BORDER PETROLEUM CORP.

REPORT TO SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 26, 2010

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

BORDER PETROLEUM CORP.

August 26, 2010

SELECTED ANNUAL INFORMATION

CALGARY, ALBERTA – Border Petroleum Corp. (NEX Exchange – "BOP.H") is pleased to report its operating and financial results for the three months ended June 30, 2010 compared to the three months ended July 31, 2009. 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 first quarter will cover the period of April 1, 2010 to June 30, 2010 and will be compared to the Company's first quarter for the prior year which covers the period of May 1, 2009 to July 31, 2009.

	THREE MONTHS ENDED	
	JUNE 30 2010	JULY 31 2009
Revenue - net of royalties	**$ 163,664**	$ 126,431
Funds from operations (*)	**$ (210,397)**	$ (144,187)
Per share (basic)	**$ (0.00)**	$ (0.00)
Per share (diluted)	**$ (0.00)**	$ (0.00)
Net and comprehensive (loss)	**$ (242,562)**	$ (213,249)
Per share (basic)	**$ (0.00)**	$ (0.00)
Per share (diluted)	**$ (0.00)**	$ (0.00)
Total Assets	**$ 3,200,492**	$ 1,237,918
OPERATING		
Production		
Oil and liquids (bbls/day)	**27**	22
Natural gas (Mcf/day)	**39**	-
Barrels of oil equivalent (boe/day)	**34**	22
Average Selling Prices		
Oil and liquids ($/bbl)	**$ 67.46**	$ 69.47
Natural gas ($/Mcf)	**$ 4.24**	$ -
Barrels of oil equivalent ($/boe)	**$ 59.32** #	$ 69.47

SHARES OUTSTANDING

	THREE MONTHS ENDED	
	JUNE 30 2010	JULY 31 2009
End of year		
Basic	**74,464,263**	57,226,763
Diluted	**74,464,263**	57,226,763
Weighted Average, end of period		
Basic	**74,464,263**	57,226,763
Diluted	**74,464,263**	57,226,763

* - 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 three months ended June 30, 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 first quarter will cover the period of April 1, 2010 to June 30, 2010 and will be compared to the Company's first quarter for the prior year which covers the period of May 1, 2009 to July 31, 2009.

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:

	THREE MONTHS ENDED	
	JUNE 30 2010	JULY 31 2009
Cash flow (deficiency) from operating activities	$ (391,822)	$ (35,746)
Net change in non-cash working capital	(181,425)	108,441
Funds (deficiency) from operations	$ (210,397)	$ (144,187)

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. Effective June 15, 2010 the name was changed to Border Petroleum Corp. The shares are posted on the NEX, the Toronto Stock Exchange's ("TSX-VN") board for inactive companies and the Company has made application to graduate to the TSX Venture Exchange, Tier 2.

HIGHLIGHTS

- Border entered Into a commitment letter (the "Commitment Letter") with arm's length parties to subscribe for $1.7 million of a private placement of up to $2,000,000 of secured convertible debentures (the "Debenture Offering") which mature 18 months from the date of issuance and bear interest at a rate of 10% per annum payable at maturity.

- Pursuant to the Commitment Letter the Company also closed a $600,000 bridge financing (the "Bridge Financing").

- The Company announced the first closing of the previously announced Debenture Offering. Pursuant to the Debenture Offering, the Company issued 1,729,000 debentures (the "Debentures") for gross proceeds of $1,729,000 and the bridge loan was repaid. The Debentures are convertible into common shares of the Company after completion of the consolidation of the common shares of the Company. Following the Consolidation and up to maturity, the Debentures are convertible on the basis of one post-Consolidation common share for each $0.10 principal amount of Debentures and interest, subject to regulatory approval.

- At its annual and special meeting of shareholders held on June 15, 2010, the shareholders of the Company approved the Consolidation of the outstanding common shares of the Company on the basis of one common share for each four pre-consolidation common shares, the continuance of the Company into Alberta under the Business Corporations Act (Alberta), the change of name of the Company to "Border Petroleum Corp.", and the election of Kelly Kimbley, Tyler D. Cran, Thomas Jackson, Steven Thompson and Al J. Kroontje as directors of the Corporation.

