(M$)	(M$)	(M$)	(M$)	(M$)
Proved					
Developed Producing	141	142	141	140	138
Developed Non-Producing	-	-	-	-	-
Undeveloped	-	-	-	-	-
Total Proved	141	142	141	140	138
Probable	139	132	125	117	110
Total Proved Plus Probable	280	274	266	257	248
Possible	233	203	177	155	136
Total Proved, Probable Plus Possible	**513**	**477**	**443**	**412**	**384**

OPERATIONS

The Company's average net daily production from all of its operations for the eleven months ended March 31, 2010 was 24 bbls of oil and liquids and 12 Mcf per day of natural gas, for a total of 26 boe's per day ("boepd").

Producing Properties

Norris, Alberta

The Company has various working interests varying from 57.5% to 100% in 1,040 net acres in the Norris area of central Alberta which also consists of five producing oil wells and one water disposal well. The combined production from these wells averaged 16.4 bbls of oil per day. Border has a 57.5% working interest in the well, 100/16-21-53-18W4 and 100.0% working interest in the wells, 102/16-21-58-18W4 00/01-28-53-18W4, 102/01-28-53-18W4 and 100/04-27-053-18W4 which all produce from the Mannville formation.

Cherhill, Alberta

Border has a 37.5% working interest in 640 acres (240 net acres) in the Cherhill area of southwestern Alberta. The well, 100/03-25-56-04W5, produces from the Glauconite formation and was placed back on production during the third quarter ended January 31, 2010 after completing a workover program. The well is currently averaging approximately 20 Mcf per day or the equivalent of 3 boepd.

Cardiff, Alberta

The Company has a 100% working interest in 640 acres in the Cardiff area of central Alberta which consists of one oil well located at 100/14-34-55-01W5, which averaged 3 boepd of production.

Non-Producing Properties

Lloydminster, Alberta

Border had a 90% working interest in 120 acres (108 net acres) of land in the Lloydminster area of eastern Alberta. Two shut-in wells and a suspended well on the acreage were sold to an arm's length private Alberta company for $200,000 effective December 1, 2009.

Red Earth, Alberta

During the eleven month period ended March 31, 2010, the Company entered into a purchase agreement with an arm's length private Alberta company whereby Border and the private company have agreed to jointly pursue oil and gas prospects in an established area of mutual interest in the Red Earth area of Alberta. The Company has also agreed to acquire two quarter sections with well re-entry candidates on the lands that are located in the area of mutual interest.

The Company entered into 3 farm-in agreements, on industry terms, with arm's length companies, involving 1120 acres of land in the Red Earth area. There are 5 re-entry candidates on the lands covered by the farm-in agreements.

Border also purchased a total of one section in the Red Earth area of Alberta during the eleven-month period ended March 31, 2010, which has an additional re-entry candidate. The Company estimates that it will cost up to $500,000 per re-entry.

Phat City, Montana, USA

The Company entered into a sub-participation agreement with Triangle USA Petroleum Corporation Ltd. ("Triangle"), which assigned Triangle's rights in an exploration agreement between Triangle and Hunter Energy LLC. The agreement provides for the Company to pay 33 1/3% of the cost to drill one vertical test well on certain joint participation lands consisting of a 38,767-acre land position in the state of Montana, USA to earn a 25% non-operating working interest. This is an exploration project for Nisku oil on the west side of the Williston Basin.

DETAILED FINANCIAL ANALYSIS

The Company changed its fiscal year end from April 30th to March 31st and as a result of this change, the Company's current fiscal year is the eleven month period ending March 31, 2010. The Company became an active oil and natural gas company effective September 15, 2008.

During the period ended March 31, 2010, it was determined that the proved reserves and future development costs used in the depletion and depreciation calculation for the year ended April 30, 2009 were over-stated which has resulted in restatement of the financial statements for that year.

boe Presentation – *For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one boe unless otherwise stated. A boe is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation*.

PRODUCTION SUMMARY

PRODUCTION SUMMARY	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Total Production						
Oil and Liquids - bbls	**1,607**	1,806	(11.0)	**8,079**	5,917	36.5
Natural Gas - Mcf	**2,291**	1,344	70.5	**4,036**	5,394	(25.2)
Total boe	**1,913**	2,032	(5.9)	**8,752**	6,819	28.3
Daily Production						
Oil and Liquids - bbls per day	**27**	20	35.0	**24**	26	(7.7)
Natural Gas - Mcf per day	**39**	15	158.8	**12**	24	(50.0)
Total boe per day	**34**	23	39.1	**26**	30	(12.9)

For the eleven months ended March 31, 2010, oil production was 8,079 bbls compared to 5,917 bbls for the year ended April 30, 2009 or an increase of 36.5%. Natural gas production for the eleven months ended March 31, 2010 was 4,036 Mcf compared to 5,394 Mcf for the year ended April 30, 2009 or a decrease of (25.25)%. Total boes produced for the eleven months ended March 31, 2010 was 8,752 compared to 6,819 boes for the year endeApril 30, 2010 or an increase of 28.3%. The increase in the number of boes produced during the eleven months ended March 31, 2010 was due to the Company performing workovers on a number of wells during that period. For the year ended April 30, 2009, the total number of boes produced was for a period of 227 days as the Company purchased the oil and natural gas assets effective September 15, 2008.

For the two months ended March 31, 2010 total oil produced was 1,607 bbls compared to 1,806 bbls for the three months ended April 30, 2009 or a decrease of (11.0)%. Natural gas production for the two months ended March 31, 2010 was 2,291 Mcf compared to 1,344 Mcf or a 70.5% increase. Total boes produced for the two month period was 1,913 compared to 2,032 boes for the three month period ended April 30, 2009 or a decrease of (5.9)%.

Daily oil production for the eleven months ended March 31, 2010 was 26 boes compared to 30 boes for the year ended April 30, 2009. Although daily production was based on 277 days for the year ended April 30, 2009, the Company's wells produced steady for that time period. During the eleven months ended March 31, 2010, the Company's wells were shut-down for to perform workovers on and therefore lowered the number of boes produced on a daily basis.

Total boes produced per day for the two months ended March 31, 2010 was 32 compared to 23 boes for the three months ended April 30, 2009 or an increase of 39.1%.

PRICING SUMMARY

PRICING SUMMARY	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Oil and Liquids - $ per bbl	**$ 73.06**	$ 49.00	49.1	**$ 69.50**	$ 52.80	31.6
Natura Gas - $ per Mcf	**$ 5.45**	$ 13.61	(60.0)	**$ 5.57**	$ 6.79	(18.0)
$ per boe	**$ 67.90**	$ 52.55	29.2	**$ 66.73**	$ 51.19	30.4

For the eleven months ended March 31, 2010 and the year ended April 30, 2009, Border sold all oil and gas production at spot prices.

REVENUE

TOTAL REVENUE	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Oil and Gas Revenues						
Working interest revenue	**129,889**	101,720	27.7	**583,996**	349,075	67.3
Interest revenue	**-**	283	(100.0)	**-**	6,045	(100.0)
Total Revenue	**$ 129,889**	$ 102,003	27.3	**$ 583,996**	$ 355,120	64.5
Total Revenue - $ per share	**$ 0.00**	$ 0.00		**$ 0.01**	$ 0.01	

Total revenue for the eleven months ended March 31, 2010 was $583,996 compared to $355,120 for the year ended April 30, 2009 or an increase of 64.5%.

