BORDER PETROLEUM CORP.

REPORT TO SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD QUARTER ENDED DECEMBER 31, 2010

MARCH 1ST, 2011

#500, 1414 – 8TH STREET, S.W.
CALGARY, ALBERTA T2R 1J6

BORDER PETROLEUM CORP.

MARCH 1st, 2011

SELECTED ANNUAL INFORMATION

CALGARY, ALBERTA – Border Petroleum Corp. (TSX VENTURE Exchange – "BOR") is pleased to report its operating and financial results for the third quarter and nine months ended December 31, 2010 compared to the third quarter and nine months ended January 31, 2010. The Company changed its fiscal year end from April 30 to March 31 effective 2010 and as a result of this change, the Company's current third quarter will cover the period of October 1, 2010 to December 31, 2010 compared to November 1, 2009 to January 31, 2010 and the current nine months will cover the period of April 1, 2010 to December 31, 2010 compared to the period of May 1, 2009 to January 31, 2010.

FINANCIAL

	THIRD QUARTER ENDED		**NINE MONTHS ENDED**	
	DECEMBER 31 2010	JANUARY 31 2010	**DECEMBER 31 2010**	JANUARY 31 2010
Total Revenue	**$ 180,247**	$ 149,961	**$ 581,559**	$ 454,107
Net Revenue from Operations	**$ 8,989**	$ (62,950)	**$ 82,762**	$ (84,849)
Per share (basic)	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Per share (diluted)	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Net and comprehensive loss	**$ (215,029)**	$ (360,218)	**$ (612,850)**	$ (797,812)
Per share (basic)	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.01)
Per share (diluted)	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.01)
Total Assets			**$ 4,338,014**	$ 2,654,569

OPERATING

	DECEMBER 31 2010	JANUARY 31 2010	**DECEMBER 31 2010**	JANUARY 31 2010
Production				
Oil and liquids (bbls per day)	**26**	21	**29**	24
Natural gas (Mcf per day)	**27**	22	**34**	7
Barrels of oil equivalent (boe per day)	**31**	25	**35**	25
Average Selling Prices				
Oil and liquids ($ per bbl)	**$ 70.75**	$ 71.08	**$ 68.01**	$ 68.35
Natural gas ($ per Mcf)	**$ 4.08**	$ 4.88	**$ 4.16**	$ 4.88
Barrels of oil equivalent ($ per boe)	**$ 63.87**	$ 64.92	**$ 60.93**	$ 66.40

SHARES OUTSTANDING

	NINE MONTHS	
	DECEMBER 31 2010	**JANUARY 31** 2010
End of Period		
Basic	**27,995,733**	74,464,263
Diluted	**27,995,733**	74,464,263

* - 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 unaudited financial statements for the nine months ended December 31, 2010 and the audited financial statements for the period ended March 31, 2010, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The Company changed its fiscal year end from April 30th to March 31st effective 2010 and as a result of this change, the Company's current nine months will cover the period of April 1, 2010 to December 31, 2010 and will be compared to the Company's nine months for the prior year which covers the period of May 1, 2009 to January 31, 2010.

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 Corp. 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 Corp. 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 Corp. 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 Corp.'s reserve base due to the complexities in estimated future production, costs and timing of expenses and future capital. The financial risks Border Petroleum Corp. 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 Corp. 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 Corp. 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 Corp.'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:

Cash flow (deficiency) from operating activities	***$ (187,113)***	*$ (302,517)*	***$ (802,030)***	*$ (591,239)*
Net change in non-cash working capital	***82,624***	*4,622*	***423,467***	*(16,842)*
Funds (deficiency) from operations	***$ (104,489)***	***$ (297,895)***	***$ (378,563)***	*$ (608,081)*

SECOND QUARTER

Border Petroleum Corp. 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

The Company's primary business is the acquisition, development and production of crude oil, natural gas and natural gas liquids from properties located in the Province of Alberta and the State of Montana, USA.

HIGHLIGHTS

- *On October 21, 2010, the Company announced it had completed the re-entry and fracture stimulation of its initial three well Slave Point re-entry program at its Red Earth core property and, thereby, earned 384 net hectares of land under various farmout agreements.*

- *On December 16th and 31st, 2010 the Company announced that it had raised a total of $1,347,700 in gross proceeds pursuant to two closings of its previously announced non-brokered private placement (the "December Private Placement") for the Company's Slave Point re-entry program at Red Earth as well as for general working capital. Pursuant to the Private Placement, a total of 7,404,666 common shares were issued on a "flow-through" basis at a price of $0.15 per share for gross proceeds of $1,110,700 and 1,975,000 additional units ("Units") at a price of $0.12 per Unit for gross proceeds of $237,000. Each Unit consisted of one common share and one half of one share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share at a price of $0.15 per share for a period of two years from the date of closing.*