- In connection with the closing of the Debenture Offering, Al J. Kroontje and Steven Thompson were appointed as directors of the Company. Mr. Thompson was also appointed COO of the Corporation. Bryce G. Bonneville tendered his resignation as a director of the Corporation to allow for the appointment of new directors.

- As previously announced by the Company that it intended to use $1.5 million of the proceeds from the Debenture Offering to conduct a Slave Point re-entry program on its Red Earth properties, the Company has re-entered 3 wells, 2 of which have been fracture stimulated and put on production. The third re-entry has been conducted and is scheduled to be fracture stimulated in early September 2010.

- Tyler D. Cran resigned from the Board of Directors of the Company.

PRESIDENT'S REPORT

In the first quarter, Border raised $1.729 million pursuant to a secured convertible debenture offering (the "Debenture Offering"). As previously announced, the capital raised was to allow the Company to commence its Slave Point re-entry program at its Red Earth properties in northern Alberta. Border has re-entered three wells in the area in which it is incorporating new fracture stimulation techniques. Two of the wells have been put on production with the third scheduled for fracture stimulation within the next 2 week. An update on production from the area will be issued once rates stabilize.

The first quarter also saw the Company's shareholders approve the consolidation of its shares on a 4:1 basis, a name change mandated by the consolidation, and the continuance of the Company into Alberta where it has its main office (it had originally been incorporated in the Province of British Columbia). The Company also applied for approval from regulators to graduate to the TSX Venture Exchange as a Tier 2 public company. Graduation will provide an opportunity for broader access to capital which the Company will require to continue moving forward with the execution of its business plan. Regarding the business plan, the Company is focusing on developing its 2 new core areas at Red Earth and Phat City, Montana, as well as optimizing current production at its Norris, Cherhill and Cardiff properties. With respect to Red Earth, the Company currently has 5 additional re-entry candidates in addition to the 3 carried out to date. In this first phase of the Slave Point program, the Company is using re-entries to prove up and earn lands in this highly valued and competitive area at a lower cost than conducting new drills. The Company has also indentified 14 horizontal locations on lands it has earned or has the opportunity to earn under farmout agreements. Regarding the Company's Phat City interest in north-eastern Montana, management plans to participate in the drilling of an off-set to a well indicating by-pass pay in the Nisku formation. The play is located in the Williston Basin where the Company has an interest in over 34,000 acres of land on which to pursue further development opportunities.

Regarding corporate matters, Tyler D. Cran has stepped down from the Board of Directors of the Company. I would like to thank Mr. Cran for his contributions to the Company and wish him all the best in the future. I would also like to welcome Al Kroontje and Steve Thompson to the Board and who, in addition to participating in the Debenture Offering, bring significant management and operational experience to the Company. Finally, on behalf of the management and Board of Directors, I would like to thank shareholders for their support as we continue our efforts to grow the Company.

OPERATIONS

The Company's average net daily production from all of its operations for the first quarter ended June 30, 2010 was 27 bbls of oil and liquids and 39 Mcf/day of natural gas for a total of 34 boe/day.

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 23 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 102/16-21-58-18W4, 00/01-28-53-18W4, 102/01-28-53-18W4 and 100/04-27-053-18W4 which all produce from the Mannville formation. The Company has commenced a review of operations in the Norris area and identified, and started implementing, operating cost reductions and steps to optimize production.

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, produces from the Glauconite formation and was placed back on production during the quarter ended January 31, 2010 after completing a workover program. The well is currently averaging approximately 39 Mcf of gas per day plus 3 bbls per day of associated liquids for a total of 9 boe/day.

Cardiff, Alberta

The Company has a 100% working interest in 640 acres in the Cardiff area of central Alberta which consists of one Mannville oil well located at 100/14-34-55-01W5. The well encountered pump problems during the first quarter and is expected to be placed back on stream in the second quarter after a pump change and stimulation.