Total revenue for the two months ended March 31, 2010 was $129,889 compared to $102,003 for the three months ended April 30, 2009 or an increase of 27.3%.

Working Interest Revenue

Working Interest Revenue	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Oil and Liquids	**$ 117,414**	$ 95,406	23.1	**$ 561,521**	$ 312,435	79.7
Natural Gas	**12,475**	6,314	97.6	**22,475**	36,640	(38.7)
Total Working Interest Revenue	**$ 129,889**	$ 101,720	27.7	**$ 583,996**	$ 349,075	67.3
$ per boe	**$ 67.90**	$ 50.05	35.7	**$ 66.73**	$ 51.19	30.4

Total working interest revenue for the eleven months ended March 31, 2010 was $583,996 compared to $349,075 for the year ended April 30, 2009 which represents an increase of 67.3%. Total working interest revenue for the year ended April 30, 2009 was based on 277 days as the Company became an active oil and gas company effective September 15, 2008. Total working interest revenue for the eleven months ended March 31, 2010 on a $ per boe basis was $66.73 compared to $51.19 per boe for the year ended April 30, 2009 or an increase of 30.4%. The increase in total working interest revenue and $ per boe for the eleven months ended March 31, 2010 was due to the Company receiving higher commodity prices and Border had more wells producing at a more constant production rate due to the major workovers that were performed during the period compared to the year ended April 30, 2009.

For the two month period ended March 31, 2010 total working interest revenue was $129,889 compared to $101,720 for the three months ended April 30, 2009 or an increase of 27.7%. The increase from $50.05 per boe for the three months ended April 30, 2009 to $67.90 per boe for the two months ended March 31, 2010 was due to higher commodity prices that were received.

Interest Income

Interest Income	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Interest income	$ -	$ 283	(100.0)	$ -	$ 6,045	(100.0)

Interest income for the eleven months ended March 31, 2010 was $Nil compared to $6,045 for the year ended April 30, 2009 due to the Company having a lower amount of cash on hand during that period.

Interest income for the two months ended March 31, 2010 was $Nil compared to $283 for the three months ended April 30, 2009 due to the Company having a lower amount of cash on hand during that period.

ROYALTY SUMMARY

ROYALTY EXPENSE	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Crown	**$ 2,783**	$ 2,274	22.4	**$ 2,675**	$ 6,250	(57.2)
Overriding and Freehold	**10,006**	12,548	(20.3)	**54,080**	37,611	43.8
Total Royalty Expense	**$ 12,789**	$ 14,822	(13.7)	**$ 56,755**	$ 43,861	29.4
$ per boe	**$ 6.69**	$ 7.29	(8.3)	**$ 6.49**	$ 6.43	0.8
Expense rate - % of total working interest revenue	**9.8**	14.6	(32.4)	**9.7**	12.6	(22.7)

Total royalties paid for the eleven months ended March 31, 2010 were $56,755 compared to $43,861 for the year ended April 30, 2009 or an increase of 29.4%. On a $ per boe total royalties were $6.49 for the eleven months ended March 31, 2010 compared to $6.43 per boe for the year ended April 30, 2009. For the year ended April 30, 2009 total royalties were based on 277 days. Expenses rate, expressed as a percentage of total working interest was 9.7% for the eleven months ended March 31, 2010 compared to 12.6% for the year ended April 30, 2009 or a decrease of (23.0)%. The decrease in the expense rate is due to the Company having higher revenues for the eleven months ended March 31, 2010. For the year ended April 30, 2009, total royalties were for a period of 277 days.

For the two months ended March 31, 2010 total royalty, expressed as a $ per boe was $6.69 for the eleven months ended March 31, 2010 compared to $7.29 per boe for the three months ended April 30, 2009 or an increase of 8.23%. Total royalties expressed as an expense rate of total working interest were 9.8% for the two months ended March 31, 2010 compared to 14.6% for the three months ended April 30, 2009 or a decrease of (32.9)%.

On October 25, 2007 the Alberta government announced that it would be implementing a new royalty regime called the "New Royalty Framework" ("NRF)". The NRF passed Royal Assent on December 2, 2008 and took effect January 1, 2009. All existing wells on Crown land will pay royalties calculated using the NRF, regardless of their previous royalty formulas. On March 11, 2010, the Alberta government announced changes to the current royalty framework for natural gas and conventional oil will be modified for all production effective January 1, 2011. Some of these changes include:

> The maximum royalty rate will be reduced from the current levels of 50 percent to 40 percent for conventional oil and to 36 percent for natural gas;
>
> The maximum 5 percent front-end rate on natural gas and conventional oil will remain in effect;
>
> Royalty curves will also be reduced at high price levels.
>
> No new wells will be allowed to select the transitional royalty rates.

The complete Alberta New Royalty Framework can be found at http://www.energy.gov.ab.ca

The NRF did not affect the Company adversely for the eleven months ended March 31, 2010 as the majority of its wells are held by freehold lessors.

OPERATING AND TRANSPORTATION EXPENSES

PRODUCTION EXPENSES	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Production expenses	**$ 83,301**	$ 63,881	30.4	**$ 341,628**	$ 199,431	71.3
Transportation and gathering	**24,396**	15,611	56.3	**104,652**	33,105	216.1
	107,697	79,492	35.5	**446,280**	232,536	91.9
Workover expenses	**15,030**	-	100.0	**171,437**	-	100.0
Total Production Expenses	**$ 122,727**	$ 79,492	54.4	**$ 617,717**	$ 232,536	165.6
$ per boe	**$ 64.14**	$ 39.12	64.0	**$ 70.58**	$ 34.10	107.0
Production, transportation and gathering expenses - $ per boe	**$ 56.29**	$ 39.12	43.9	**$ 50.99**	$ 34.10	49.5
Workover expenses - $ per boe	**$ 7.86**	$ -	100.0	**$ 19.59**	$ -	100.0
Expense rate - % of total working						

Production expenses, excluding workovers, for the eleven months ended March 31, 2010 were $446,280 compared to $232,536 for the year ended April 30, 2009 or an increase of 91.9%. Transportation and gathering expenses for the eleven months ended March 31, 2010 were $104,652 compared to $33,105 for the year ended representing an increase of 216.1%. Workover expenses for the eleven months ended March 31, 2010 were $171,437 compared to $Nil for the year ended April 30, 2009 or an increase of 100.0%. Total production expenses for the eleven months ended March 31, 2010 was $617,717 compared to $232,536 for the year ended April 30, 2009 or an increase of 165.6%. Total production expenses, expressed as a $ per boe, was $70.58 for the eleven months ended March 31, 2010 compared to $34.10 for the year ended April 30, 2009 or an increase of 106.9%. The increase in the $ per boe from the year ended April 30, 2009 to the eleven months ended March 31, 2010 was due to Company performing workovers on the wells that were capable of production and higher transportation and gathering expenses due to increased production. For the year ended April 30, 2009 total production expenses were based on 277 days.

