BORDER PETROLEUM LIMITED
(formerly Border Petroleum Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 19, 2014

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MANAGEMENT'S 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 Border's condensed interim financial statements for the three months ended September 30, 2014.

The accompanying financial statements were approved by the Corporation's Audit Committee on behalf of the Board of Directors.

The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard 34, "Interim Financial Reporting". Additional information relating to Border is filed at www.sedar.com.

This Management's Discussion and Analysis is dated as of November 19, 2014.

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

This MD&A includes references to financial measures commonly used in the oil and gas industry. The terms "net petroleum and natural gas revenue" (petroleum and natural gas sales less royalties, production expenses and transportation costs) and "funds from operations" (net loss for the period adjusted for non-cash items in the statement of operations) have no standardized meanings, are not defined by IFRS, and accordingly are referred to as non-IFRS measures.

Border Petroleum Limited also uses "operating netbacks" as a key performance indicator of field results by commodity. "Operating netbacks" do not have a standardized meaning prescribed by IFRS 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 IFRS.

CORPORATION OVERVIEW

The primary business of Border Petroleum Limited ("Border" or the "Corporation") is the acquisition, exploration, development and production of crude oil, natural gas and natural gas liquids from properties located in the province of Alberta. The Corporation's common shares are posted on the TSX Venture Exchange (the "TSXV") under the symbol "BOR". The Corporation changed its name from Border Petroleum Corp. to Border Petroleum Limited on March 21, 2014.

HIGHLIGHTS

On August 25, 2014 the Corporation completed a private placement of 30,000,000 units of the Corporation at a price of $0.05 per unit for aggregate gross and net proceeds of $1,500,000. Each unit was comprised of one common share of the Corporation and one-half of a share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of $0.06 per share for a period of 2 years.

On August 28, 2014 the Corporation acquired oil and gas assets from a private, arm's length Calgary based junior oil and gas company, for a purchase price of $2.4 million subject to adjustments which was paid in cash. These producing assets are located in the Chip Lake, Royce, Mulligan and Blueridge areas of North/North Central Alberta. As of the effective date of June 1, 2014 the properties produced approximately 160 bbls of oil equivalent per day comprised of 40 bbls/day of light oil, 25 bbls/d of NGL's and approximately 575 mcf/d of natural gas. Additional oil and gas assets in the Royce area that were subject to a preferential first right of refusal were subsequently acquired on October 10, 2014 for $314,604 cash.

Mr. Russell Tracy, P. Eng. was appointed to the position of Vice President Production of the Corporation. Mr. Tracy was recently the Production Engineer of CanEra Energy and prior thereto had roles in Production & Operations at NAL Resources and Canadian Forest Oil Ltd. Mr. Tracy brings a total of 10 years of direct, field and production related experience to Border.

Mr. William R. Slipp was appointed as a Director of the Corporation. Mr. Slipp brings a total of 40 years of experience as a Landman and an executive at various oil and gas companies. Mr. Slipp is currently the President and a Director of First Mountain Exploration Inc. ("First Mountain") a public oil and gas company listed on the TSX Venture Exchange. Prior to First Mountain, he was the President of Redbury Resources Ltd. (a private oil and gas company) and prior to that Vice President Land at Ranchmens Resources Ltd.

Border is pleased to announce that Mr. Jake Pronk was elected as a Director of the Corporation at the annual and special meeting of the shareholders held on September 26, 2014 Mr. Pronk is currently a consulting Professional Geologist through his private company Promat Resources Ltd. He was Vice-President Exploration and a director of Panterra Resource Corp. from January, 2011 until May 2014 upon the successful recapitalization and restructuring of that corporation. Prior to that, Mr. Pronk was the Vice-President Exploration and a director of G2 Resources Inc. and a senior executive and director for Yangarra Resources Ltd., Glacier Ridge Resources Inc. and Goose River Resources Ltd. Prior to this, Mr. Pronk was a senior officer at Blue Range Resources Ltd. and Diamond Shamrock Corp.

OUTLOOK

The Corporation completed important initiatives during the six months ended September 30, 2014, including a sale of non-core assets, a private placement financing and the acquisition of new core assets in the Chip Lake, Royce, Mulligan, and Blueridge areas of North/North Central Alberta. The Corporation is now positioned to begin optimization and development activities on these new core assets.

Management will report on the results of these activities in subsequent reporting periods.

OPERATIONS

Production optimization operations were conducted during the three and six months ended September 30, 2014 as part of Border's going-forward strategy. A well reactivation program has been completed by Border at the Norris property of the Corporation. .After completion of this program, the area production stabilized at an average rate of 26 bbls/day oil during the month of September. One additional well in this area is scheduled to be re-activated during the next quarter. In the Chip Lake, Royce, Mulligan and Blueridge areas of North/North Central Alberta, additional wells have been selected for future workovers to increase production rates. The Corporation's daily production exiting September 2014 was 156 BOE compared to 188 boe/d for the same period last year. Last year's comparative production of 188 boe/d is prior to giving effect to the asset disposition or the new acquisition.

Producing Properties

Red Earth/Dawson, Alberta

The Corporation has a working interest in 3,209 gross acres (3,209 net) in the Red Earth and Dawson area of northwestern Alberta ("Non-Reserve Lands"). Effective August 1st Border's ability to earn interest in the Loon block has expired. The remaining wells in Red Earth, in which the Corporation has a working interest, are currently shut-in.

The Corporation has a single well in the Dawson field located at 6-23-80-17W5M. Fluid levels indicated pump optimization was required.. A small production gain was achieved such that the well is producing 6-12 bbls/day oil.

Red Earth/Dawson production during the three and six months ended September 30, 2013, averaged 12 bbls/d and 16 bbls/d respectively. Red Earth/Dawson production during the three and six months ended September 30, 2014, averaged nil bbls/d and 5 bbls/d, respectively.