PRESIDENT'S REPORT

The Company's latest quarter was marked by completion of Border's initial 3 well re-entry program at Red Earth, continued strengthening of its share price and the securing of additional capital to continue the execution of its business plan. In this regard, management is pleased that its initial three re-entries at Red Earth are on production and have earned the Company an additional 384 net hectares in this highly sought after Slave Point play. Regarding capitalization, the Company is pleased to have raised $1,347,700 under the December Private Placement plus an additional $6,000,000 pursuant to the closing of a brokered private placement in early February for total gross proceeds of $7,347,700. This new capital was necessary to allow management to continue execution of its business plan. Over the last year, that execution has seen the Company continue to increase its revenue and land holdings, reduce operating costs and G&A, eliminate its working capital deficiency, all while focusing the vast majority of proceeds directly into its core operations with a view to further growing its production and land base. The business plan also includes continuing to strengthen our corporate governance and, in this regard, we are pleased to welcome Mr. Eric Panchy as our newest board member. I am also pleased to welcome Mr. Ying Yuen as Border's new Chief Financial Officer. Mr. Yuen replaces Mr. Gerry Mendyk whom we thank for his valuable contribution and wish every success in the future. Management and the Board look forward to benefitting from the valuable experience and input of Mr. Panchy and Mr. Yuen as we continue our efforts to grow the Company. Finally, on behalf of the Board of Directors, I thank the Company's shareholders for their continued support.

On behalf of the Board of Directors,

"Kelly Kimbley"

President, Chief Executive Officer and Director

OPERATIONS

The Company's average net production from all of its operations for the nine months ended December 31, 2010 was 29 bbls/day of oil and liquids and 34 Mcf/day of natural gas for a total of 35 boe/day (2009 – 25 boes/day). The Company's average net production from all of its operations for the third quarter ended December 31, 2010 was 26 bbls/day of oil and liquids and 27 Mcf/day of natural gas for a total of 31 boe/day (2009 – 25 boes/day).

Producing Properties

Norris, Alberta

The Company has various working interests varying from 57.5% to 100% in 520 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 bbls of oil per day. The Company has a 57.5% working interest in the well 100/16-21-53-18W4 and 100.0% working interest in wells 102/16-21-53-18W4, 00/01-28-53-18W4, 102/01-28-53-18W4 and 100/04-27-053-18W4 which all produce from the Mannville formation. For the third quarter, the 100/04-27-053-18W5M was shut in requiring down hole work that the recent capitalization will allow the Company to commence, weather permitting, in the fourth quarter.

Cherhill, Alberta

The Company has a 37.5% working interest in 640 acres (240 net acres) in the Cherhill area of west central Alberta. The well 100/03-25-56-04W5 is currently averaging approximately 34 Mcf of gas per day plus 0.5 bbls per day of associated liquids for a total of 6 boe/day.

Cardiff, Alberta

The Company has a 100% working interest in 160 acres in the Cardiff area of central Alberta which consists of one Mannville oil well located at 100/14-34-55-01W5. The well remained shut in during the third quarter pending a technical review of resource optimization options. Management expects to finalize and commence, weather permitting, production enhancement operations on the well in the fourth quarter.

Red Earth, Alberta

The Company has a 100% working interest in 2080 acres in the Red Earth area of north central Alberta. The Company re-entered 3 wells on these lands in the third quarter. Border has a 100% working interest in the wells 100/11-06-87-11W5M, 00/9-06-86-10W5M and 00/13-36-85-11W5M. The three wells have been fracture stimulated and put on production. Average daily production from the wells for the quarter was 9 boe/day. All three wells at Red Earth were shut in for intermittent periods during the quarter to conduct well optimization work and testing, including pressure buildups required by the Alberta Energy Resources Conservation Board (the "ERCB").

Non-Producing Properties

Lloydminster, Alberta

Border owns 90% of two abandoned well bores in the Lloydminster area of eastern Alberta.

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 requires the Company to pay 33 1/3% of the cost to drill one vertical test well on certain joint participation lands consisting of a 34,139 net 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 Williston Basin.

DETAILED FINANCIAL ANALYSIS

The Company changed its fiscal year end from April 30th to March 31st effective 2010 and as a result of this change, the Company's current nine months will cover the period of April 1, 2010 to December 31, 2010 and will be compared to the Company's nine months for the prior year which covers the period of May 1, 2009 to January 31, 2010. The third quarter will cover the period of October 1 to December 31, 2010 compared to the third quarter of November 1, 2009 to January 31, 2010.