Production, transportation and gathering were $107,697 for the two months ended March 31, 2010 compared to $79,492 for the three months ended April 30, 2009 or an increase of 35.5%. Total production expenses for the two months ended March 31, 2010 were $122,727 compared to $79,492 for the three months ended April 30, 2009 or an increase of 54.4%. The increase in the total production expenses for the two months ended March 31, 2010 compared to the three months ended April 30, 2010 was due to additional workover expenses incurred.

GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATION	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
General and administration	**$ 201,752**	$ 163,398	23.5	**$ 724,984**	$ 581,379	24.7
$ per boe	**$ 105.46**	$ 80.41	31.2	**$ 82.84**	$ 85.26	(2.8)
Expense rate - % of working interest revenue	**155.3**	160.6	(3.3)	**124.1**	166.5	(25.5)

General and administrative expenses for the eleven months ended March 31, 2010 were $724,984 compared to $581,379 for the year ended April 30, 2009 or an increase of 24.7%. For the eleven months ended March 31, 2010, general and administration was $82.84 per boe compared to $85.26 for the year ended April 30, 2009 or decrease of (2.8)%. For the year ended April 30, 2009, the $ per boe and expense rate expressed as a percentage of working interest revenue were based on 277 days of oil and gas production.

The following table details the general and administration expenses for the two months and eleven months ended March 31, 2010 compared to the three months and year ended April 30, 2009:

	TWO MONTHS ENDED MARCH 31	THREE MONTHS ENDED APRIL 30	INCREASE (DECREASE)	ELEVEN MONTHS ENDED MARCH 31	YEAR ENDED APRIL 30	INCREASE (DECREASE)
	2010	**2009**	**%**	**2010**	**2009**	**%**
General and Administration Expenses - Detailed						
Compliance expense	$ **52,218**	$ 64,248	(18.7)	$ **72,123**	$ 168,845	(57.3)
Computer software and rentals	**5,484**	(702)	881.2	**34,829**	46,242	(24.7)
Consulting and professional expense	**91,302**	97,141	(6.0)	**435,275**	275,445	58.0
Insurance expense	**4,488**	(15,763)	128.5	**25,634**	13,785	86.0
Office expenses	**48,116**	17,294	178.2	**155,861**	64,906	140.1
Taxes and licences	**144**	1,180	(87.8)	**1,262**	12,156	(89.6)
	$ **201,752**	$ 163,398	23.5	$ **724,984**	$ 581,379	24.7

During the eleven months ended March 31, 2010, the Company focused on building a management team and to execute a business plan that would help it to achieve its goals for growth in a difficult capital environment. This resulted in the Company increasing its consulting and professional expenses by 58.0% for the eleven months ended March 31, 2010 compared to the year ended April 30, 2009. With the addition of new consultants to its management team the Company also incurred expenses relating to their aboriginal projects and the development of new opportunities. This, in turn, increased in the amount of office rent paid and supplies that were required which increased the office expenses by 140.1% for the eleven months ended March 31, 2010 compared to the year ended April 30, 2009.

For the two months ended March 31, 2010 general and administration expenses increased 23.5% to $201,752 from $163,398 for the three months ended April 30, 2009 and this was partially due to the increase in office rent paid and supplies required for the Company to execute its business plan to help it achieve its goals for growth.

DEPLETION, DEPRECIATON, AND ACCRETION

DEPLETION, DEPRECIATION AND ACCRETION	TWO MONTHS ENDED MARCH 31	THREE MONTHS ENDED APRIL 30	INCREASE (DECREASE)	ELEVEN MONTHS ENDED MARCH 31	YEAR ENDED APRIL 30	INCREASE (DECREASE)
	2010	**2009**	**%**	**2010**	**2009** (re-stated)	**%**
Depletion, depreciation and accretion	$ **40,830**	115,554	(64.7)	**214,337**	171,134	25.2
ARO accretion expense	**337**	9,320	(96.4)	**15,304**	10,110	51.4
	$ **41,167**	$ 124,874	(67.0)	$ **229,641**	$ 181,244	26.7
$ per boe	$ **21.52**	$ 46.11	(53.3)	$ **26.24**	$ 26.58	(1.3)
Expense rate - % of working interest revenue	**31.7**	122.8	(74.2)	**39.3**	51.9	(24.3)

Depletion, depreciation and accretion expense for the eleven months ended March 31, 2010 totaled $229,641 or $26.24 per boe compared to $181,244 for the year ended April 30, 2009 or $26.58 per boe. The Company had an adjustment to the year ended April 30, 2009 of $54,116 to depletion, depreciation and accretion due to the proved reserves and future development costs used in the calculation were overstated.

For the two months ended March 31, 2010, depletion, depreciation and accretion expressed as a boe was $21.52 compared to $46.11 per boe for the three months ended April 30, 2009.

SHARE CAPITAL

Issued and Outstanding Common Shares

The following table states the issued and outstanding share capital of the Company:

	ELEVEN MONTHS ENDED MARCH 31, 2010		YEAR ENDED APRIL 30, 2009	
	Shares	**Amount**	**Shares**	**Amount**
Balance, beginning of period	**57,226,763**	**$ 7,351,624**	33,526,763	$ 4,981,624
Private placement	**16,500,000**	**825,000**	-	-
Exercise of warrants	-	-	23,700,000	2,370,000
Shares issued for settlement of accounts payable	**737,500**	**18,437**	-	-
Share issue costs	-	**(6,221)**	-	-
Balance, end of period	**74,464,263**	**$ 8,188,840**	57,226,763	$ 7,351,624

During the eleven months ended March 31, 2010, the Company completed a Private Placement of 16,500,000 share purchase units at a price of $0.05 per unit for total proceeds of $825,000. Each unit is comprised of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one common share at a price of $0.10 per share until October 29, 2010. Directors and officers of the Company subscribed for $238,100 of these units.

During the eleven months ended March 31, 2010, the Company received approval from the NEX board of the TSX Venture Exchange to issue 250,000 common shares to a supplier in exchange of an outstanding accounts payable balance of $50,000. The Company received approval to issued 487,500 common shares to another supplier in exchange of an outstanding accounts payable of $63,375. These shares have been issued based on the trading price at the time of issue. The common shares have been ascribed a value of $0.025 per share based on the trading price of the common shares at the time of issuance. The difference between the carrying value of the accounts payable and the fair value of the shares issued was $94,938 (see "Gain on Settlement of Accounts Payable and Accrued Liabilities).

During the year ended April 30, 2009, the Company received $2,370,000 from the exercise of 23,700,000 warrants at a price of $0.10 per warrant.

Warrants

	ELEVEN MONTHS ENDED MARCH 31, 2010		YEAR ENDED APRIL 30, 2009	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Balance, beginning of period	-	$ -	23,725,000	$ 0.10
Issued	**8,250,000**	**0.10**	-	-
Exercise of warrants	-	-	(23,700,000)	0.10
Expired	-	-	(25,000)	0.10
Balance, end of period	**8,250,000**	**$ 0.10**	-	$ -

For the eleven months ended March 31, 2010, the Company had 8,250,000 warrants outstanding at a weighted average exercise price of $0.10. For the year ended April 30, 2009 there were no outstanding warrants.

STOCK BASED COMPENSATION

The Company has an established stock option plan (the "Plan") which is administered by the Board of Directors, allowing the Board of Directors to grant stock options. The Company adopted a 10% Rolling Stock Option Plan, which allows for the purchase of up to 10% of the outstanding shares of the Company.