Norris, Alberta

The Corporation has various working interests varying from 57.5% to 100% in 520 gross acres (452 net acres) in the Norris area of central Alberta which also consists of five producing oil wells and one water disposal well. The Corporation has a 57.5% working interest in the well 100/16-21-53-18W4M and 100.0% working interest in wells 102/16-21-53-18W4M, 00/01-28-53-18W4M, 102/01-28-53-18W4M and 100/04-27-053-18W4M which all produce from the Mannville formation. During this reporting period, all wells were on production Production in Norris peaked at 35 bbls/day in July,2014 and has stabilized averaging 25 bbls/day during September.

Norris production for the three and six months ended September 30, 2013, averaged 4 bbls/d and 3 bbls/d, respectively. Norris production for the three and six months ended September 30, 2014, averaged 24 bbls/d and 20 bbls/d, respectively.

Cherhill/Majeau, Alberta

Border has a 37.5% to 100% working interest in 3,170 acres (2,770 net acres) in the Cherhill area of southwestern Alberta. The wells, 100/03-25-56-04W5 and the 6-26-56-04W5M, produce from the Glauconite formation. Cherhill/Majeau production for the three and six months ended September 30, 2013, averaged 4 boe/d and 5 boe/d, respectively. Cherhill/Majeau production for the three and six months ended September 30, 2014, averaged 8 boe/d and 9 boe/d, respectively.

Newly Acquired Properties

Chip Lake

Border has a non-operated interest in the Chip Lake property.

For the month of September 2014, Chip Lake production averaged 48 boe/d (27% oil, 27% liquids, 45% natural gas).

Royce

Border has 50-100% working interest in 3360 gross acres in the Royce area. Production is from the Charlie Lake formation. Management has identified a Charlie Lake recompletion candidate at 100/08-18-83-07W6.

For the month of September 2014, Royce production averaged 19 boe/ (39% oil, 61% natural gas).

Blueridge

Border has working interests varying from 20% to 100% in 9805 gross acres in the Blueridge area. Border is currently negotiating 3rd party processing and compression fees to justify reactivating 3 shut in gas wells to increase production volumes in the area.

For the month of September 2014, Blueridge production averaged 31 boe/d. (3% liquids, 97% natural gas).

Mulligan

Border has a 50-100% working interest in 9760 gross acres in the Mulligan Area. Management has identified development projects including the re-routing of a gas line so as to re-activate 2 shut in gas wells and a Halfway oil well.

For the month of September 2014, Blueridge production averaged 12 boe/d. (5% liquids, 95% natural gas).

Non-Producing Properties

Tomahawk, Central Alberta

Border incurred 100% of the cost to complete the Wilrich zone in a vertical well located at LSD 1-20-52-7W5 in the Tomahawk area of Central Alberta. A relatively stable rate of 30.5 e3m3/d (1,080 mcf/d) was achieved after fracture stimulation. .Border earned a 60% working interest in the well and one section of land (640 acres) on which the well is located. The well remains shut in awaiting a review of tie-in options.

Conrad, Southeastern Alberta

Border incurred 100% of the drilling costs of a well located at LSD 3-32-5-15W4 in the Conrad area of south eastern Alberta. Border earned a 60% working interest in the target zone on the quarter section of land on which the well was drilled. Border subsequently farmed into, and completed drilling a horizontal section in the Conrad well and results are being evaluated.

Montgomery, Southwestern Alberta

Border incurred 30% of the cost to complete the Cutbank zone in a vertical well located at LSD 1-16-12-29 W4 in the Montgomery area of south western Alberta. The well stabilized at a rate of approximately 13.0 E3m3/d (450mcf/d), however, it is currently not on production due to pipeline constraints. Border earned a 30% working interest in the completed well.

PRODUCTION SUMMARY

	THREE MONTHS ENDED SEPTEMBER 30		%	SIX MONTHS ENDED SEPTEMBER 30		%
	2014	2013	CHANGE	2014	2013	CHANGE
Total Production						
Oil - bbls	**3,432**	3,080	11	**6,082**	6,928	(12)
Natural gas liquids - bbls	**431**	3,023	(86)	**1,876**	5,082	(63)
Natural Gas - Mcf	**15,531**	67,159	(77)	**34,228**	122,419	(72)
Total boe	**6,452**	17,296	(63)	**13,663**	32,413	(58)
Daily Production						
Oil - bbls per day	**37**	33	12	**33**	38	(13)
Natural gas liquids - bbls per day	**5**	33	(85)	**10**	28	(64)
Natural Gas - Mcf per day	**169**	730	(77)	**187**	669	(72)
Total boe per day	**70**	188	(63)	**75**	177	(58)

For the six months ended September 30, 2014, oil production decreased 12% to 6,082 bbls compared to 6,928 bbls for the same period last year. The decrease in oil production is primarily attributable to the underperformance of the wells in the Red Earth and the sale of the Leduc assets. Natural gas production for the six months ended September 30, 2014, fell 72% to 34,228 mcf compared to 122,419 mcf for the comparable period last year. Production from the Pembina shallow gas wells continues to be uneconomical and therefore all but one well remains shut-in, resulting in a decrease of about 247 mcf per day (72%) from the comparable six month period last year. Natural gas liquids ("NGLs") decreased 63% to 1,876 bbls during the six months ended September 30, 2014 compared to 5,082 bbls for the same period last year. This was due to the sale of Leduc assets. Total production expressed in boe for the six months ended September 30, 2014, decreased 58% to 13,663 boe compared to 32,413 boe last year.

For the three months ended September 30, 2014, oil production increased 11% to 3,432 bbls compared to 3,080 bbls for the same period last year. Natural gas production for the three months ended September 30, 2014, decreased 77% to 15,531 mcf compared to 67,159 mcf for the comparable period last year. Natural gas liquids ("NGLs") decreased 86% to 431 bbls during the three months ended September 30, 2014 compared to 3,023 bbls for the same period last year. Total production expressed in boe for the three months ended September 30, 2014, decreased 63% to 6,452 boe compared to 17,296 boe last year.