Red Earth, Alberta

The Company has a 100% working interest in 2080 acres in the Red Earth area of north central Alberta. The Company has re-entered 3 wells on these lands. 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. Two of the wells have been fracture stimulated and put on production and the third well is awaiting fracture stimulation. Initial volumes from Red Earth were nominal as only one well was put on production late in the first quarter.

The Company entered into a number of farm-in agreements on industry terms with arm's length companies involving 1120 acres of land in the Red Earth area. The Company has also acquired a 100% working interest in 960 acres in the Red Earth area. The Company has an additional 5 re-entry candidates on lands covered by current farm-in agreements or acquired by the Company. Due to increased activity and service costs in the area, the Company estimates that it will cost up to $600,000 per re-entry.

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 acre land position in the State of Montana, USA to earn a 25% non-operating working interest. This acreage is down from 38,767 acres due to lease expiries. This is a Nisku formation oil exploration project 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 first quarter will cover the period of April 1, 2010 to June 30, 2010 and will be compared to the Company's first quarter for the prior year which covers the period of May 1, 2009 to July 31, 2009.

PRODUCTION SUMMARY

	THREE MONTHS ENDED		% OF
	JUNE 30	JULY 31	CHANGE
PRODUCTION SUMMARY	**2010**	**2009**	
Total Production			
Oil and Liquids - bbls	**2,462**	2,066	19.2
Natural Gas - Mcf	**3,546**	-	100.0
Total boe	**3,053**	2,066	47.8
Daily Production			
Oil and Liquids - bbls/day	**27**	22	23.0
Natural Gas - Mcf/day	**39**	-	100.0
Total boe/day	**34**	22	52.5

For the first quarter ended June 30, 2010 total oil production increased 19.2% to 2,462 bbls from 2,066 bbls for the first quarter ended July 31, 2009. Natural gas production increased to 3,546 Mcf for the first quarter ended June 30, 2010 compared to nil Mcf for the first quarter ended July 31, 2009. Total boe produced increased by 47.8% to 3,053 boe for the first quarter ended June 30, 2010 compared to 2,066 boe for the first quarter ended July 31, 2009.

Daily production, reported in boe/day increased 52.5% to 34 boe for the first quarter ended June 30, 2010 compared to 22 boe/day for the first quarter ended July 31, 2009. The increase is due to reduced down-time, the optimization of existing production including workovers performed prior to the first quarter ended June 30, 2010.

BENCHMARK PRICES AND ECONOMIC PARAMATERS

	THREE MONTHS ENDED JUNE 30
BENCHMARK PRICES AND ECONOMIC PARAMATERS	**2010**
Natural Gas	
U.S. Henry Hub (US $/MMBtu)	**5.14**
Alberta AECO Spot (CDN $/Mcf)	**4.96**
Crude Oil	
West Texas Intermediate (US $/bbl)	**78.79**
Edmonton Light (CDN $ /bbl)	**80.07**
Foreign Exchange	
US to Canadian dollar	**0.960**

PRICING SUMMARY

	THREE MONTHS ENDED				% OF
	JUNE 30		JULY 31		CHANGE
		2010		**2009**	
Oil and Liquids - $ /bbl	**$**	**67.46**	$	69.47	(2.9)
Natural Gas - $ /Mcf	**$**	**4.24**	$	-	100.0
$ /boe	**$**	**59.32**	$	69.47	(14.6)

For the first quarter ended June 30, 2010 and the first quarter of ended July 31, 2009, Border sold all oil and gas production at spot prices.