Additionally, options may not be granted to any one person, any one consultant or any persons performing investor relations duties in any twelve month period which could, when exercised, result in the issuance of shares exceeding 5%, 2% or 2% respectively of the issued and outstanding shares of the Company. All options granted under the Plan shall expire not later than the fifth anniversary of the date the options were granted.

The exercise price of the options is to be determined by the Board of Directors, but shall not be less than the market price of the common shares of the Company on the TSX Venture Exchange on the last business day before the date on which the options are granted, less any discount permitted by the rules of the exchange. Vesting of the options will occur no earlier than 50% at award date and 25% at each of twelve and twenty-four months following the award date. A summary of the status of the Company's stock option plan as at March 31, 2010 and April 30, 2009 and changes during the period then ended is as follows:

	ELEVEN MONTHS ENDED MARCH 31, 2010		YEAR ENDED APRIL 30, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	**250,000**	$ **0.20**	900,000	$ 0.20
Granted	**7,295,000**	**0.10**	-	-
Exercised	-	-	-	-
Expired	**(250,000)**	**0.20**	(650,000)	0.20
Balance, end of period	**7,295,000**	$ **0.10**	250,000	$ -
Exercisable, end of period	**3,647,500**	$ 0.10	**187,500**	$ 0.20

STOCK BASED COMPENSATION	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Stock based compensation	$ **104,522**	$ (37,132)	381.5	$ **104,522**	$ (4,640)	2,352.6
$ per boe	$ **54.64**	$ (18.27)	399.1	$ **11.94**	$ (0.68)	1,855.1
Expense rate - % of total revenue	**80.5**	(36.5)	320.4	**17.9**	(1.3)	1,446.5

Stock based compensation for the eleven months ended March 31, 2010 was $104,522 or $11.94 per boe compared to a recovery of $(4,640) or $(0.68) per boe. The recovery for the year ended April 30, 2009 was due to the reversal of previously recorded stock based compensation expense on unvested options that expired during the year. For the eleven months ended March 31, 2010 the Company granted 7,295,000 stock options and 250,000 stock options expired. March 31, 2010 there were 3,647,500 options that were exercisable.

For the two months ended March 31, 2010, stock based compensation was $104,522, or $54.64 per boe compared to stock based compensation recovery of $(37,132), or $(18.27) per boe for the three months ended April 30, 2010. The recovery for the three months ended April 30, 2009 was due to the reversal of previously recorded expense related to unvested options that expired during the year.

AVERAGE SHARES OUTSTANDING

The weighted average shares outstanding during the eleven months ended March 31, 2010 were 64,999,017 compared to 53,460,735 for the year ended April 30, 2009. Total number of common shares outstanding,as at eleven months ended March 31, 2010, were 74,464,263. As of May 17, 2010, there were 74,464,263 shares outstanding.

GAIN ON SETTLEMENT OF ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Gain on settlement of accounts payables and accrued liabilities	$ **(94,938)**	$ -	(100.0)	$ **(94,938)**	$ -	(100.0)

For the eleven months ended March 31, 2010, the Company recorded a gain on the settlement of accounts payable and accrued liabilities of ($94,938) compared to $Nil for the year ended April 30, 2009. The Company issued 250,000 common shares to a supplier in exchange for an outstanding accounts payable balance of $50,000 and 487,500 common shares to another supplier in exchange for an outstanding accounts payable balance of $63,375. The common shares have been ascribed a value of $0.025 per share based on the trading price of the common shares at the time of issuance. The difference between the carrying value of the accounts payable and the fair value of the shares issued was $94,938.

LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT

	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Loss on disposal of property and equipment	**$1,328,501**	$ -	(100.0)	**$1,328,501**	$ -	(100.0)

During the eleven months ended March 31, 2010, the Company recorded a loss on the disposal of property and equipment with respect to the sale of the Lloydminster property located in Alberta.

NET LOSS AND COMPREHENSIVE LOSS

NET LOSS AND COMPREHENSIVE LOSS	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Net loss and comprehensive loss	**$(1,586,631)**	$ (243,532)	551.5	**$ (2,383,186)**	$ (679,260)	250.9
Net loss per share	$ **(0.02)**	$ (0.01)	200.0	$ **(0.04)**	$ (0.01)	400.0

A net loss and comprehensive loss of $(2,383,186) was recorded for the eleven months ended March 31, 2010 compared to a net loss and comprehensive loss of $(679,260) for the year ended April 30, 2009. The increase in the net loss and comprehensive loss was partially due the loss on the disposal of property and equipment with respect to the sale of the Lloydminster property.

The Company recorded a net loss and comprehensive loss for the two months ended March 31, 2010 of $(1,586,631) compared with the recorded net and comprehensive loss of $(243,532) for the corresponding three months ended April 30, 2009.

INCOME TAXES

The Company has accumulated at March 31, 2010 approximately $2,040,000 of unused non-capital loss carry-forwards that may be applied against future taxable income and approximately $2,672,400 in tax pools related to its resource properties as well as $237,100 in share issuance costs.

The following table outlines the remaining approximate tax pools for the Company as at the period ended March 31, 2010:

	Available Amount	Deduction Rate
Canadian exploration expense	$ -	100.0%
Canadian development expense	84,201	30.0%
Canadian oil and gas property expense	1,281,588	10.0%
Unpredicated capital costs	329,205	25.0%
Foreign exploration and development expense	977,414	10.0%
Non-capital losses	2,040,181	
Share issuance costs	237,126	5 years straight line

NET PETROLEUM AND NATURAL GAS REVENUE

NET PETROLEUM AND GAS REVENUE	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009 (re-stated)	INCREASE (DECREASE) %
Petroleum & Natural Gas Revenue	**$ 129,889**	$ 101,720	27.7	**$ 583,996**	$ 349,075	67.3
Less:						
Royalties	**12,789**	14,822	(13.7)	**56,755**	43,861	29.4
Production expenses	**107,697**	79,492	35.5	**446,280**	232,536	91.9
Workover expenses	**15,030**	-	100.0	**171,437**	-	100.0
Net Petroleum & Natural Gas Revenue	**$ (5,627)**	$ 7,406	(176.0)	**$ (90,476)**	$ 72,678	(224.5)
$ per boe	**$ (2.94)**	$ 3.64	(181.8)	**$ (10.34)**	$ 10.65	(197.1)

Gross revenue from petroleum and natural gas were $583,996 for the eleven months ended March 31, 2010 compared to $349,075 for the year ended April 30, 2009. Net revenue after royalties, production and workover expenses for the eleven months ended March 31, 2010 was $(90,476) compared to $72,678 for the year ended April 30, 2009. Production for the year ended April 30, 2009 was based on 277 days.

Gross revenue from petroleum and natural gas operations were $129,889 for the two months ended March 31, 2010 compared to $101,720 for the three months ended April 30, 2009. Net revenue after royalties, production and workover expenses for the two months ended March 31, 2010 was $(5,627) compared to $7,406 for the three months ended April 30, 2009.