PRODUCTION SUMMARY

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
	DECEMBER 31	JANUARY 31	CHANGE	DECEMBER 31	JANUARY 31	CHANGE
PRODUCTION SUMMARY	**2010**	**2010**		**2010**	**2010**	
Total Production						
Oil and Liquids - bbls	**2,402**	1,969	22.0	**7,973**	6,498	22.7
Natural Gas - Mcf	**2,525**	2,049	23.2	**9,436**	2,049	360.5
Total boe	**2,822**	2,310	22.2	**9,545**	6,839	39.6
Daily Production						
Oil and Liquids - bbls per day	**26**	21	24.3	**29**	24	20.8
Natural Gas - Mcf per day	**27**	22	24.8	**34**	7	390.2
Total boe per day	**31**	25	22.7	**35**	25	38.8

For the nine months ended December 31, 2010 total oil production increased 22.7% to 7,973 bbls from 6,498 bbls for the nine month period ended January 31, 2010. Natural gas production increased to 9,436 Mcf for the nine months ended December 31, 2010 compared to 2,049 Mcf for the nine months ended January 31, 2010. Total boe produced increased by 39.6% to 9,545 boe for the nine month period ended December 31, 2010 compared to 6,839 boe for the nine months ended January 31, 2010.

For the third quarter ended December 31, 2010 total boe increased by 1.2% to 2,822 compared to 2,790 for the third quarter ended January 31, 2010. For the third quarter ended December 31, 2010, daily production was 31 boe/day compared to 25 boe/day for the third quarter ended January 31, 2010.

The increase is due to the addition of new wells at Red Earth.

BENCHMARK PRICES AND ECONOMIC PARAMATERS

	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010
Natural Gas		
U.S. Henry Hub (US $/MMBtu)	**4.39**	**5.81**
Alberta AECO Spot (CDN $/Mcf)	**3.75**	**5.16**
Crude Oil		
West Texas Intermediate (US $/Bbl)	**89.15**	**79.67**
Edmonton Light (DCN $/Bbl)	**86.06**	**78.86**
Foreign Exchange		
US to Canadian dollar	**1.00**	**0.94**

PRICING SUMMARY

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
	DECEMBER 31	JANUARY 31	CHANGE	DECEMBER 31	JANUARY 31	CHANGE
PRICING SUMMARY	**2010**	**2010**		**2010**	**2010**	
Oil and Liquids - $ per bbl	**$ 70.75**	$ 71.08	(0.5)	**$ 68.01**	$ 68.35	(0.5)
Natural Gas - $ per Mcf	**$ 4.08**	$ 4.88	(16.4)	**$ 4.16**	$ 4.88	(14.8)
$ per boe	**$ 63.87**	$ 64.92	(1.6)	**$ 60.93**	$ 66.40	(8.2)

For the nine months and third quarter ended December 31, 2010, the Company sold all of its oil and gas production at spot prices.

REVENUE

Working Interest Revenue	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Oil and Liquids	**$ 169,946**	$ 139,961	21.4	**$ 542,271**	$ 444,107	22.1
Natural Gas	**10,301**	10,000	3.0	**39,288**	10,000	292.9
Total Working Interest Revenue	**$ 180,247**	$ 149,961	20.2	**$ 581,559**	$ 454,107	28.1
$ per boe	**$ 63.87**	$ 64.92	(1.6)	**$ 60.93**	$ 66.40	(8.2)

The Company received total working interest revenue of $581,559 for the nine months ended December 31, 2010 compared to $454,107 for the nine months ended January 31, 2010 or an increase of 28.1%. For the third quarter ended December 31, 2010 gross working interest revenue was $180,247 compared to $149,961 for the third quarter ended January 31, 2010 or an increase of 20.2%.

The increase is due to the addition of new wells at Red Earth.

ROYALTY SUMMARY

ROYALTY EXPENSE	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Crown	**$ 6,834**	$ 1	100.0	**$ 24,719**	$ (108)	100.0
Overriding and Freehold	**11,769**	13,745	(14.4)	**48,425**	44,074	9.9
Total Royalty Expense	**$ 18,603**	$ 13,746	35.3	**$ 73,144**	$ 43,966	66.4
$ per boe	**$ 6.87**	$ 5.95	28.9	**$ 7.66**	$ 6.43	19.2
Expense rate - % of revenue	**10.3**	9.2	12.6	**12.6**	9.7	29.7

Total royalties paid for nine months ended December 31, 2010 were $73,144 compared to $43,966 for the nine months ended January 31, 2010 representing an increase of 66.4%. Total royalties were $7.66/boe for the nine months ended December 31, 2010 compared to $6.43/boe for the nine months period ended January 31, 2010 or an increase of 19.2%.

Total royalties paid for the third quarter ended December 31, 2010 were $18,603 compared to $13,746 for the third quarter ended January 31, 2010 or an increase of 35.3%.

Total royalties increased due to higher production volumes, however as a % of revenue royalties were lower.

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.