Border Petroleum Limited
Management's Discussion & Analysis

PRICING SUMMARY

	THREE MONTHS ENDED SEPTEMBER 30 2014	THREE MONTHS ENDED SEPTEMBER 30 2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	SIX MONTHS ENDED SEPTEMBER 30 2013	% CHANGE
Oil - $ per bbl	**$ 80.38** *	$ 97.32	(17)	**$ 88.24**	$ 97.97	(10)
Natural gas liquids - $ per bbl	**$ 44.40**	$ 53.21	(17)	**$ 53.12**	$ 50.00	6
Natural Gas - $ per Mcf	**$ 4.21**	$ 2.35	79	**$ 4.69**	$ 3.13	50
$ per boe	**$ 55.87**	$ 39.78	40	**$ 58.33**	$ 40.59	44

* the oil price for the three months ended September 30, 2013 has been adjusted to exclude the effect of revenue adjustments related to the prior quarter.

During the six months ended September 30, 2014, and the comparable period last year, Border sold all its oil, natural gas and natural gas liquids at spot prices and did not enter into any long-term, fixed price marketing contracts or derivative financial instruments.

The Corporation's oil production is currently comprised of three different densities, classified as light, medium and heavy (844.2 to 949.1 kg/m3) and as such receives average prices that are lower than the light WTI spot price that is the most common oil reference price.

During the six months ended September 30, 2014, the average boe price was $58.33 compared to $40.59 last year. The boe price will vary due to two key components, the first is the current market price of the products and the second is the Corporation's mix of products. A notable change from last year is that oil and natural gas liquids account for 58% of total sales compared to 37% last year. With oil prices being significantly greater than the natural gas barrel of equivalent the Corporation's average price per boe increased to $58.33 per boe from last year's $40.59.

During the three months ended September 30, 2014, the average boe price was $55.87 compared to $39.78 last year. The boe price will vary due to two key components, the first is the current market price of the products and the second is the Corporation's mix of products. A change this quarter compared to the same quarter last year is that oil and natural gas liquids account for 60% of total sales compared to 40% last year. With oil prices being significantly greater than the natural gas barrel of equivalent the Corporation's average price per boe increased to $55.87 per boe from last year's $39.78.

REVENUE

	THREE MONTHS ENDED SEPTEMBER 30 2014	THREE MONTHS ENDED SEPTEMBER 30 2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	SIX MONTHS ENDED SEPTEMBER 30 2013	% CHANGE
Oil	**$ 275,879**	$ 369,300	(25)	**$ 536,691**	$ 678,768	(21)
Natural gas liquids	**19,138**	160,849	(88)	**99,650**	254,108	(61)
Natural Gas	**65,451**	157,928	(59)	**160,590**	382,784	(58)
Total Working Interest Revenue	**$ 360,468**	$ 688,077	(48)	**$ 796,931**	$ 1,315,660	(39)
$ per boe	**$ 55.87**	$ 39.78	40	**$ 58.33**	$ 40.59	44

During the six months ended September 30, 2014, year-to-date revenues fell by $518,729 (39%) to total $796,931 compared to $1.3 million for the comparable period last year, due to a 58% decrease in overall product sales volumes.

During the six months ended September 30, 2014, natural gas revenue decreased by $222,194 (58%) over the same period last year due to a 72% decrease in natural gas production and sales volumes. Natural gas liquids decreased by $154,458 (61%) over the same period last year due primarily to a 63% decrease in sales volume; a direct result of corresponding decreases in natural gas sales. Oil revenue fell by $142,077 (21%) to total $ 536,691 from $678,768 last year, due to a 12% decrease in oil sales volumes and a 9% decrease in the average oil price.

During the three months ended September 30, 2014, revenues decreased by $327,609 to total $360,468 compared to $688,077 for the comparable quarter last year, due primarily to lower natural gas liquids and natural gas production and sales volumes. Natural gas liquids decreased by $141,711 (88%) over the same quarter last year due primarily to a 85% decrease in production volume. Natural gas revenue decreased by $92,477 (59%) over the same quarter last year due to a 77% decrease in sales volumes, which offset the 79% increase in natural gas prices. Compared to the same quarter last year, oil revenue fell by $93,421 (25%) to total $275,879 from $369,300 due to a 33% decrease in oil price which offset the 11% increase in oil volumes.

ROYALTY SUMMARY

	THREE MONTHS ENDED SEPTEMBER 30		%	SIX MONTHS ENDED SEPTEMBER 30		%
	2014	2013	CHANGE	2014	2013	CHANGE
Crown	**$ 40,670**	$ 66,900	(39)	**$ 36,459**	$ 96,147	(62)
Overriding and Freehold	**18,572**	12,957	43	**43,712**	34,346	27
Total Royalty Expense	**$ 59,242**	$ 79,857	(26)	**$ 80,171**	$ 130,493	(39)
$ per boe	**$ 9.18**	$ 4.62	99	**$ 5.87**	$ 4.03	46
Expense rate - % of total working interest revenue	**16**	11	45	**10**	10	-

Total royalties paid for the six months ended September 30, 2014, decreased by $50,322 (39%) to $80,171 compared to $130,493 for the comparable six months last year. Crown royalties decreased 62% to $36,459 compared to $96,147 last year due to the Leduc area sale of natural gas producing properties. Overriding and Freehold royalties increased this year due to greater production from the Norris area. On a $ per boe basis, total royalties increased by 46% to $5.87 per boe for the six months ended September 30, 2014, compared to $4.03 per boe for the same six months last year due to a 58% decrease in boe volumes. Royalties expressed as a percentage of total working interest revenue remained constant at 10% for the six months ended September 30, 2014, compared to 10% for the comparable period last year.

Total royalties paid for the three months ended September 30, 2014, decreased by $20,615 (26%) totaling $59,242 compared to $79,857 for the comparable three months last year. On a $ per boe basis, total royalties increased by 99% to $9.18 per boe for the three months ended September 30, 2014, compared to $4.62 per boe for the same three months last year due to a 63% decrease in boe volumes. Royalties expressed as a percentage of total working interest revenue was 16% for the three months ended September 30, 2014, compared to 11% for the comparable period last year.