NETBACKS

CORPORATE NETBACKS	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
$ per boe						
Total Revenue	$ **67.90**	$ 50.05	35.7	$ **66.73**	$ 51.19	30.4
Royalties	**(6.69)**	(7.29)	22.3	**(6.49)**	(6.43)	0.8
Production expenses	**(56.29)**	(39.11)	91.7	**(50.99)**	(34.10)	49.5
Workover expenses	**(7.86)**	-	100.0	**(19.59)**	-	100.0
Total after royalties and production expenses	$ **(2.94)**	$ 3.65	206.9	$ **(10.34)**	$ 10.66	(197.0)
General and administration	**(105.46)**	(80.41)	31.2	**(82.84)**	(85.26)	(2.8)
Total Corporate Netbacks	$ **(108.40)**	$ (76.76)	41.2	$ **(93.18)**	$ (74.60)	24.9

Field netbacks for eleven months ended March 31, 2010 were $(10.34) per boe compared to $10.66 per boe for the year ended April 30, 2009. Field netbacks for the eleven months ended March 31, 2010 were in a loss position due to the Company performing workovers on several of its wells. Corporate netbacks for the eleven months ended March 31, 2010 were $(93.18) per boe compared to $(74.60) per boe for the year ended April 30, 2009. For the year ended April 30, 2009, production was based on 277 days.

Field netbacks for two months ended March 31, 2010 were $(2.94) per boe compared to $3.65 per boe for the three month period ended April 30, 2009. Corporate cash netbacks were $(108.40) per boe for the two months ended March 31, 2010 compared to $(76.75) per boe for the three months ended April 30, 2009.

CAPITAL EXPENDITURES

	TWO MONTHS ENDED MARCH 31 2010	THREE MONTHS ENDED APRIL 30 2009	INCREASE (DECREASE) %	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Land acquisition and retention	$ **(3,641)**	$ (2,211)	64.7	$ **243,532**	$ 2,030,013	(88.0)
Drilling and completion	**7,397**	-	100.0	**84,202**	-	100.0
Production equipment and facilities	-	580	(100.0)	**86,014**	283,190	(69.6)
Total	$ **3,756**	$ (1,631)	(330.3)	$ **413,748**	$ 2,313,203	(82.1)

Total expenditures were $413,748 for the eleven months ended March 31, 2010 compared to $2,313,203 for the year ended April 30, 2009.

For the two months ended March 31, 2010 there were capital expenditures in the amount of $3,756 compared to a recovery of $(1,631) for the three months ended April 30, 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash from operating activities does not sufficiently satisfy the Company's current and anticipated funding requirements for the current year. In order for the Company to fund any anticipated funding requirements, the Company will either have to do a public offering or make other arrangements. Working capital deficiency for the eleven months ended March 31, 2010 was $(166,038) compared to a working capital deficiency of $(286,340) for the year ended April 30, 2009.

	ELEVEN MONTHS ENDED MARCH 31 2010	YEAR ENDED APRIL 30 2009	INCREASE (DECREASE) %
Cash	$ -	$ 41,041	(100.0)
Accounts receivable and prepaid expenses	137,134	105,957	29.4
Bank overdraft	(20,483)	-	100.0
Accounts payable and accrued liablities	(567,150)	(433,338)	30.9
	$ (450,499)	$ (286,340)	(57.3)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the eleven months ended March 31, 2010, $286,040 (year ended April 30, 2009 - $157,918) in remuneration, fees and rent which is included general and administrative expenses paid to officer and/or directors of the Company. Included in accounts payable and accrued liabilities is $46,474 (year ended April 30, 2009 - $ 23,728) due to officers and companies controlled by officer and directors of the Company. These transactions are recorded at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

During the eleven months ended March 31, 2010, the Company purchased land for $42,064, which is included in petroleum and natural gas properties, from officers and directors of the Company. These transactions are recorded at the exchange amount and is the original cost of the land paid for by the related parties.

During the eleven months ended March 31, 2010, officers and directors of the Company participated in the Private Placement and purchased 4,762,000 units representing subscription funds of $238,100.

SUBSEQUENT EVENTS

a) The Company intends to complete a private placement of up to $2,000,000 of secured convertible debentures (the "debentures"), which will mature 18 months from the date of issuance, bearing interest at the rate of 10% per annum compounded semi-annually payable after as well as before maturity and are secured by a first fixed and floating charge debenture registered against the assets of the Company and an assignment of book debts. The debentures are convertible into common shares on the basis of one post-consolidation common share (see note 16(b)) for each $0.10 of the principal amount of debenture and accrued interest, subject to regulatory approval. In the event the consolidation of common shares is not approved and completed on or before June 30, 2010, this will constitute an event of default under the terms of the debenture and they will be immediately due and payable.

   The Company has received a commitment letter for $1,700,000 of the debenture issuance, and has received a $600,000 demand secured bridge loan (the "Bridge Loan") which bears interest at a rate of 10% per annum compounded semi-annually and payable after, as well as before maturity, whereas overdue interest shall be compounded monthly. Repayment of the loan shall be allowed at any time without penalty and is secured by demand promissory notes in the amount of $600,000, first fixed and floating charge debentures from the Company, a general security agreement and a general assignment of book debts of the Company. Coincident with funding of the Bridge Loan, two of the three lenders under the Bridge Loan facility were appointed to the Board of Directors of the Company. Also as a condition of the Bridge Loan, the Company cannot incur further secured indebtedness, allow a change in control of the Company, pay dividends, redeem common shares or contract to sell any oil or natural gas on a fixed price basis, without the prior consent of the lenders.

The Company has received subscription agreements for 1,729,000 debentures and funds of $1,729,000 which are currently being held in escrow, and the Company expects to complete a first closing of the debentures immediately upon receipt of final documentation. $600,000 of the funds received will be used to repay the Bridge Loan.

b) At an annual and special meeting of shareholders to be held on June 15, 2010 the Company plans to seek approval for a consolidation of the common shares of the Company on the basis of one new common share for each four existing common shares held.

RISK FACTORS

The following are certain risk factors that relate to Border that the reader should consider. If any event arising from these factors occurs, the Company's business could be materially affected.

- Fluctuations in the prices of oil and gas will affect Border's revenue, cash flows and earnings and the value of the Company's oil and gas properties. These fluctuations could also affect the Company's ability to raise capital. These fluctuations in prices could be due to global economic and market conditions, weather conditions, the level of consumer and industrial demand, and governmental regulations.
- Drilling activities are subject to risks such as the possibility that commercially productive reservoirs will not be encountered, weather conditions, the ability to obtaining regulatory approvals and shortages or delays in equipment and services.
- Estimates of oil and natural gas reserves involve a great measure of uncertainty as they depend on the reliability of available data, the costs to recover said reserves, and the ability to transport the product to market.
- There are operating risks that could affect the business of the Company. These include blowouts, equipment failures, spills or leaks, accidents and weather conditions.
- Compliance with and changes to environmental laws and regulations.
- The oil and gas industry is extremely competitive.
- The value of the Company's oil and gas properties.

FINANCIAL AND OTHER INSTRUMENTS (RISK MANAGEMENT)

The Company has not entered into any marketing arrangements related to the selling of oil or natural gas production.

Fair values

The fair values of accounts receivable, bank overdraft, accounts payable and accrued liabilities, approximate their carrying value due to the short term maturity of these instruments.