OPERATING AND TRANSPORTATION EXPENSES

OPERATING AND TRANSPORTATION EXPENSES	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Operating and transportation expenses	**$ 152,655**	97,503	56.6	**$ 425,653**	338,583	25.7
Workover expenses	**-**	101,662	(100.0)	**-**	156,407	(100.0)
	$ 152,655	$ 199,165	(23.4)	**$ 425,653**	$ 494,990	(14.0)
$ per boe	**$ 54.09**	$ 86.21	(32.17)	**$ 44.59**	$ 72.38	(38.4)
Expense rate - % of revenue	**84.7**	132.8	32.6	**73.2**	109.0	(32.9)
Operating expenses $ per boe	**$ 54.09**	$ 42.20	(28.2)	**$ 44.59**	$ 49.51	(10.0)
Workover expenses$ per boe	**$ -**	$ 44.01	(100.0)	**$ -**	$ 22.87	(100.0)

Operating, transportation and work-over expenses were $425,653 for the nine months ended December 31, 2010 compared to $494,990 for the nine months ended January 31, 2010 or a decrease of (14.0)%. For the third quarter ended December 31, 2010, operating, transportation and work-over expenses were $152,655 compared to $199,165 for the third quarter ended January 31, 2010 or a decrease of (23.4)%.

Transportation and gathering expenses, which are included in the operating expenses, for the nine months ended December 31, 2010 were $85,624 compared to $80,256 for the nine months ended January 31, 2010. This is due to the addition of new production from Red Earth.

GENERAL AND ADMINISTRATIVE EXPENSES

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
	DECEMBER 31	JANUARY 31	CHANGE	DECEMBER 31	JANUARY 31	CHANGE
GENERAL AND ADMINISTRATION	**2010**	**2010**		**2010**	**2010**	
General and administration	**$ 113,478**	234,945	(51.7)	**$ 461,325**	$ 523,232	(11.8)
$ per boe	**$ 40.21**	$ 101.71	(60.5)	**$ 48.33**	$ 76.51	(36.8)
Expense rate - % of revenue	**63.0**	156.7	(59.8)	**79.3**	115.2	(31.1)

General and administrative expenses for the nine month period ended December 31, 2010 were $461,325 compared to $523,232 for the nine month period ended January 31, 2010 representing a decrease of (11.8)%. The decrease was due to reduced office rent, taxes and supplies and the reduction in the use of consultants. Expressed as a $/boe, general and administration expenses were $48.33 for the nine month period ended December 31, 2010 compared to $76.51/boe for the nine months ended January 31, 2010 representing a decrease of (36.8)%. The decrease in $/boe was due to the Company receiving higher production revenue for the third quarter and nine months ended December 31, 2010 compared to the third quarter and nine months ended January 31, 2010.

For the third quarter ended December 31, 2010 general and administration expenses were $113,478 compared to $234,945 for the third quarter ended January 31, 2010 representing a decrease of (51.7)%.

The following table details the general and administration expenses for the third quarter and nine months ended December 31, 2010 compared to the third quarter and nine months ended January 31, 2010.

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
	DECEMBER 31	JANUARY 31	CHANGE	DECEMBER 31	JANUARY 31	CHANGE
	2010	**2010**		**2010**	**2010**	
General and Administration Expenses - Detailed						
Computer services	**$ 9,048**	$ 8,459	7.0	**$ 31,717**	$ 29,345	8.1
Consultants	**55,310**	125,303	(55.9)	**166,314**	317,394	(47.6)
Insurance	**3,342**	6,254	(46.6)	**17,858**	21,146	(15.5)
Legal	**1,146**	26,579	(95.7)	**60,772**	26,579	128.6
Office rent, taxes and supplies	**(12,608)**	31,452	(140.1)	**30,438**	82,736	(63.2)
Regulatory reporting/compliance	**18,683**	11,611	60.9	**50,555**	19,905	154.0
Salaries and benefits	**38,557**	25,009	54.2	**102,061**	25,009	308.1
Taxes and licences	**-**	278	(100.0)	**1,610**	1,118	44.0
	$ 113,478	$ 234,945	(51.7)	**$ 461,325**	$ 523,232	(11.8)

DEPLETION, DEPRECIATON, AND ACCRETION

DEPLETION, DEPRECIATION AND ACCRETION	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Depletion of oil and gas properties	**$ 37,606**	67,540	(44.3)	**$ 52,576**	173,507	(69.7)
$ per boe	**$ 13.33**	$ 29.24	(54.4)	**$ 5.51**	$ 25.37	(78.3)
Accretion of asset retirement obligations	**4,814**	2.627	100.0	**16,745**	24,068	100.0
$ per boe	**$ 2.40**	$ 1.14	110.5	**$ 8.33**	$ 3.52	136.7
Total Depletion, Depreciation and Accretion	**$ 42,420**	$ 70,167	(39.5)	**$ 69,321**	$ 197,575	(64.9)
$ per boe	**$ 15.03**	$ 30.38	(50.5)	**$ 7.26**	$ 28.89	(74.9)

Depletion, depreciation and accretion expense for the nine months ended December 31, 2010 totaled $69,321 compared to $197,575 for the nine months ended January 31, 2010 representing a decrease of (64.9)%. Depletion, depreciation and accretion expense for the third quarter ended December 31, 2010 was $15.03/boe compared to $30.38/boe for the third quarter ended January 31, 2010 or a decrease of (50.5)%. The reduction in the depletion, depreciation and accretion for the third quarter and nine months ended December 31, 2010 is due to the decrease in reserves as reported for the period ended March 31, 2010.