OPERATING AND TRANSPORTATION EXPENSES

	THREE MONTHS ENDED SEPTEMBER 30		%	SIX MONTHS ENDED SEPTEMBER 30		%
	2014	2013	CHANGE	2014	2013	CHANGE
Production expenses	**$ 176,472**	$ 447,030	(61)	**$ 423,484**	**$ 837,391**	(49)
Transportation and gathering	**31,794**	278,790	(89)	**126,835**	**520,302**	(76)
	208,266	725,820	(71)	**550,319**	**1,357,693**	(59)
Workover expenses	**5,197**	(685)	(859)	**5,404**	**53,615**	(90)
Total Production Expenses	**$ 213,463**	$ 725,135	(71)	**$ 555,723**	**$ 1,411,308**	(61)
$ per boe Total production expenses	**$ 33.08**	$ 41.93	(21)	**$ 40.67**	$ 43.54	(7)
Production expenses	**$ 27.34**	$ 25.85	6	**$ 30.99**	$ 25.84	20
Transportation & gathering	**$ 4.93**	$ 16.12	(69)	**$ 9.28**	$ 16.05	(42)
Workover expenses	**$ 0.81**	$ (0.04)	(2,125)	**$ 0.40**	$ 1.65	(76)
Expense rate - % of total working interest revenue	**59**	105	(44)	**70**	107	(35)

Total production expenses are comprised of three cost categories; day-to-day production expenses, transportation and gathering costs and work-over expenses. Production, transportation and gathering costs for the six months ended September 30, 2014, decreased 59% to total $550,319 compared to $1,357,693 last year. The transportation and gathering expense component of the production costs for the six months ended September 30, 2014, decreased 76% to $126,835 compared to $520,302 last year, due primarily to the sale of the Leduc assets. Workover expenses for the six months ended September 30, 2014 decreased 90% to $5,404 from $53,615 last year due to the sale of the Leduc assets. Total production expenses for the six months ended September 30, 2014, fell 61% to $555,723 compared to $1,411,308 last year. When expressed as a $ per boe, total production expenses decreased by 7% due primarily to a 58% decrease in production volumes.

Production, transportation and gathering costs for the three months ended September 30, 2014, decreased 71% to total $208,266 compared to $725,820 for the same quarter last year. The sale of the natural gas and associated natural gas liquids production from the Leduc area was the primary cause for the lower operating and processing costs. Total production expenses for the three *months ended September 30, 2014, decreased 71% to $213,463 compared to $725,135 last year. When expressed as a $ per boe, total production expenses decreased by 21%.*

GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED SEPTEMBER 30		%	SIX MONTHS ENDED SEPTEMBER 30		%
	2014	**2013**	**CHANGE**	**2014**	**2013**	**CHANGE**
General and administration	**$ 225,534**	$ 438,659	(49)	**$ 405,933**	$ 850,007	(52)
Strategic process costs	**-**	211,720	(100)	**323,092**	211,720	53
	225,534	650,379	(65)	**729,025**	1,061,727	(31)
$ per boe	**$ 34.96**	$ 37.60	(7)	**$ 53.36**	$ 32.76	63
Expense rate - % of total working interest revenue	**63**	95	(34)	**91**	81	13

Routine general and administrative (“G&A”) expenses for the six months ended September 30, 2014, decreased by 52% totaling $405,933 compared to $850,007 for the first six months of last year. During this time, there were one-time costs related to the strategic process initiated by Border which included payments to the co-financial advisors, Dundee Securities Ltd., Macquarie Capital Markets Canada Ltd, fees to Burstall Winger Zammit LLP, as well as executive termination costs.

Routine general and administrative expenses for the three months ended September 30, 2014, decreased by 49% totaling $225,534 compared to $438,659 for the comparable quarter last year.

FINANCE INCOME AND EXPENSES

Finance income, consisting of interest income, is recognized as it accrues in the statement of income, using the effective interest method. Finance expense comprises interest expense on convertible debentures and note payable and accretion on the convertible note payable and of decommissioning provisions.

	THREE MONTHS ENDED SEPTEMBER 30		%	SIX MONTHS ENDED SEPTEMBER 30		%
	2014	**2013**	**CHANGE**	**2014**	**2013**	**CHANGE**
Finance income						
Interest income	**$ 12,469**	$ 12,375	1	**$ 23,647**	$ 50,800	(53)
	12,469	12,375	1	**23,647**	50,800	(53)
Finance expenses						
Interest expense	**9**	2,395	(100)	**68**	4,625	(99)
Interest expense on note payable	**-**	-	-	**-**	-	-
Accretion on convertible note payable	**-**	-	-	**-**	-	-
Accretion of decommissioning provisions	**3,237**	3,614	(10)	**6,581**	8,575	(23)
	3,246	6,009	(46)	**6,649**	13,200	(50)
Net finance income (expense)	**9,223**	6,366	45	**16,998**	37,600	(55)
Finance income (expense) cash items	**12,460**	(23,961)	(152)	23,579	12,234	93
Finance expense non-cash items	**(3,237)**	30,327	(111)	(6,581)	25,366	(126)
Net finance income (expense)	**9,223**	6,366	45	**16,998**	37,600	(55)
$ per boe - finance income (expense) cash items	**$ 1.93**	$ (1.39)	(239)	**$ 1.73**	$ 0.38	355
$ per boe - finance expense non-cash items	**$ (0.50)**	$ 1.75	(129)	**$ (0.48)**	$ 0.78	(162)

DEPLETION AND DEPRECIATION

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
Depletion & depreciation	**$ 91,570**	$ 396,429	(77)	**$ 136,199**	$ 715,730	(81)
	$ 91,570	$ 396,429	(77)	**$ 136,199**	$ 715,730	(81)
$ per boe - Depletion, depreciation	**$ 14.19**	$ 22.92	(38)	**$ 9.97**	$ 22.08	(55)
Expense rate - % of working interest revenue	**25**	58	(56)	**17**	54	(69)

Depletion and depreciation expense for the six months ended September 30, 2014, decreased by 81% totaling $or $9.97 per boe compared to $715,730 or $22.08 per boe for the same period last year. A 58% decrease in production volumes compared to the same six months last year resulted in lower depletion expense.