At March 31, 2010, the Company does not hold any financial instruments for which it has elected to apply hedge accounting under Section 3865. Consequently, the Company's financial instruments were recorded at fair value on the balance sheet with changes to fair value being reported in the statement of loss and comprehensive loss.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are as follows:

Credit risk

Credit risk is primarily related to the Company's receivables from oil and natural gas marketers and joint venture partners and the risk of financial loss if a customer, partner, or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production. To mitigate credit risk associated with the sale of its production to oil and gas marketers, the Company maintains marketing relationships with large credit-worthy purchasers. The Company historically has not experienced any collection issues with its oil and natural gas marketers. Joint venture receivables are typically collected within one to three-months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint venture partners; however, in certain circumstances, it may cash-call a partner in advance of the work and as well the Company has the ability in most cases to withhold production from joint venture partners in the event of non-payment. The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability; therefore, the carrying amount of accounts receivable generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. There were no receivables allowed for or written off during the eleven months ended March 31, 2010 and there is $13,371 in accounts receivable outstanding greater than 90 days at March 31, 2010, which the Company would consider past due under normal conditions.

Cash balances consist of amounts on deposit with banks where bank overdraft consists of outstanding cheques issued in excess of cash. The Company manages the credit exposure of cash by selecting financial institutions with high credit ratings.

Total credit risk at March 31, 2010 is comprised of $124,315 in accounts receivable and $67,105 in lease reclamation deposit.

Market risk

Market risk consists of commodity price, foreign exchange and interest rate risk, that may effect the value of the Company's financial instruments.

Commodity price risk

Commodity price risk is the risk that the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by the world and continental/regional economy and other events that dictate the levels of supply and demand. The Company has not attempted to mitigate commodity price risk through the use of financial derivative contracts. The Company had no financial derivative sales contracts as at or during the period ended March 31, 2010.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although all the Company's oil and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollars. The Company had no forward exchange rate contracts in place as at or during the period ended March 31, 2010.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company currently has no debt and, therefore, has no interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation. The Company prepares capital expenditure budgets which are regularly monitored and updated as considered necessary. As well, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. Also see below for a discussion on the Company's capital management policy.

Capital management

The Company’s policy is to maintain a strong capital base with the following objectives:

- Maintaining financial flexibility
- Maintaining creditor and investor confidence, and
- Sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. Shareholders' equity and working capital are the components of the Company's capital structure to be managed. The most significant alternatives available for the management of the capital structure include adjusting capital spending to manage projected debt levels or to issue shares when management and the Board of Directors feel the timing is appropriate. Management continually monitors the Company's projected capital spending and its net debt to maintain a sound capital position. Refer to the above section "Liquidity and Capital Resources".

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The significant accounting policies used by Border are disclosed in Note 2 to the Financial Statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstance may result in actual results or changes to estimate amounts that differ materially from current estimates. The following discussion helps to assess the critical accounting policies and practices of the Company and the likelihood of materially different results from those reported.

Proved Reserves

Under National Instrument 51-101 "Proved" reserves are defined as those reserves that can be estimated with a high degree of certainty to be recoverable. The level of certainty should result in at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated Proved reserves. It does not mean that there is a 90 percent probability that the Proved reserves will be recovered – it means there must be at least a 90 percent probability that the given amount or more will be recovered.

"Proved plus Probable" reserves are the most likely case and are based on a 50 percent certainty that they will equal or exceed the reserves estimated. The standard provides for a conservative evaluation of proved and probable reserves, particularly on new wells where production history has not yet been established.

These oil and gas reserve estimates are made using all available geological and reservoir data, as well as historical production data. Estimates are reviewed on a quarterly basis and revised as appropriate. Revisions occur as a result of various factors including: actual reservoir performance, changes in price and cost forecasts or a change in the Company's plans. Reserve changes will impact the financial results as reserves are used in the calculation of depletion and are used to assess whether asset impairment occurs. Reserve changes also affect other Non-GAAP measures such as finding and development costs; recycle ratios and net asset value calculations.

Depletion

The Company follows the full cost method of accounting for oil and natural gas properties. Under this method, all costs related to the acquisition, exploration and development of oil and natural gas reserves are capitalized whether successful or not. Depletion of the capitalized oil and natural gas properties and depreciation of production equipment which includes estimated future development costs less estimated salvage values are calculated using the unit of production method, based on production volumes in relation to estimated proven reserves.

An increase in estimated proved reserves would result in a reduction in depletion expense. A decrease in estimated future development costs would also result in a reduction in depletion expense.

Unproved Properties

The cost of acquisition and evaluation of unproved properties are initially excluded from the depletion calculation. These properties are assessed separately to ascertain whether impairment in value has occurred. When proved reserves are assigned or a property is considered to be impaired, the cost of the property or the amount of the impairment will be added to the capitalized costs for the calculation of depreciation.

Ceiling Test

The carrying value of petroleum and natural gas properties and equipment is reviewed for impairment. Impairment is determined by the carrying amount of the petroleum and natural gas properties and equipment exceeding the sum of the undiscounted cash flows expected to result from the Company's proved reserves. Cash flows are calculated based on third party quoted forward prices and adjusted for the Company's contract prices and quality differentials. If there is impairment, the magnitude of it would be calculated by comparing the carrying amount of petroleum and natural gas properties and equipment to the estimated net present value of future cash flows from proved plus probable reserves. A risk-free interest rate is used to arrive at the net present value of the future cash flows. Any excess carrying value above the net present value of future cash flows would be recorded as a permanent impairment and charged to earnings.

Asset Retirement Obligations

The Company recognizes the fair value of an asset retirement obligation ("ARO") in the period in which it is incurred when a reasonable estimate of fair value can be made. The fair value of the estimated ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related long-lived asset. The capitalized amount is depleted on a unit of production basis over the life of the reserves. The liability amount is increased each reporting period due to the passage of time and the amount of this accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted cost would also result in an increase or decrease to the ARO. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Any difference between the actual cost incurred upon settlement of the ARO and the recorded liability is recognized as a gain or loss in the Company's earnings in the period in which the settlement occurs.

Determination of the original undiscounted costs is based on engineering estimates using current costs and technology in accordance with existing legislation and industry practice. The estimation of these costs can be affected by factors such as the number of wells drilled, well depth and area-specific environmental legislation.

Income Taxes

The determination of income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from the estimated amount recorded by management.

Stock Based Compensation

The Company has a stock-based compensation plan. Stock based compensation and other stock based payments granted to officers, directors and key personnel are accounted for using the fair value method, which requires the Company to estimate the future volatility of the Company's share price, future dividend payments and the expected life of the options.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

On May 1, 2009, the Company adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets* which replaced the existing Handbook Section 3062, *Goodwill and Other Intangible Assets* standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard did not impact on the Company's audited financial statements.

Fair values

The fair values of accounts receivable, bank overdraft, and accounts payable and accrued liabilities, approximate their carrying value due to the short term maturity of these instruments.

At March 31, 2010, the Company does not hold any financial instruments for which it has elected to apply hedge accounting under Section 3865. Consequently, the Company's financial instruments were recorded at fair value on the balance sheet with changes to fair value being reported in the statement of loss and comprehensive loss.

The fair value of transactions are classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The Company's bank overdraft has been valued using Level 1 inputs.