SHARE CAPITAL

Issued and Outstanding Common Shares

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

	Shares	Amount	Shares	Amount
Balance, beginning of period	**74,464,263**	**$ 8,188,840**	57,226,763	$ 7,351,624
Private placement	**9,379,667**	**1,322,693**	16,500,000	825,000
4:1 rollback of common shares	**(55,848,197)**	**-**	-	-
Shares issued for settlement of accounts payable	**-**	**-**	737,500	18,437
Share issue costs	**-**	**(98,512)**	-	(6,221)
Balance, end of period	**27,995,733**	**$ 9,413,021**	74,464,263	$ 8,188,840

On September 13, 2010 the TSX Venture Exchange provided its final acceptance of the consolidation of the common shares of the Company on the basis of one new common share for each four existing common shares held. During the three months ended December 31, 2010, the Company issued 1,975,000 common shares at a price of $0.12 per share for proceeds of $237,000 and also issued 7,404,667 flow-through shares at a price of $0.15 per share for proceeds of $1,110,700.

Warrants

	THIRD QUARTER ENDED DECEMBER 31, 2010			PERIOD ENDED MARCH 31, 2010		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	**8,250,000**	**$**	**0.10**	-	$	-
Issued	987,500		**0.15**	8,250,000		0.10
4:1 rollback of common shares	(6,187,500)		**-**	-		-
Expired	**(2,062,500)**		**0**	-		-
Balance, end of period	**987,500**	**$**	**0.15**	8,250,000	$	0.10

For the nine months ended December 31, 2010, the Company had 987,500 warrants outstanding at a weighted average exercise price of $0.15.

STOCK BASED COMPENSATION

The Company has an established stock option plan (the "Plan"), which was approved by shareholders at the annual and special meeting of shareholders held on June 15, 2010, 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 December 31, 2010 and March 31, 2010 and changes during the period then ended is as follows

	THIRD QUARTER ENDED DECEMBER 31, 2010			PERIOD ENDED MARCH 31, 2010		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of period	**7,295,000**	**$**	**0.10**	250,000	$	0.20
Granted	**1,000,000**		**0.10**	7,295,000		0.10
4:1 rollback of common shares	**(2,996,250)**		**-**	-		-
Cancelled	**(3,300,000)**		**0**	-		-
Expired	**-**		**-**	(250,000)		0.20
Balance, end of period	**1,998,750**	**$**	**0.25**	7,295,000	$	0.10
Exercisable, end of period	**1,082,363**	$	0.31	**3,647,500**	$	0.10

	THIRD QUARTER ENDED				% OF	NINE MONTHS ENDED				% OF
	DECEMBER 31		JANUARY 31		CHANGE	DECEMBER 31		JANUARY 31		CHANGE
STOCK BASED COMPENSATION	**2010**		**2010**			**2010**		**2010**		
Stock based compensation	**$**	**6,897**		(7,844)	187.9	**$**	**12,244**	$	(7,844)	256.1
$ per boe	**$**	**2.44**	$	(3.40)	171.8	**$**	**1.28**	$	(1.15)	211.3
Expense rate - % of revenue		**3.8**		(5.2)	100.0		**2.1**		(1.7)	100.0

Stock based compensation for the nine months ended December 31, 2010 was a $12,244 compared to a recovery of $(7,844) for the nine months ended January 31, 2010. For the third quarter ended December 31, 2010 stock based compensation was $6,897 compared to a recovery of $(7,844) for the third quarter ended January 31, 2010. For the nine months ended December 31, 2010 the Company had 1,998,750 stock options at a weighted exercise price of $0.25 and there were 1,082,363 stock options that are exercisable.

DEBENTURES

During the first quarter ended June 30, 2010, the Company announced a private placement of up to $2,000,000 of secured convertible debentures that will mature 18 months from the date of issuance, bearing an interest 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 for each $0.10 of the principal amount of debenture and accrued interest, subject to regulatory approval.

The Company received subscription agreements for 1,729,000 debentures and funds of $1,729,000 were received by the Company. Interest expense of $108,615 for the nine months ended December 31, 2010 has been accrued.