Depletion and depreciation expense for the three months ended September 30, 2014, decreased by 77% totaling $91,570 or $14.19 per boe compared to $396,429 or $22.92 per boe for the same quarter last year. Lower production volumes in this quarter compared to the same quarter last year attributed primarily to the decreased depletion cost.

SHARE CAPITAL

Issued and Outstanding Common Shares

As at September 30, 2014, the Corporation had 63,691,664 common shares issued and outstanding with a stated value of $66,250,302. On August 25, 2014 the Corporation completed a private placement of 30,000,000 units of the Corporation at a price of $0.05 per unit for aggregate gross and net proceeds of $1,500,000. Each unit was comprised of one common share of the Corporation and one-half of a share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of $0.06 per share for a period of 2 years.

On March 24, 2014, the Corporation completed a 10 to 1 share consolidation and a name change. Basic and diluted shares for the three months and six months ending September 30, 2013, have been re-stated to reflect the consolidation.

As at March 31, 2014, the Corporation had 33,691,664 common shares issued and outstanding with a stated value of $65,404,764.

Warrants

As at September 30, 2014, the Corporation had 15,000,000 warrants outstanding. On August 25, 2014 the Corporation completed a private placement of 30,000,000 units of the Corporation at a price of $0.05 per unit for aggregate gross and net proceeds of $1,500,000. Each unit was comprised of one common share of the Corporation and one-half of a share purchase warrant. Each full warrant entitles the holder to acquire one additional common share at a price of $0.06 per share for a period of 2 years.

As at March 31, 2014, the Corporation had no warrants outstanding.

STOCK BASED COMPENSATION

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
Stock based compensation	**$ 88,574**	$ 114,268	(22)	**$ 89,521**	$ 228,536	(61)
$ per boe	**$ 13.73**	$ 6.61	108	**$ 6.55**	$ 7.05	(7)
Expense rate - % of working interest revenue	**25**	17	47	**11**	17	(36)

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

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 common shares of the Corporation. All options granted under the Plan shall expire as determined by the Board of Directors not later than the tenth 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 Corporation on the TSXV on the last business day before the date on which the options are granted, less any discount permitted by the rules of the TSXV. Vesting of the options is at the discretion of the Board of Directors but generally will occur over a two to three year period following the grant date.

At September 30, 2014, the Corporation had 3,470,000 stock options outstanding with a weighted average exercise price of $0.26 and 1,810,000 of these stock options were exercisable at a weighted average price of $0.35.

At March 31, 2014, the Corporation had 590,000 stock options outstanding with a weighted average exercise price of $2.30 and 422,500 of these stock options were exercisable at a weighted average price of $2.31.

Compensation costs of $89,521 and $947 for the six and three months ended September 30, 2014, (September 2013 - $228,536) respectively, have been expensed and have resulted in a corresponding increase in contributed surplus.

The following table summarizes the expiry terms of the Corporation's outstanding stock options as at September 30, 2014:

Grant Date	Options Outstanding	Vested	Expiry	Life to Expiry	Exercise Price	Weighted Avg. Life All	Weighted Avg. Life Vested	Weighted Avg. Ex. Price All	Weighted Avg. Ex. Price Vested
3-Nov-10	15,000	15,000	3-Nov-15	1.09	1.00	0.00	0.01	0.00	0.01
2-Feb-10	30,000	30,000	2-Feb-16	1.34	2.50	0.01	0.02	0.02	0.04
1-Mar-11	20,000	20,000	1-Mar-16	1.42	2.50	0.01	0.02	0.01	0.03
7-Dec-11	255,000	170,000	7-Dec-16	2.19	2.30	0.16	0.21	0.17	0.22
29-Aug-14	3,150,000	1,575,000	29-Aug-19	4.92	0.06	4.46	4.28	0.05	0.05
	3,470,000	**1,810,000**				**4.65**	**4.53**	**0.26**	**0.35**

AVERAGE SHARES OUTSTANDING

The weighted average number of shares outstanding for the three and six month period ended September 30, 2014 totaled 45,430,794 and 39,593,303 respectively, compared to 33,297,895 the three and six months ended September 30, 2013.

On March 24, 2014, the Corporation completed a 10 to 1 share consolidation and a name change. Basic and diluted shares for the three months and six months ending September 30, 2013, have been re-stated to reflect the consolidation. (March 31, 2014 Consolidated Financial Statements - Note 10 Share capital)

Common shares and other equity instruments outstanding as at the date of this MD&A are as follows:

Common shares	*63,691,664*
Stock options	*3,470,000*
Warrants	*15,000,000*

Border Petroleum Limited
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NET LOSS AND COMPREHENSIVE LOSS

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
Net income (loss) for period	**$ (308,692)**	$ (1,266,390)	76	**$ (776,710)**	**$ (2,141,001)**	64
Income (Loss) per share	**$ (0.01)**	$ (0.04)	80	**$ (0.02)**	**$ (0.06)**	69

For the three and six months ended September 30, 2014, a net loss and comprehensive loss of ($308,692) and ($776,710) respectively, was recorded compared to the three and six month net loss and comprehensive loss of ($1,266,390) and ($2,141,001) for the comparable periods months last year.

NET PETROLEUM AND NATURAL GAS REVENUE
(Cash flow from Field Operations)

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
Petroleum & Natural Gas Revenue	**$ 360,468**	$ 688,077	(48)	**$ 796,931**	$ 1,315,660	(39)
Less:						
Royalties	**59,242**	79,857	(26)	**80,171**	130,493	(39)
Production expenses	**208,266**	725,820	(71)	**550,319**	1,357,693	(59)
Workover expenses	**5,197**	(685)	859	**5,404**	53,615	(90)
Net Petroleum & Natural Gas Revenue	**$ 87,763**	$ (116,915)	175	**$ 161,037**	$ (226,141)	171
$ per boe	**$ 13.60**	$ (6.76)	301	**$ 11.79**	$ (6.98)	269

For the six months ended September 30, 2014, gross revenue from petroleum and natural gas decreased 39% to total $796,931, compared to $1,315,660 for the comparable six months last year due to a 58% decrease in product sales. The sale of the Leduc assets accounted for 72% of this decrease as it produced the bulk of the Corporation's natural gas and associated natural gas liquids. However, the Leduc area continued to operate at a net loss due to production volumes that could not economically support operating, processing and transportation costs.