Future Accounting Pronouncements

In January 2009, the Canadian Accounting Standards Board ("AcSB") issued Section 1582, *Business Combinations,* which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011, with earlier application permitted. The Company plans to adopt this standard prospectively effective April 1, 2010 and does not expect the adoption of this standard to have a material impact on the Company's financial statements.

In January 2009, the AcSB issued Sections 1601, *Consolidated Financial Statements,* and 1602, *Non-controlling Interests,* which replaces existing Handbook guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier adoption permitted. The Company plans to adopt these standards effective April 1, 2010 and does not expect the adoption to have a material impact on the Company's financial statements.

In February 2008, the AcSB confirmed that all Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011 with comparative 2010 periods converted as well.

Although IFRS is principles based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS. Currently, the application of IFRS to the oil and gas industry in Canada requires clarification. The International Accounting Standards Board has made certain amendments and exemptions to IFRS 1 relating to full cost oil and gas accounting. The amendments permit the Company to apply IFRS prospectively to their full cost pool of capitalized exploration and development expenses, with an initial impairment test, at the transition date. The Company will then be required to adopt a form similar to "successful efforts" method of accounting for oil and gas on a prospective basis. The Canadian Association of Petroleum Producers (CAPP) and the Small Explorers and Producers Association of Canada (SEPAC) have published an "Information Guide on Adoption and Implementation of International Financial Reporting Standards" for the Canadian upstream oil and gas industry.

The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company is currently assessing the impact on the convergence of Canadian GAAP with IFRS on the Company's results of operations, financial position and disclosures. At this time, the Company is at a very preliminary stage of its IFRS conversion process and changeover plan. The plan will include an assessment of differences between Canadian GAAP and IFRS, accounting policy choices under IFRS, internal controls over financial reporting, potential system changes required, potential corporate governance changes, and affects on internal controls and processes. Initial activities will include training sessions and acquisition of written standards and examples of IFRS disclosure. Based on work completed to date, management has determined that the accounting differences that will lead to the largest changes relate mainly to property and equipment, however, at this time the overall impact on the Company's future financial position and results of operations is not reasonably determinable or estimable. The Company will provide disclosure of the key elements of its plan and progress on the project as information becomes available during the transition period.

The Company is in the process of developing the IFRS changeover plan and is assessing the differences between Canadian GAAP and IFRS and the effects of IFRS will have to the accounting and reporting processes and external disclosures. The Company may retain external advisors to assist management with the conversion from Canadian GAAP to IFRS reporting.

The Company's financial statements for the year ended March 31, 2012 will be prepared according to IFRS with comparative amounts for the year ended March 31, 2011. ***IFRS 1***, ***First-time Adoption of International Financial Reporting Standards***, generally requires that the Company apply IFRS on a retrospective basis in the opening balances as at April 1, 2011. The Company expects that it will have the IFRS 1 elections approved by senior management during the next nine months of 2010 once there has been a complete analysis of each exemption.

The Company will start the process of reviewing its properties to determine the "cash generating units" ("cgu") and how IFRS will affect the Company's accounting and reporting processes during the next nine months. In the initial analysis of IFRS and comparison with the accounting policies that have been adopted by the Company under Canadian GAAP, it will probably identify a number of differences.

Oil and Gas Assets and Asset Retirement Obligations

In July 2009 an amendment to IFRS 1 First Time Adoption of International Reporting Standards was issued that applies to oil and gas assets. The amendment would permit the Company to measure exploration and gas assets under IFRS at the carrying amount under GAAP at the date of transition to IFRS. In addition, the carrying amount of production or development assets could be allocated on a pro rata basis to the underlying assets using either reserve volumes or reserves values at the date of transition. The assets to which this exemption is applied would be required to be tested for impairment at the date of transition under IFRS standards.

Under Canadian GAPP, the Company records provisions which when a present obligation exists as a result of past transactions or events, there is likely outflow of reserves required to settle the obligation and the amount of the obligation can be estimated. Asset retirement obligations are recorded when a legal or contractual obligation exists.

Provisions are recorded under IFRS when an outflow or resources is more likely than not, instead of the higher threshold under Canadian GAPP. Other specific differences exist in relation to the methods used to estimate the amount of provisions. Asset retirement obligations are recorded when a legal, contractual or constructive obligation exists.

BUSINESS RISKS AND UNCERTAINTIES

Border Petroleum Inc. advises readers that this Report may contain a number of forward-looking statements that involve a number of risks and uncertainties. Such information, although considered reasonable by Border Petroleum Inc. at the time, may ultimately prove incorrect, too optimistic or too pessimistic, and actual results may differ materially from those anticipated in the statements. For this purpose, any statements contained within this Report that are not statements of historical fact may be deemed forward looking.

In common with all public oil and gas companies, and especially smaller companies, Border Petroleum Inc., is subject to considerable market volatility affecting the prices received for its production, foreign exchange and interest rates, the availability and cost of capital financing, and market liquidity for its common shares. Furthermore, high energy prices can lead to increased energy supplies, reduced economic activity, and increased conservation efforts, which then sow the seeds for lower energy prices. Border Petroleum Inc. does not participate in hedging of oil and gas prices, foreign exchange or interest rates, as it considers such activities to be highly risky and a distraction from its primary areas of focus.

The oil and gas business is also subject to a number of operational risks and uncertainties relating to such matters as exploration and development success, technical drilling and production performance and equipment failure including blowouts and fires, reserve recovery rates and timing, availability of third-party natural gas transportation, environmental damage and competition with much larger and better-financed companies for scarce land, people and financial resources. To manage these risks and uncertainties, Border Petroleum Inc. relies upon the expertise and creativity of its human resources, the development of strategic relationships with industry partners, modern exploration, engineering and business technology, professional environmental sensitivity assessments, and public liability, property damage and business interruption insurance.

Furthermore, the oil and gas industry is subject to extensive regulatory environments and fiscal regimes, both in Canada and internationally, which are subject to changes and beyond the control of the Company. The Company takes a proactive approach with respect to environment and safety. An operational emergency and response plan and safety policy are in place and the Company is in compliance with current environmental legislation.

DATE

This Management Discussion and Analysis is dated May 17, 2010.

ADDITIONAL INFORMATION

Additional information regarding Border Petroleum Inc. is available on SEDAR at www.sedar.com.