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
INTEREST EXPENSE	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**
Debenture interest	**43,580**	-	100.0	**108,615**	-	100.0
	$ 43,580	$ -	100.0	**$ 108,615**	$ -	100.0
$ per boe	**$ 15.44**	$ -	100.0	**$ 11.38**	$ -	100.0
Expense rate - % of revenue	**24.2**	-	100.0	**18.7**	-	100.0

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
ACCRETION ON CONVERTIBLE DEBENTURES	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**
Accretion on convertibel debentures	**$ 17,643**	-	100.0	**$ 44,107**	$ -	100.0
$ per boe	**$ 6.25**	$ -	100.0	**$ 4.62**	$ -	100.0

AVERAGE SHARES OUTSTANDING

The weighted average shares outstanding during the nine months ended December 31, 2010 were 19,554,032 (January 31, 2010 – 15,743,149) after the consolidation of 4:1 rollback of common shares. As of February 28, 2011, there were 70,536,293 shares and 2,773,750 options outstanding. *(See "Subsequent Events")*

NET LOSS AND COMPREHENSIVE LOSS

	THIRD QUARTER ENDED		% OF	NINE MONTHS ENDED		% OF
NET LOSS AND COMPREHENSIVE LOSS	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**	**DECEMBER 31 2010**	**JANUARY 31 2010**	**CHANGE**
Net loss and comprehensive loss	**$ (215,029)**	$ (360,218)	(40.3)	**$ (612,850)**	$ (797,812)	(23.2)
Income (Loss) per share	**$ (0.01)**	$ (0.02)	(100.0)	**$ (0.03)**	$ (0.01)	(40.0)

A net loss and comprehensive loss of $(612,850) was recorded for the nine months ended December 31, 2010 compared to a net loss and comprehensive loss of $(797,812) for the nine months ended January 31, 2010, due to those matters discussed previously in this Report.

NET PETROLEUM AND NATURAL GAS REVENUE

NET PETROLEUM AND NATURAL GAS REVENUE	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Petroleum & Natural Gas Revenue	**$ 180,247**	$ 149,961	20.2	**$ 581,559**	$ 454,107	28.1
Less:		`				
Royalties	**18,603**	13,746	35.3	**73,144**	43,966	66.4
Production and workover expenses	**152,655**	199,165	(23.4)	**425,653**	494,990	(14.0)
Net Petroleum & Natural Gas Revenue	**$ 8,989**	$ (62,950)	114.3	**$ 82,762**	$ (84,849)	197.5
$ per boe	**$ 3.19**	$ (22.56)	114.1	**$ 8.67**	$ (12.41)	169.9
Net revenue - per share	**$ 0.00**	$ 0.00	60.5	**$ 0.00**	$ (0.00)	(197.5)

Gross revenue from petroleum and natural gas were $581,559 and $180,247 for the third quarter and nine months ended December 31, 2010, respectively, compared to $454,107 and $149,961 for the third quarter and nine months ended January 31, 2010, respectively. Net revenue from petroleum and natural gas were $82,762 and $8,989 for the third quarter and nine months ended December 31, 2010, respectively, compared to $(84,849) and $(62,950) for the third quarter and nine months ended January 31, 2010, respectively. The increase in both gross and net petroleum and natural gas revenue is due to the increase in production volumes.

NETBACKS

NETBACKS	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
$ per boe						
Revenue	**$ 63.87**	$ 64.92	(1.6)	**$ 60.93**	$ 66.40	(8.2)
Royalties	**(6.87)**	(5.95)	15.5	**(7.66)**	(6.43)	19.2
Production and transportation expenses	**(54.09)**	(86.21)	(37.3)	**(44.59)**	(72.38)	(38.4)
Total Field Netbacks	**$ 2.91**	$ (27.24)	(110.7)	**$ 8.67**	$ (12.41)	(169.9)
General and administration	**(40.21)**	(101.71)	(60.5)	**(48.33)**	(76.51)	(36.8)
Interest expense	**(15.44)**	-	100.0	**(11.38)**	-	100.0
Total Corporate Netbacks	**$ (52.75)**	$ (128.95)	59.1	**$ (51.04)**	$ (88.92)	(42.6)

Field netbacks for the third quarter and nine months ended September were $8.67/boe and $2.91/boe, respectively compared to $(12.41)/boe and $4.51/boe for the third quarter and nine months ended January 31, 2010, respectively.

Corporate netbacks for the third quarter and nine months ended September were $(51.04)/boe and $(52.75)/boe, respectively, compared to $(88.92)/boe and $(128.95)/boe for the third quarter and nine months ended January 31, 2010, respectively.

CAPITAL EXPENDITURES

	THIRD QUARTER ENDED DECEMBER 31 2010	THIRD QUARTER ENDED JANUARY 31 2010	% OF CHANGE	NINE MONTHS ENDED DECEMBER 31 2010	NINE MONTHS ENDED JANUARY 31 2010	% OF CHANGE
Office furniture and equipment	**$ -**	$ -	-	**$ 26,339**	$ -	-
Land acquisition and retention	**70,209**	(85,652)	(182.0)	**108,975**	97,143	143.0
Drilling and completion	**790,081**	76,835	928.3	**1,724,913**	76,835	41.3
Production equipment and facilities	**232,916**	24,240	860.9	**723,348**	36,015	28.8
Total Capital Expenditures	**$ 1,093,206**	$ 15,423	100.0	**$ 2,583,575**	$ 209,993	100.0

Total expenditures were $2,583,575 for the nine months ended December 31, 2010 compared to $209,993 for the nine month ended January 31, 2010 due to the commencement of the Red Earth re-entry program.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash from operating activities does not sufficiently meet the Company's current and anticipated funding requirements for the current year. In order for the Company to fund further capital expenditures, the Company will need to raise more capital. Working capital deficiency for the nine months ended December 31, 2010 was $(434,573) compared to a working capital deficiency of $(450,499) at March 31, 2010 due to the debenture financing completed during the quarter, net of capital expenditures.