Cash flow from operations for the six months ended September 30, 2014 increased 171% to total $161,037 from a loss of ($226,141) for the comparable period last year. This turnaround is attributable to the following:

a) the sale of the Leduc properties;
b) Corporate focus on oil production and optimizing the Norris field; and
c) Acquiring producing properties with positive cash flow. ($40,000 net cash flow recorded for September from newly acquired wells)

For the quarter ended September 30, 2014, gross revenue from petroleum and natural gas decreased 48% to total $360,468 compared to $688,077 for the comparable quarter last year due to a decrease of 77% in natural gas volumes and a 86% decrease in natural gas liquid volumes. These decreases were primarily due to the sale of the Leduc properties.

Cash flow from operations for the three months ended September 30, 2014 increased 175% to total $87,763 from a loss of ($116,915) for the comparable period last year.

NETBACKS

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
$ per boe						
Working Interest Revenue	**$ 55.87**	$ 39.78	40	**$ 58.33**	$ 40.59	44
Royalties	**9.18**	4.62	99	**5.87**	4.03	46
Production expense	**27.35**	25.85	6	**30.99**	25.84	20
Gather/transportation	**4.93**	16.12	(69)	**9.28**	16.05	(42)
Workover expenses	**0.81**	(0.04)	(2,125)	**0.40**	1.65	(76)
Total after royalties and production expenses	**$ 13.60**	$ (6.77)	(301)	**$ 11.79**	$ (6.98)	(269)
General and administration and transaction costs	**34.96**	37.60	(7)	**53.36**	32.76	63
Finance income cash items (expense)	**1.93**	(1.39)	(239)	**1.73**	0.38	355
Total Corporate Netbacks	**$ (19.43)**	$ (45.76)	(58)	**$ (39.84)**	$ (39.36)	1
Non-Cash Items						
Depletion, depreciation and accretion	**14.19**	22.92	(38)	**9.97**	22.08	(55)
Stock based compensation	**13.73**	6.61	108	**6.55**	7.05	(7)
Finance income non-cash items (expense)	**(0.50)**	1.76	(128)	**(0.48)**	0.78	(162)
Deferred tax expense (recovery)	**-**	(0.30)	-	**-**	(1.65)	-
Total Netbacks after non-cash items (*)	**$ (47.85)**	$ (73.23)	(35)	**$ (56.84)**	$ (66.06)	(14)

Field netbacks for the six months ended September 30, 2014, were $11.79 per boe compared to a loss of ($6.98) per boe for the comparable period last year. Total netbacks after non-cash items for the six months ended September 30, 2014, were losses of ($56.84) per boe compared to ($66.06) per boe for the comparable six months last year.

Field netbacks for the three months ended September 30, 2014, were $13.60 per boe compared to a loss of (($6.77) per boe for the comparable quarter last year. Total netbacks after non-cash items for the quarter ended September 30, 2014, were losses of ($47.85) per boe compared to ($73.23) per boe for the comparable quarter last year.

CAPITAL ADDITIONS

	THREE MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE	SIX MONTHS ENDED SEPTEMBER 30 2014	2013	% CHANGE
Exploration and evaluation assets	**321,670**	$ 19,847	1,521	**$ 734,626**	$ 188,792	289
Property and equipment						
Land and lease costs	**-**	(1,824)	(100)	**-**	-	-
Geophysical and seismic	**-**	-	-	**-**	2,400	(100)
Drilling and completions	**57,592**	50,705	14	**(319,981)**	295,540	(208)
Production equipment and facilities	**82,782**	6,419	1,190	**82,782**	28,154	194
Property acquisitions	**2,420,059**	1,966	122,996	**2,646,059**	-	-
Property dispositions	**-**	-	-	**(226,000)**	-	-
Asset retirement	**1,762,110**	(2,861)	(61,691)	**1,732,502**	(826)	(209,846)
Furniture & computers	**-**	-	-	**-**	-	-
Total	**$ 4,644,213**	$ 74,252	6,155	**$ 4,649,988**	$ 514,060	805

Total asset additions were $4,649,988 for the six months ended September 30, 2014, compared to $514,060 for the comparable six months last year. These additions included 1,732,502 of non-cash decommissioning adjustments. The additions to capital expenditures during this period relate primarily to the acquisition of oil and gas assets from a private, arm's length Calgary based junior oil and gas company, for an adjusted purchase price of $2,420,059 payable in cash. These producing assets are located in the Chip Lake, Royce, Mulligan and Blueridge areas of North/North Central Alberta. Two wells, one in the Majeau area and the other in the Dawson area, were also acquired from Border Acquisition Corporation for $226,000.

Total asset additions were $4,644,213 for the three months ended September 30, 2014, compared to $74,252 for the comparable quarter last year. These additions included $1,762,110 of non-cash decommissioning adjustments. The additions to capital expenditures during this period relate primarily to the acquisition of oil and gas assets from a private, arm's length Calgary based junior oil and gas company, for an adjusted purchase price of $2,420,059 payable in cash. These producing assets are located in the Chip Lake, Royce, Mulligan and Blueridge areas of North/North Central Alberta.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2014, Border had working capital (current assets minus current liabilities) of $1,521,079 compared to working capital of $4,649,505 at March 31, 2014.

	SEPTEMBER 30 2014	MARCH 31 2014	% CHANGE
Cash	**$ 1,754,476**	$ 3,122,067	(44)
Accounts receivable and prepaid expenses	**1,338,410**	1,085,225	23
Investment in secured debt	**-**	2,300,000	(100)
Accounts payable and accrued liablities	**(1,571,807)**	(1,857,787)	(15)
	$ 1,521,079	$ 4,649,505	(67)

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Corporation utilizes the services of a law firm in which a Director of the Corporation is a Partner. During the six months ended September 30, 2014, the Corporation incurred $47,323 (September 30, 2013 - $28,568) on legal services and strategic process fees, which is included in general and administrative expense.