REVENUE

Working Interest Revenue	THREE MONTHS ENDED JUNE 30 2010	JULY 31 2009	% OF CHANGE
Oil and Liquids	**$ 166,083**	$ 143,515	15.7
Natural Gas	**15,020**	-	100.0
Total Working Interest Revenue	**$ 181,103**	$ 143,515	26.2
$/boe	**$ 59.32**	$ 69.47	(14.6)

Total working interest revenue for the first quarter ended June 30, 2010 was $181,103 compared to $143,515 for the first quarter ended July 31, 2009 which represents an increase of 26.2%. Total working interest revenue for the first quarter ended June 30, 2010, on a $/boe basis, was $59.32 compared to $69.47/boe for the first quarter ended July 31, 2009 representing a decrease of 14.6%. The increase in total working interest revenue is due to reduced down-time, the optimization of existing production including workovers performed prior to the first quarter ended June 30, 2010.

ROYALTY SUMMARY

	THREE MONTHS ENDED JUNE 30 2010	JULY 31 2009	% OF CHANGE
Crown	**$ (307)**	$ 43	(814.0)
Overriding and Freehold	**17,746**	17,041	4.1
Total Royalty Expense	**$ 17,439**	$ 17,084	2.1
$ /boe	**$ 5.71**	$ 8.27	(30.9)
Expense rate - % of total revenue	**9.6**	11.9	(19.1)

Total royalties paid for the were $17,439 for the first quarter ended June 30, 2010 compared to $17,084 for the first quarter ended July 3, 2009 representing an increase of 2.1%. On a $/boe, total royalties were $5.71 for the first quarter ended June 30, 2010 compared to $8.27/boe for the same quarter ended July 31, 2009 representing a decrease of 30.9%. Royalty expense rate, expressed as a percentage of total working interest was 9.6% for the first quarter ended June 30, 2010 compared to 11.9% for the first quarter ended July 31, 2009 representing a decrease of 19.1%. The decrease in the expense rate is due to the Company having higher revenues for the first quarter ended June 30, 2010 compared to the first quarter ended July 31, 2009.

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.

The NRF did not affect the Company adversely for the three months ended June 30, 2010 as the majority of its wells are held by freehold lessors.

OPERATING AND TRANSPORTATION EXPENSES

OPERATING, TRANSPORTATION AND WORKOVER EXPENSES		THREE MONTHS ENDED JUNE 30 2010	JULY 31 2009	% OF CHANGE
Operating and transportation expenses		**$ 163,310**	$ 106,391	53.5
Workover expenses		**$ -**	$ 53,770	(100.0)
		$ 163,310	$ 160,161	2.0
$/boe		**$ 53.49**	$ 77.52	(31.0)
Expense rate - % of total revenue		**90.2**	111.6	(19.2)
Operating and transportation expenses	$/boe	**$ 53.49**	$ 51.50	3.9
Workover expenses	$/boe	**$ -**	$ 26.03	(100.0)

Operating and transportation expenses, excluding work-overs, for the first quarter ended June 30, 2010 were $163,310 compared to $106,391 for the first quarter ended July 31, 2009 representing an increase of 53.5%. The increase in operating and transportation expenses was due to the increase in production volumes during the first quarter ended June 30, 2010 compared to the first quarter ended July 31, 2009.

Transportation and gathering expenses, which are included in the operating expenses, for the first quarter of June 30, 2010, totaled $25,385 compared to $24,355 for the first quarter ended July 31, 2009.

Work-over expenses for the first quarter ended June 30, 2010 were $Nil compared to $53,770 for the first quarter ended July 31, 2010.

Total operating, transportation and work-over expenses for the first quarter ended June 30, 2010 were $53.49/boe compared to $77.52/boe for the first quarter ended July 31, 2009 representing a decrease of 31.0%. The decrease is due the Company completing all necessary work-overs prior to the first quarter ended June 30, 2010.

GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED		% OF
	JUNE 30 2010	**JULY 31 2009**	**CHANGE**
General and administration	**$ 210,751**	$ 110,457	90.8
$/boe	**$ 69.03**	$ 53.46	29.1
Expense rate - % of total revenue	**116.4**	77.0	51.2

General and administrative expenses for the first quarter ended June 30, 2010 were $210,751 compared to $110,457 for the first quarter ended July 31, 2009 representing an increase of 90.8%. Expressed as a $/boe, general and administration expenses were $69.03 for the first quarter ended June 30, 2010 compared to $53.46/boe for the first quarter ended July 31, 2009 representing an increase of 17.6%. The increase was due to expenses related to the Bridge Financing, Convertible Debenture Financing and moving the Company's year-end from April 30th to March 31st as a condition of the Debenture Financing which accelerated the timetable to prepare the necessary filings, shareholder mail-outs and other documentation related to the Annual and Special Shareholder's meeting held on June 15, 2010.