	DECEMBER 31 2010	MARCH 31 2010	**% OF CHANGE**
Cash	**$ 357,750**	$ -	100.0
Accounts receivable, prepaid expenses and deposits	**297,537**	137,134	117.0
Bank overdraft	**-**	(20,483)	(100.0)
Accounts payable and accrued liabilties	**(1,089,859)**	(567,150)	92.2
	$ (434,572)	$ (450,499)	(3.5)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the nine months ended December 31, 2010 $102,699 (January 31, 2010 - $240,950) in remuneration, fees and rent which is included in general and administrative expenses was due to officers, directors and/or companies controlled by officers and directors of the Company. Included in accounts payable and accrued liabilities for the nine months ended December 31, 2010 is $Nil (January 31, 2010 - $Nil) due to officers, directors and companies controlled by officers and directors of the Company.

During the nine months ended December 31, 2010 officers and directors of the Company participated in the Private Placement of Secured Convertible Debentures and purchased $1,089,000 of the Debentures. Officers and directors also purchased $68,000 of the flow-through shares sold in December, 2010.

These transactions are recorded at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

SUBSEQUENT EVENTS

The Company announced on February 2, 2011 that it sold 24,000,000 units of the Company ("Units") at a price of $0.25 per Unit for gross proceeds of $6,000,000. Each Unit consists of one common share ("Common Share") and one-half of one common share purchase warrant ("Warrant") with each whole Warrant entitling the holder to acquire one Common Share at a price of $0.35 per share for 18 months from the closing date of issuance of the Offering (the "Closing Date"). All securities issued pursuant to the Offering will be subject to a four-month hold period expiring on June 3, 2011. As a condition of the financing, all secured convertible debentures, including accrued interest, were converted to common shares of the Company at a price of $0.10 per share.

The agent was paid a cash commission equal to six percent (6%) of the gross proceeds and was granted broker options ("Broker Options") to purchase 1,440,000 Units, with each Broker Option entitling the holder to acquire one Unit at a price of $0.25 per Unit for a period of 18 months from the Closing Date.

The Company also announced on February 2, 2011 that Mr. Eric Panchy was appointed a director.

The Company announced on February 3, 2011 that Mr. Ying Yuen was appointed Chief Financial Officer of the Company, replacing Mr. Gerry Mendyk, and Mr. Douglas M. Stuve was appointed as Corporate Secretary, replacing Ms. Jana Lillies.

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 hedging arrangements related to the selling of oil or natural gas production.

Fair values

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, convertible debentures and promissory notes payable approximate their carrying value due to the short term maturity of these instruments.

At December 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.

Canadian GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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

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 nine months ended December 31, 2010 and there is $25,992 in accounts receivable outstanding greater than 90 days at December 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 December 31, 2010 is comprised of $286,238 in accounts receivable.

Market risk

Market risk consists of commodity price, foreign exchange and interest rate risk that may affect 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 nine months ended December 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 nine months ended December 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 variable rate 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.

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 June 30, 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.

IFRS

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 fourth quarter ended March 31, 2011 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. To December 31, 2010 the Company has not begun their initial analysis of IFRS and comparison with the accounting policies that have been adopted by the Company under Canadian GAAP, however, once the process has been started, it will probably identify a number of differences. The Company will most likely require assistance on the transition in order to complete all necessary requirements to IFRS.

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 Corp. 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 Corp. 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 Corp., 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 Corp. 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 Corp. 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 February 28, 2011