COMMITMENTS AND CONTINGENCIES

(a) Legal matters
Canflame, now amalgamated with the wholly-owned subsidiary of the Corporation, has been named as a defendant in a lawsuit on behalf of a joint venture partner seeking to recover damages allegedly sustained by them as a result of a breach of agreement pertaining to the drilling of shallow natural gas wells in the Pembina area of Alberta and their associated costs. Canflame has filed a counterclaim in this matter. On November 26, 2013, that joint venture partner filed a voluntary assignment in bankruptcy pursuant to the provisions of the Bankruptcy and Insolvency Act such that the matter is now being handled by the appointed Receiver.

(b) Office lease
The Corporation entered into a commitment related to the leasing of office premises. The payments due, including estimated operating costs, from July 1, 2014 to November 30, 2014 total $94,080.

SUBSEQUENT EVENTS

On October 3, 2014, the Corporation granted 350,000 options ("Option") to a new director. Each Option entitles the holder to acquire one Common Share at a price of $0.06 per Common Share for a period of 5 years.

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 Corporation'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 Corporation's oil and gas properties. These fluctuations could also affect the Corporation'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 obtain 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 Corporation. 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 Corporation's oil and gas properties.*

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Fair values

The fair values of cash, accounts receivable, deposits, investment in secured debt, bank debt, accounts payable and accrued liabilities, and note payable approximate their carrying value.

At September 30, 2014, the Corporation does not have any financial derivatives, including commodity contracts. Consequently, the Corporation'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 values 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 Corporation's cash has been valued using Level 1 inputs.

The Corporation is exposed to financial risks arising from its financial assets and liabilities. The Corporation 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 Corporation are as follows:

Credit risk

Credit risk is primarily related to the Corporation'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. Currently the Corporation sells the majority of its production to an oil and gas marketer. The Corporation 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 Corporation attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Corporation 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 Corporation has the ability in most cases to withhold production from joint venture partners in the event of non-payment. The Corporation 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 Corporation 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 period ended June 30, 2014 and there is $651,364 in accounts receivable outstanding greater than 90 days at June 30, 2014, which the Corporation 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 Corporation manages the credit exposure of cash by selecting financial institutions with high credit ratings.

Total credit risk at September 30, 2014, is comprised of $1,271,285 in accounts receivable, $67,125 in deposits and prepaid expenses, $1,446,594 in lease reclamation deposits, and $1.754.476 in cash and cash equivalents.

Market risk consists of commodity price, foreign exchange and interest rate risk that may affect the value of the Corporation'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 Corporation has not attempted to mitigate commodity price risk through the use of financial derivative contracts. The Corporation had no financial derivative sales contracts or working capital items denominated in foreign currencies as at or during the six months ended September 30, 2014.

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 Corporation'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 Corporation had no forward exchange rate contracts in place as at or during the six months ended September 30, 2014.

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 Corporation is exposed to interest rate price risk to the extent that the note payable and investment in secured debt both bear interest at a fixed rate and interest rate cash flow risk to the extent that bank debt, if any, bears interest at a floating rate.

Operational risks

Border's operational activities are focused in the Western Canadian Sedimentary Basin, a competitive environment with a number of companies exploring for hydrocarbons. Other operational risks include weather delays, mechanical or technical difficulties, and exploration risks associated with finding economically viable hydrocarbons reserves. Border attempts to manage these risks by maintaining an inventory of certain critical equipment; conducting advance planning to manage its drilling programs in an efficient and cost effective manner; and hiring experienced technical staff and personnel to conduct its exploration programs.

Border's field operations are also subject to health, safety and environmental risks. The Corporation maintains a Health, Safety and Environmental Policy and an Emergency Response Plan which are updated bi-annually or as needed to comply with current legislation. Both are designed to protect the health and safety of all concerned property, drilling, pollution, and commercial general liability.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation'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 Corporation's reputation. The Corporation prepares capital expenditure budgets which are regularly monitored and updated as considered necessary. As well, the Corporation utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. Also see below for a discussion on the Corporation's capital management policy.

Capital management

The Corporation'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 Corporation 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. Working capital and debt instruments (if any) are the components of the Corporation'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 common shares or debentures when management and the Board of Directors feel the timing is appropriate.

Management continually monitors the Corporation'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 Notes 2 and 3 to the year ended 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 Corporation and the likelihood of materially different results from those reported.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements

Financial Instruments

The International Accounting Standards Board ("IASB") intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"). IRFS 9 will be published in three phases, of which the first phase has been published.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 39 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used.

For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk.

IFRS 9 is currently effective for annual periods beginning on or after January 1, 2015. The Corporation is currently assessing the impact of this standard.

Fair Value Measurements

In May 2011, the IASB issued IFRS 13, "Fair Value Measurement" which provides a consistent and less complex definition of fair value, established a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. Prospective application of this standard is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Corporation is currently assessing the impact of this standard.

Reporting Entity

In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Arrangements" ("IFRS 11"), IFRS 12, "Disclosers of Interest in Other Entities" ("IFRS 12") and amendments to both IAS 27, "Consolidated and Separate Financial Statement" and IAS 28 "Investments in Associates".

IFRS 10 creates a single consolidated model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangements by focusing on the rights and obligations of the arrangement and limits the application of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint arrangements, associates and special purpose vehicles.

Retrospective application of these standards with relief for certain transactions is effective for fiscal years beginning on or after January 1, 2013, with earlier adoption permitted if all of the standards are collectively adopted. The Corporation is currently assessing the impact of these standards.

BUSINESS RISKS AND UNCERTAINTIES

Border Petroleum Limited 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 Limited 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 Limited, 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 Limited 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 Limited 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 Corporation. The Corporation takes a proactive approach with respect to environment and safety. An operational emergency and response plan and safety policy are in place and the Corporation is in compliance with current environmental legislation.