The following table details the general and administration expenses for the three months ended June 30, 2010 compared to the three months ended July 31, 2010:

	THREE MONTHS ENDED		% OF
	JUNE 30 2010	**JULY 31 2009**	**CHANGE**
General and Administration Expenses - Detailed			
Computer softw are and services	**$ 12,114**	$12,363	(2.0)
Consultants	**54,760**	61,896	(11.5)
Insurance	**7,412**	7,387	0.3
Legal	**57,572**	2,359	144.4
Office rent, taxes and supplies	**11,476**	23,122	(50.4)
Regualtory reporting and compliance	**35,155**	2,910	1,108.1
Salaries and w ages	**30,652**	-	100.0
Taxes and licences	**1,610**	420	283.3
	$ 210,751	$ 110,457	90.8

DEPLETION, DEPRECIATON, AND ACCRETION

	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JULY 31 2009	% OF CHANGE
Amortization and Depletion	**4,725**	48,277	(90.2)
	$ 4,725	$ 48,277	(90.2)
$ /boe	**$ 1.55**	$ 23.37	(93.4)
Accretion of asset retirement obligations	**8,052**	20,785	(61.3)
	$ 8,052	$ 20,785	(61.3)
$ /boe	**$ 2.64**	$ 10.06	(73.8)
Total Depletion, Depreciation and Accretion	**$ 12,777**	$ 69,062	(81.5)
$ /boe	**$ 4.19**	$ 33.43	(87.5)

Depletion, depreciation and accretion expense for the first quarter ended June 30, 2010 totaled $12,777 compared to $69,062 for the first quarter ended July 31, 2009 representing a decrease of 90.2%. The reduction in the depletion, depreciation and accretion for the three months ended June 30, 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:

	FIRST QUARTER ENDED JUNE 30, 2010		FIRST QUARTER ENDED JULY 30, 2010	
	Shares	Amount	Shares	Amount
Balance, beginning of period	**74,464,263**	**$ 8,188,840**	57,226,763	$ 7,351,624
Share issue costs	**-**	**-**	-	-
Balance, end of period	**74,464,263**	**$ 8,188,840**	57,226,763	$ 7,351,624

At an annual and special meeting of shareholders held on June 15, 2010, the Company received 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. As of June 30, 2010 the roll back had not yet received final approval by the TSX Venture Exchange.

Warrants

	JUNE 30, 2010		JULY 31, 2009	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	**8,250,000**	**$ -**	-	$ -
Issued	-	**0.10**	-	-
Expired	**-**	**-**	-	-
Balance, end of period	**8,250,000**	**$ 0.10**	-	$ -

For the first quarter ended June 30, 2010 the Company had 8,250,000 warrants outstanding.

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 June 30, 2010 and July 31, 2009 and changes during the period then ended is as follows:

	THREE MONTHS ENDED JUNE 30, 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	**-**	**-**	7,295,000	0.10
Cancelled	**(3,000,000)**	**-**	-	-
Expired	**-**	**-**	(250,000)	0.20
Balance, end of period	**4,295,000**	**$ 0.10**	7,295,000	$ 0.10
Exercisable, end of period	**2,147,500**	$ 0.10	**3,647,500**	$ 0.10

STOCK BASED COMPENSATION	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JULY 31 2009	% OF CHANGE
Stock based compensation	**$ (2,067)**	$ -	(100.0)
$/boe	**$ (0.68)**	$ -	(100.0)
Expense rate - % of total revenue	**(1.1)**	-	(100.0)

Stock based compensation for the first quarter ended June 30, 2010 was a recovery of $2,067 compared to $Nil for the three months ended July 31, 2009. The recovery for the first quarter ended June 30, 2010 was due to the reversal of previously recorded stock based compensation expense on unvested options that were cancelled during the period. For the three months ended June 30, 2010 the Company cancelled 3,000,000 stock options and as of June 30, 2010 there were 2,147,500 options that were 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 $21,455 for the three months ended June 30, 2010 has been accrued.