<u>SUMMARY OF QUARTERLY RESULTS</u>

The Company's results of operations for the eight most recent fiscal quarters are summarized as follows:

	TWO MONTHS ENDED MAR 31/2010 Q4	THREE MONTHS ENDED JAN 31/2010 Q3	THREE MONTHS ENDED OCT 31/2009 Q2	THREE MONTHS ENDED JUL 31/2009 Q1
Total Production Volumes				
Natural gas (Mcf)	2,291	1,743	-	-
Oil and NGL (bbl)	1,607	1,969	2,463	2,066
Combined (boe)	1,913	2,310	2,463	2,066
Daily Production				
Natural gas (Mcf per day)	39	22	-	-
Oil and NGL (bbl perday)	27	21	27	22
Combined (boe per day)	32	25	27	22
Gross Revenue				
Natural Gas	$ 12,475	$ 10,000	$ -	$ -
Oil and liquids	117,414	139,961	160,631	143,515
Total PNG Revenue	129,889	149,961	160,631	143,515
Interest Income	-	-	-	-
Gross Revenue	**$ 129,889**	**$ 149,961**	**$ 160,631**	**$ 143,515**
Royalty Expense				
Crown royalties	2,783	1	(152)	43
Freehold and overriding royalties	10,006	13,745	13,288	17,041
Total Royalty Expense	$ 12,789	$ 13,746	$ 13,136	$ 17,084
Net Revenue after Royalties	**$ 117,100**	**$ 136,215**	**$ 147,495**	**$ 126,431**
Operating	122,727	199,165	135,664	160,161
General and administrative	201,752	234,945	177,830	110,457
Stock based compensation	104,522	-	-	-
Depletion, depreciation, accretion	41,167	61,066	58,346	69,062
Gain on settlement of accounts payable and accrued liabilities	(94,938)	-	-	-
Loss on disposal of property and equipment	1,328,501	-	-	-
Income (loss) before income taxes	$ (1,586,631)	$ (358,961)	$ (224,345)	$ (213,249)
Future income tax recovery	-	-	-	-
Net and Comprehensive loss	**$ (1,586,631)**	**$ (358,961)**	**$ (224,345)**	**$ (213,249)**
Basic income (loss) per share	($0.03)	($0.01)	($0.00)	($0.00)
Average Price				
Natural gas ($ per Mcf)	$ 5.45	$ 5.74	$ -	$ -
Oil and NGL ($ per bbl)	$ 73.06	$ 71.08	$ 65.22	$ 69.47
$ per boe	$ 67.90	$ 64.92	$ 65.22	$ 69.47
Total Assets	**$ 1,237,918**	**$ 2,663,676**	**$ 2,857,000**	**$ 2,501,290**
Total Liabilities	**$ 833,747**	**$ 622,115**	**$ 572,484**	**$ 814,804**

SUMMARY OF QUARTERLY RESULTS – continued

	THREE MONTHS ENDED APR 30/2009 Q4 (re-stated)	THREE MONTHS ENDED JAN 31/2009 Q3	THREE MONTHS ENDED OCT 31/2008 Q2	THREE MONTHS ENDED JUL 31/2008 Q1
Total Production Volumes				
Natural gas (Mcf)	1,344	2,497	1,553	-
Oil and NGL (bbl)	1,807	2,373	1,738	-
Combined (boe)	2,032	2,790	1,997	-
Daily Production				
Natural gas (Mcf per day)	15	27	34	-
Oil and NGL (bbl per day)	20	26	38	-
Combined (boe per day)	23	30	43	-
Gross Revenue				
Natural Gas	$ 6,314	$ 18,299	$ 12,028	$ -
Oil and liquids	95,406	88,490	128,538	-
Total PNG Revenue	101,720	106,789	140,566	-
Interest Income	283	-	$ 2,956	$ 2,806
Gross Revenue	**$ 102,003**	**$ 106,789**	**$ 143,522**	**$ 2,806**
Royalty Expense				
Crown royalties	2,274	3,718	258	-
Freehold and overriding royalties	12,548	11,364	13,699	-
Total Royalty Expense	$ 14,822	$ 15,082	13,957	-
Net Revenue after Royalties	**$ 87,181**	**$ 91,707**	**$ 129,565**	**$ 2,806**
Operating	79,492	74,754	78,290	-
General and administrative	163,399	122,613	168,915	126,452
Stock based compensation	(37,132)	-	32,492	-
Depletion, depreciation, accretion	124,955	55,709	580	-
Income (loss) before income taxes	$ (243,533)	$ (161,369)	$ (150,712)	$ (123,646)
Future income tax recovery	-	-	-	-
Net and Comprehensive Loss	**$ (243,533)**	**$ (161,369)**	**$ (150,712)**	**$ (123,646)**
Basic income (loss) per share	($0.00)	($0.00)	($0.01)	($0.00)
Average Price				
Natural gas ($ per Mcf)	$ 4.70	$ 733.00	$ 7.74	$ -
Oil and NGL ($ per bbl)	$ 52.81	$ 37.30	$ 73.96	$ -
$ per boe	$ 50.05	$ 38.28	$ 70.39	$ -
Total Assets	**$ 2,489,353**	**$ 2,554,251**	**$ 2,669,224**	**$ 2,496,687**
Total Liabilities	**$ 643,734**	**$ 364,592**	**$ 318,197**	**$ 90,814**

NETBACK INFORMATION – QUARTERLY

Quarterly netback information has been provided for the eleven months ended March 31, 2010 along with a comparison to the year ended April 30, 2009. Prior to September 15, 2008 the Company had no producing properties.

	TWO MONTHS ENDED MAR 31/2010	THREE MONTHS ENDED JAN 31/2010	THREE MONTHS ENDED OCT 31/2009	THREE MONTHS ENDED JUL 31/2009
	Q4	Q3	Q2	Q1
$/boe				
Revenue	$ 67.90	$ 64.92	$ 65.22	$ 69.47
Royalties	$ (6.69)	$ (5.95)	$ (5.33)	$ (8.27)
Operating Expense	$ (64.15)	$ (86.22)	$ (55.08)	$ (77.52)
Field Netback	$ (2.94)	$ (27.25)	$ 4.81	$ (16.33)
General and administration	$ (105.46)	$ (101.71)	$ (72.20)	$ (53.46)
Corporate Cash Netback	$ (108.40)	$ (128.96)	$ (67.39)	$ (69.79)

	THREE MONTHS ENDED APR 30/2009	THREE MONTHS ENDED JAN 31/2009	THREE MONTHS ENDED OCT 31/2008	THREE MONTHS ENDED JUL 31/2008
	Q4	Q3	Q2	Q1
$/boe				
Revenue	$ 50.05	$ 38.28	$ 70.39	$ -
Royalties	(7.29)	(5.41)	(6.99)	-
Operating Expense	(39.11)	(26.80)	(39.21)	-
Field Netback	$ 3.65	$ 6.07	$ 24.19	$ -
General and administration	(80.40)	(43.95)	(84.59)	-
Corporate Cash Netback	$ (76.75)	$ (37.88)	$ (60.40)	$ -

ABBREVIATIONS

Oil and Natural Gas Liquids		***Natural Gas***	
bbls	Barrels	Mcf	thousand cubic feet
Mbbls	thousand barrels	MMcf	million cubic feet
bbls/d	barrels of oil per day	Mcf/d	thousand cubic feet per day
boe/d	barrels of oil equivalent per day	m3	cubic meters
NGLs	natural gas liquids (consisting of any one or more of propane, butane and condensate thousand stock tank barrels of oil		
bpd	barrels of production per day		

Other

boe means barrels of oil equivalent. A barrel of oil equivalent is determined by converting a volume of natural gas to barrels using the ration of six (6) mcf to one (1) barrel. "boes" may be misleading, particularly if used in isolation the boe conversion ration of six (6) mcf: one (1) bbl is based on an energy equivalency methods primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

GORR means gross overriding royalty

CONVERSION

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

To Convert From	**To**	**Multiply By**
Mcf	Cubic meters	28.174
cubic meters	Cubic feet	35.494
bbls	Cubic meters	0.159
feet	meters	0.305
acres	hectares	0.405