DATE

This Management Discussion and Analysis is dated November 19, 2014.

ADDITIONAL INFORMATION

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

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*

SUMMARY OF QUARTERLY RESULTS

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

	THREE MONTHS ENDED SEP 30/2014	THREE MONTHS ENDED JUN 30/2014	THREE MONTHS ENDED MAR 31/2014	THREE MONTHS ENDED DEC 31/2013
	Q2	Q1	Q4	Q3
Total Production Volumes				
Natural gas (Mcf)	15,531	18,697	45,981	24,278
Oil and NGL (bbl)	3,863	4,095	4,051	1,999
Combined (boe)	6,452	7,212	11,715	6,045
Daily Production				
Natural gas (Mcf per day)	169	205	511	264
Oil and NGL (bbl per day)	42	45	45	22
Combined (boe per day)	70	79	130	66
Gross Revenue				
Natural Gas	$ 65,451	$ 95,139	$ 294,882	$ 89,338
Oil and liquids	295,017	341,324	374,379	106,275
Total PNG Revenue	360,468	436,463	669,261	195,613
Royalty Expense				
Crown royalties	40,670	(4,211)	62,908	(11,920)
Freehold and overriding royalties	18,572	25,140	38,769	11,784
Total Royalty Expense	$ 59,242	$ 20,929	$ 101,677	$ (136)
Net Revenue after Royalties	**$ 301,226**	**$ 415,534**	**$ 567,584**	**$ 195,749**
Operating, transportation & workover	213,463	342,260	370,963	240,591
General and administrative	225,534	180,399	566,504	229,404
Transaction cost/ Strategic process	-	323,092	97,164	-
Stock based compensation	88,574	947	174,822	39,171
Depletion and depreciation	91,570	44,629	30,843	133,177
Exploration and evaluation expense	-	-	5,243,842	-
Impairment	-	-	13,497,366	-
Income (loss) before finance expense and income taxes	$ (317,915)	$ (475,793)	$ (19,413,920)	$ (446,594)
Gain on sale of mineral properties	$ -	$ -	$ 345,543	$ -
Net finance (income) expense	$ (9,223)	$ (7,775)	$ 24,932	$ (65,229)
Deferred income tax (recovery)	-	-	-	(288,093)
Net and Comprehensive Loss	**$ (308,692)**	**$ (468,018)**	**$ (19,093,309)**	**$ (93,272)**
Basic income (loss) per share	($0.01)	($0.01)	($0.57)	$0.00
Average Price				
Natural gas ($ per Mcf)	$ 4.21	$ 5.09	$ 6.41	$ 3.68
Oil and NGL ($ per bbl)	$ 76.37	$ 83.35	$ 92.42	$ 69.13
$ per boe	$ 55.87	$ 60.52	$ 57.13	$ 32.36
Total Assets	**$ 13,591,292**	**$ 10,448,247**	**$ 11,334,466**	**$ 29,855,430**
Total Liabilities	**$ 5,445,005**	**$ 3,581,843**	**$ 4,000,991**	**$ 3,653,468**

Border Petroleum Limited
Management's Discussion & Analysis

SUMMARY OF QUARTERLY RESULTS *(continued)*

	THREE MONTHS ENDED SEP 30/2013	THREE MONTHS ENDED JUN 30/2013	THREE MONTHS ENDED MAR 31/2013	THREE MONTHS ENDED DEC 31/2012
	Q2	Q1	Q4	Q3
Total Production Volumes				
Natural gas (Mcf)	67,159	55,260	62,366	67,152
Oil and NGL (bbl)	6,103	5,907	10,513	8,193
Combined (boe)	17,296	15,117	20,907	19,385
Daily Production				
Natural gas (Mcf per day)	730	607	693	730
Oil and NGL (bbl perday)	66	65	117	89
Combined (boe per day)	188	166	232	211
Gross Revenue				
Natural Gas	$ 157,928	$ 224,856	$ 195,215	$ 216,244
Oil and liquids	530,149	402,727	718,379	514,106
	688,077	627,583	913,594	730,350
Royalty Expense				
Crown royalties	66,900	29,247	34,958	17,701
Freehold and overriding royalties	12,957	21,389	60,151	66,325
	$ 79,857	$ 50,636	$ 95,109	$ 84,026
Net Revenue after Royalties	**$ 608,220**	**$ 576,947**	**$ 818,485**	**$ 646,324**
Operating and transportation	725,135	686,173	940,575	551,609
General and administrative	650,379	411,348	550,754	443,173
Transaction costs	-	-	-	-
Stock based compensation	114,268	114,268	105,495	257,304
Depletion, depreciation, accretion	396,429	319,301	436,766	386,101
Exploration and evaluation expense	-	-	941,790	
Impairment	-	-	13,480,946	
Income (loss) before finance expense and income taxes	$ (1,277,991)	$ (954,143)	$ (15,637,841)	$ (991,863)
Gain on sale of mineral properties	$ -	$ -	$ -	$ -
Net finance (income) expense	$ 6,366	31,234	49,215	(3,879)
Deferred income tax (recovery)	(5,235)	(48,298)	(168,719)	(1,224,585)
Net and Comprehensive loss	**$ (1,266,390)**	**$ (874,611)**	**$ (15,419,907)**	**$ 228,843**
Basic income (loss) per share	($0.04)	($0.03)	($0.06)	$0.00
Average Price				
Natural gas ($ per Mcf)	$ 2.35	$ 4.07	$ 3.13	$ 3.22
Oil and NGL ($ per bbl)	$ 86.87	$ 68.18	$ 68.33	$ 62.75
$ per boe	$ 39.78	$ 41.52	$ 43.70	$ 37.68
Total Assets	**$ 30,294,251**	**$ 32,797,057**	**$ 33,857,436**	**$ 54,799,601**
Total Liabilities	**$ 4,038,188**	**$ 5,388,872**	**$ 5,688,908**	**$ 11,294,161**