INTEREST EXPENSE	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JULY 31 2009	% OF CHANGE
Debenture interest	**21,455**	-	100.0
	$ 21,455	$ -	100.0
$/boe	**$ 7.03**	$ -	100.0
Expense rate - % of total revenue	**11.8**	-	100.0

AVERAGE SHARES OUTSTANDING

The weighted average shares outstanding during the first quarter ended June 30, 2010 were 74,464,263 compared to 57,226,763 for the first quarter ended July 31, 2009. Total number of common shares outstanding as at the first quarter ended June 30, 2010, was 74,464,263. As of July 31, 2009, there were 57,226,763 shares outstanding.

NET LOSS AND COMPREHENSIVE LOSS

NET LOSS AND COMPREHENSIVE LOSS	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JULY 31 2009	% OF CHANGE
Net loss and comprehensive loss	**$ (242,562)**	$ (213,249)	13.7
$ /boe	**$ (79.45)**	$ (103.22)	(23.0)
Income (Loss) per share	**$ (0.00)**	$ (0.00)	(18.6)

A net loss and comprehensive loss of $242,562 was recorded for the first quarter ended June 30, 2010 compared to a net loss and comprehensive loss of $213,249 for the first quarter ended July 31, 2009, due to those matters discussed previously in this Report.

NET PETROLEUM AND NATURAL GAS REVENUE

NET PETROLEUM AND NATURAL GAS REVENUE	THREE MONTHS ENDED JUNE 30 2010	THREE MONTHS ENDED JULY 31 2009	% OF CHANGE
Petroleum & Natural Gas Revenue	**$ 181,103**	$ 143,515	26.2
Less:			
Royalties	**17,439**	17,084	2.1
Production and transportation expenses	**163,310**	160,161	2.0
Net Petroleum & Natural Gas Revenue	**$ 354**	$ (33,730)	(101.0)
$/boe	**$ 0.12**	$ (16.33)	(100.7)
Net revenue - per share	**$ 0.00**	$ (0.00)	-

Gross revenue from petroleum and natural gas were $181,103 for the first quarter ended June 30, 2010 compared to $143,515 for the first quarter ended July 31, 2009. Net revenue after royalties, production and work-over expenses for the first quarter ended June 30, 2010 was $354 compared to $(33,730) for the first quarter ended July 31, 2009.

NETBACKS

NETBACKS	THREE MONTHS ENDED JUNE 30 2010	JULY 31 2009	% OF CHANGE
$ per boe			
Revenue	**$ 59.32**	$ 69.47	(14.6)
Royalties	**(5.71)**	(8.27)	(30.9)
Production and transportation expenses	**(53.49)**	(77.52)	(31.0)
Total Field Netbacks	**$ 0.12**	$ (16.33)	(100.7)
General and administration	**(69.03)**	(53.46)	29.1
Interest expense	**(7.03)**	-	100.0
Total Corporate Netbacks	**$ (75.94)**	$ (69.79)	8.8

Field netbacks for first quarter ended June 30, 2010 was $0.12/boe compared to $(16.33)/boe for the first quarter ended July 31, 2009. The increase in field netbacks was due to on-going cost cutting measures implemented by the Company.

Corporate netbacks for the first quarter ended June 30, 2010 were $(75.94)/boe compared to $(69.79)/boe for the first quarter ended July 31, 2009 due to higher general and administration and interest expense related to the Bridge Financing, Convertible Debenture Financing and moving the Company's year-end from April 30th to March 31st as a condition of the Debenture Financing which accelerated the timetable to prepare the necessary filings, shareholder mail-outs and other documentation related to the Annual and Special Shareholder's meeting held on June 15, 2010.