ADDITIONAL INFORMATION

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

SUMMARY OF QUARTERLY RESULTS

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

	December 31 2010	September 30 2010	June 30 2010	March 31 2010
Total Production Volumes				
Natural gas (Mcf)	2,525	3,365	3,546	2,291
Oil and NGL (bbl)	2,402	3,109	2,462	1,607
Combined (boe)	2,822	3,670	3,053	1,913
Daily Production				
Natural gas (Mcf per day)	27	37	39	39
Oil and NGL (bbl perday)	26	34	27	27
Combined (boe per day)	31	40	34	32
Gross Revenue	**$ 180,247**	**$ 220,209**	**$ 181,103**	**$ 129,889**
Royalty Expense				
Crown royalties	6,834	18,192	(307)	2,783
Freehold and overriding royalties	11,769	18,910	17,746	10,006
Total Royalty Expense	18,603	37,102	17,439	12,789
Net Revenue after Royalties	**161,644**	**183,107**	**163,664**	**117,100**
Operating and transportation	152,655	109,688	163,310	122,727
General and administrative	113,478	137,096	210,751	201,752
Interest	43,580	43,580	21,455	-
Stock based compensation	6,897	7,414	(2,067)	104,522
Accretion on convertible debentures	17,643	43,580	21,455	-
Gain on settlement of accounts payable	-	-	-	(94,938)
Loss on disposal of property and equipment	-	-	-	1,328,501
Depletion, depreciation and accretion	42,420	14,124	12,777	41,167
Income (loss) before income taxes	**$ (215,029)**	**$ (155,259)**	**$ (242,562)**	**$ (1,586,631)**
Future income tax (recovery)	-	-	-	-
Net income (loss) and comprehensive income (loss)	**$ (215,029)**	**$ (155,259)**	**$ (242,562)**	**$ (1,586,631)**
Average Price				
Natural gas ($ per Mcf)	$ 4.08	$ 4.15	$ 4.24	$ 5.45
Oil and NGL ($ per bbl)	$ 70.75	$ 66.34	$ 67.46	$ 73.06
$ per boe	$ 63.87	$ 60.00	$ 59.32	$ 67.90
Net income (loss) per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
NETBACKS - $ per boe				
Total Revenue	$ 63.87	$ 60.00	$ 59.32	$ 67.90
Royalties	(6.87)	(2.07)	(5.71)	(6.69)
Operating and transportation	(54.09)	(29.89)	(53.49)	(64.15)
Field netback	$ 2.91	$ 28.04	$ 0.12	$ (2.94)
General and administration	(40.21)	(37.36)	(69.03)	(105.46)
Interest	(15.44)	(11.87)	(7.03)	-
Total Corporate Netbacks	$ (52.75)	$ (21.19)	$ (75.94)	$ (108.40)
Total Assets	$ 4,338,014	$ 2,901,730	$ 3,200,492	$ 1,237,918

SUMMARY OF QUARTERLY RESULTS – continued

	January 31 2010	October 31 2009	July 31 2009	April 30 2009
Total Production Volumes				
Natural gas (Mcf)	1,743	-	-	1,344
Oil and NGL (bbl)	1,969	2,463	2,066	1,807
Combined (boe)	2,310	2,463	2,066	2,032
Daily Production				
Natural gas (Mcf per day)	22	-	-	15
Oil and NGL (bbl perday)	21	27	22	20
Combined (boe per day)	25	27	22	23
Gross Revenue	**$ 149,961**	**$ 160,631**	**$ 143,515**	**$ 102,003**
Royalty Expense				
Crown royalties	1	(152)	43	2,274
Freehold and overriding royalties	13,745	13,288	17,041	12,548
Total Royalty Expense	13,746	13,136	2,861	14,822
Net Revenue after Royalties	**136,215**	**147,495**	**126,431**	**87,171**
Operating and transportation	199,165	135,664	160,161	79,492
General and administrative	234,945	177,830	110,457	163,399
Interest	-	-	-	-
Stock based compensation	(7,844)	-	-	(37,132)
Gain on settlement of accounts payable and accrued liabilities	-	-	-	-
Loss on disposal of property and equipment	-	-	-	-
Depletion, depreciation and accretion	70,167	(58,346)	69,062	124,955
Income (loss) before income taxes	**$ (360,218)**	**$ (224,345)**	**$ (213,249)**	**$ (243,533)**
Future income tax (recovery)	-	-	-	-
Net income (loss) and comprehensive income (loss)	**$ (360,218)**	**$ (244,345)**	**$ (213,249)**	**$ (243,533)**
Average Price				
Natural gas ($ per Mcf)	$ 4.88	$ -	$ -	$ 4.70
Oil and NGL ($ per bbl)	$ 71.08	$ 65.22	$ 69.47	$ 52.81
$ per boe	$ 64.92	$ 65.22	$ 69.47	$ 50.05
Total Assets	**$ 2,654,569**	**$ 2,857,000**	**$ 2,501,290**	**$ 2,489,353**
Net income (loss) per share	$ (0.00)	$ (0.00)	$ 0.00	$ (0.00)
NETBACKS - $ per boe				
Total Revenue	$ 64.92	$ 65.22	$ 69.47	$ 50.05
Royalties	(5.95)	(5.33)	(8.27)	(7.29)
Operating and transportation	(86.21)	(55.08)	(77.52)	(39.11)
Field netback	$ (27.25)	$ 4.81	$ (16.33)	$ 3.65
General and administration	(101.71)	(72.20)	(53.46)	(80.40)
Interest	-	-	-	-
Total Corporate Netbacks	$ (128.95)	$ (67.39)	$ (69.79)	$ (76.75)

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. "boe" 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