CAPITAL EXPENDITURES

	THREE MONTHS ENDED JUNE 30 2010	JULY 31 2009	% OF CHANGE
Land acquisition and retention	**$ 23,631**	$ 10,075	134.6
Drilling and completion	**754,913**	-	100.0
Production equipment and facilities	**300,914**	8,948	3,262.9
Total Capital Expenditures	**$ 1,079,458**	$ 19,023	5,574.5

Total expenditures were $1,079,458 for the first quarter ended June 30, 2010 compared to $19,022 for the first quarter ended July 31, 2009 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 first quarter ended June 30, 2010 was $11,427 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.

	JUNE 30 2010	MARCH 31 2010	% OF CHANGE
Cash	$ 850,625	$ -	100.0
Accounts receivable, prepaid expenses and deposits	174,276	137,134	27.1
Bank overdraft	-	(20,483)	(100.0)
Accounts payable and accrued liabilities	(1,036,328)	(567,150)	82.7
	(11,427)	(450,499)	(97.5)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

For the first quarter ended June 30, 2010, $46,129 was paid in remuneration, fees and rent which is included in general and administrative expenses to officers, directors and/or companies controlled by officers and directors of the Company. For the three months ended July 31, 2009, $86,356 was paid in remuneration, fees and rent which is included in general and administrative expenses to officers, directors and/or companies controlled by officers and directors of the Company. Included in accounts payable and accrued liabilities for the first quarter ended June 30, 2010 is $7,476 (July 31, 2009 - $115,509) due to officers, directors and companies controlled by officers and directors of the Company.

During the first quarter ended June 30, 2010 officers and directors of the Company participated in the Private Placement of Secured Convertible Debentures and purchased $1,089,000 of the Debentures.

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 did not have any subsequent events.

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 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.

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 first quarter ended June 30, 2010 and there is $11,255 in accounts receivable outstanding greater than 90 days at June 30, 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 $97,393 in accounts receivable.

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 first quarter ended June 30, 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 first quarter ended June 30, 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 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. To June 30, 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.

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 August 26, 2010.

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:

SUMMARY OF QUARTERLY RESULTS	June 30 2010	March 31 2010	January 31 2010	October 31 2009
Total Production Volumes				
Natural gas (Mcf)	3,546	2,291	1,743	-
Oil and NGL (bbl)	2,462	1,607	1,969	2,463
Combined (boe)	3,053	1,913	2,310	2,463
Daily Production				
Natural gas (Mcf/day)	39	39	22	-
Oil and NGL (bbl/day)	27	27	21	27
Combined (boe/day)	34	32	25	27
Gross Revenue	**$ 181,103**	**$ 129,889**	**$ 149,961**	**$ 160,631**
Royalty Expense				
Crown royalties	(307)	2,783	1	(152)
Freehold and overriding royalties	17,746	10,006	13,745	13,288
Total Royalty Expense	17,439	12,789	13,746	13,136
Net Revenue after Royalties	**163,664**	**117,100**	**136,215**	**147,495**
Operating and transportation	163,310	122,727	199,165	135,664
General and administrative	210,751	201,752	234,945	177,830
Interest	21,455	-	-	-
Stock based compensation	(2,067)	104,522	-	-
Gain on settlement of accounts payable and accrued liabilities	-	(94,938)	-	-
Loss on disposal of property and equipment	-	1,328,501	-	-
Depletion, depreciation and accretion	12,777	41,167	61,066	(58,346)
Income (loss) before income taxes	**$ (242,562)**	**$ (1,586,631)**	**$ (358,961)**	**$ (224,345)**
Future income tax (recovery)	-	-	-	-
Net income (loss) and comprehensive income (loss)	**$ (242,562)**	**$ (1,586,631)**	**$ (358,961)**	**$ (244,345)**
Average Price				
Natural gas ($/Mcf)	$ 4.24	$ 5.45	$ 5.74	$ -
Oil and NGL ($/bbl)	$ 67.46	$ 73.06	$ 71.08	$ 65.22
$/boe	$ 59.32	$ 67.90	$ 64.92	$ 65.22
Total Assets	**$ 3,200,492**	**$ 1,237,918**	**$ 2,663,676**	**$ 2,857,000**
Net income (loss) per share	$ (0.00)	$ (0.03)	$ (0.01)	$ (0.00)
NETBACKS - $/boe				
Total Revenue	$ 59.32	$ 67.90	$ 64.92	$ 65.22
Royalties	(5.71)	(6.69)	(5.95)	(5.33)
Operating and transportation	(53.49)	(64.15)	(86.22)	(55.08)
Field netback	$ 0.12	$ (2.94)	$ (27.25)	$ 4.81
General and administration	(69.03)	(105.46)	(101.71)	(72.20)
Interest	(7.03)	-	-	-
Total Corporate Netbacks	$ (75.94)	$ (108.40)	(128.96)	(67.39)

SUMMARY OF QUARTERLY RESULTS – continued

SUMMARY OF QUARTERLY RESULTS - continued		July 31 2009		April 30 2009		January 31 2009		October 31 2008
Total Production Volumes								
Natural gas (Mcf)		-		1,344		2,497		1,553
Oil and NGL (bbl)		2,066		1,807		2,373		1,738
Combined (boe)		2,066		2,032		2,790		1,997
Daily Production								
Natural gas (Mcf/day)		-		15		27		34
Oil and NGL (bbl/day)		22		20		26		38
Combined (boe/day)		22		23		30		43
Gross Revenue	**$**	**143,515**	**$**	**102,003**	**$**	**106,789**	**$**	**143,522**
Royalty Expense								
Crown royalties		43		2,274		3,718		258
Freehold and overriding royalties		17,041		12,548		11,364		13,699
Total Royalty Expense		17,084		14,822		15,082		13,957
Net Revenue after Royalties		**126,431**		**87,171**		**91,707**		**129,565**
Operating and transportation		160,161		79,492		74,754		78,290
General and administrative		110,457		163,399		122,613		168,915
Interest		-		-		-		-
Stock based compensation		-		(37,132)		-		32,492
Gain on settlement of accounts payable and accrued liabilities		-		-		-		-
Loss on disposal of property and equipment		-		-		-		-
Depletion, depreciation and accretion		69,062		124,955		55,709		580
Income (loss) before income taxes	**$**	**(213,249)**	**$**	**(243,533)**	**$**	**(161,369)**	**$**	**(150,712)**
Future income tax (recovery)		-		-		-		-
Net income (loss) and comprehensive income (loss)	**$**	**(213,249)**	**$**	**(243,533)**	**$**	**(161,369)**	**$**	**(150,712)**
Average Price								
Natural gas ($/Mcf)	$	-	$	4.70	$	7.33	$	7.74
Oil and NGL ($/bbl)	$	69.47	$	52.81	$	37.30	$	73.96
$/boe	$	69.47	$	50.05	$	38.28	$	70.39
Total Assets	$	1,237,918	$	2,489,353	$	2,554,251	$	2,669,224
Net income (loss) per share	$	(0.00)	$	(0.00)	$	0.00	$	(0.01)
NETBACKS - $/boe								
Total Revenue	$	69.47	$	50.05	$	38.28	$	70.39
Royalties		(8.27)		(7.29)		(5.41)		(6.99)
Operating and transportation		(77.52)		(39.11)		(26.80)		(39.21)
Field netback	$	(16.33)	$	3.65	$	6.07	$	24.19
General and administration		(53.46)		(80.40)		(43.95)		(84.59)
Interest		-		-		-		-
Total Corporate Netbacks	$	(69.79)	$	(76.75)	$	(37.88)	$	(60.40)

ABBREVIATIONS

Oil and Natural Gas Liquids

bbls	Barrels
Mbbls	thousand barrels
bbls/d	barrels of oil per day
boe/d	barrels of oil equivalent per day
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

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
m3	cubic meters

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