BORDER PETROLEUM CORP.
(formerly Border Petroleum Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 7, 2011

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CALGARY, ALBERTA T2R 1J6

BORDER PETROLEUM CORP.

JUNE 7, 2011

SELECTED ANNUAL INFORMATION

CALGARY, ALBERTA – Border Petroleum Corp. (TSX Venture Exchange – "BOR") announces its operating and financial results for the three months and year ended March 31, 2011 compared to two months and eleven months ended March 31, 2010.

	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010
Revenue - net of royalties	**$ 238,319**	$ 117,110	**$ 746,734**	$ 527,241
Funds from operations (*)	**$ (510,921)**	$ (155,709)	**$ (889,484)**	$ (815,460)
Per share (basic)	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.05)
Per share (diluted)	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.05)
Net and comprehensive (loss)	**$ (1,053,474)**	$ (1,586,631)	**$ (1,666,324)**	$ (2,383,186)
Per share (basic)	**$ (0.02)**	$ (0.09)	**$ (0.06)**	$ (0.15)
Per share (diluted)	**$ (0.02)**	$ (0.09)	**$ (0.06)**	$ (0.15)
Total Assets			**$ 8,554,726**	$ 1,237,918
OPERATING				
Production				
Oil and liquids (bbls per day)	**36**	27	**31**	24
Natural gas (Mcf per day)	**25**	39	**32**	12
Barrels of oil equivalent (boe per day)	**40**	34	**36**	26
Average Selling Prices				
Oil and liquids ($ per bbl)	**$ 83.39**	$ 71.31	**$ 72.42**	$ 69.50
Natural gas ($ per Mcf)	**$ 4.14**	$ 5.01	**$ 4.16**	$ 5.57
Barrels of oil equivalent ($ per boe)	**$ 77.34**	$ 68.79	**$ 65.40**	$ 66.98

SHARES OUTSTANDING (adjusted to reflect 4:1 share consolidation)

	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010
End of year		
Basic	**70,586,293**	18,616,066
Diluted	**88,657,543**	22,502,316
Weighted Average, for the year/period		
Basic	**27,785,400**	16,249,754
Diluted	**27,785,400**	16,249,754

* - See Non-GAAP measures discussion.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of financial results and related data has been prepared by management, is reported in Canadian dollars and should be read in conjunction with the audited financial statements for the year ended March 31, 2011, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

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:

	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010
Cash flow (deficiency) from operating activities	**$ (986,070)**	$ (664,600)
Net change in non-cash working capital	**96,586**	(150,860)
Funds (deficiency) from operations	**$ (889,484)**	$ (815,460)

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

For the year ended March 31, 2011, Border Petroleum Corp.'s ("Border" or the "Company") primary business was the acquisition, development and production of crude oil, natural gas and natural gas liquids from properties located in the province of Alberta. The Company's shares are posted on the TSX Venture Exchange (the "TSXV") under the symbol "BOR". The Company changed its name from Moneta Resources Inc. to Border Petroleum Inc. on August 8, 2008 and to Border Petroleum Corp. on September 14, 2010. The Company changed its fiscal year end from April 30 to March 31 during 2010.

HIGHLIGHTS

- On May 3, 2010, the Company announced that it had 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 closed a $600,000 bridge financing (the "Bridge Financing"). In connection with the closing of the Bridge Financing, Border also announced that Al J. Kroontje and Steven Thompson has been appointed as directors of the Company and that Bryce G. Bonneville tendered his resignation as a director of the Company to allow for the appointments. It was also announced that Mr. Thompson was appointed COO of the Company.

- On May 19, 2010, the Company announced the closing of the Debenture Offering pursuant to which, the Company issued 1,729,000 debentures (the "Debentures") for gross proceeds of $1,729,000 and the Bridge Financing was repaid. The Debentures were 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".

- On August 27, 2010, the Company announced that it had commenced 3 re-entries under its initial Slave Point re-entry program at its core area in the greater Red Earth area ("Red Earth") of north central Alberta.

- On September 13, 2010, the Company announced the TSX Venture Exchange ("TSXV") approved the share consolidation and the name change of the Company required by the share consolidation from "Border Petroleum Inc." to "Border Petroleum Corp.". The TSXV also approved the Company's graduation from the TSXV's NEX Board for inactive companies to the TSXV Venture Board as a Category 3, Tier 2 oil and gas issuer. Effective September 14, 2010, the common shares of Border Petroleum Corp. commenced trading on the TSXV under the symbol "BOR".

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

- On January 13, 2011, the Company announced that it had entered into an engagement letter with Canaccord Genuity Corp. (the "Agent") in connection with a proposed private placement of up to 20,000,000 units ("Units") of the Company at a price of $0.25 per Unit for gross proceeds of up to $5,000,000 (the "Offering") on a "commercially reasonable efforts" basis. Each Unit was to consist of one common share in the capital of the Company ("Common Share") and one-half of one share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to acquire one Common Share at a price of $0.35 for a period of 18 months from the closing of the Offering. In addition, the Warrants will expire and be of no further force or effect if not exercised within 10 days of receipt of notice from the Company that the 20 day volume weighted average price of the Common Shares is greater than $0.55. A condition to closing the Offering is that all holders of the Company's convertible debentures shall have converted their debentures into Common Shares concurrent with the closing of the Offering (the "Debenture Conversion").

- On February 2, 2011, the Company announced that it has closed its previously announced brokered private placement. Border sold 24,000,000 Units at a price of $0.25 per Unit for gross proceeds of $6,000,000. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share at a price of $0.35 per share for 18 months from the closing date of issuance of the offering. The Agent for the offering was granted broker options to purchase 1,440,000 units, with each broker option entitling the holder to acquire one Unit at a price of $0.25 per unit for a period of 18 months from the closing date. All securities issued pursuant to the offering were subject to a four month hold period expiring on June 3, 2011. Further, it was announced that Eric Panchy was appointed as a director of the Company and that Ying Yuen was appointed as Chief Financial Officer replacing Gerry Mendyk.

- On March 1, 2011, the Company announced that Harold (Hal) R. Jamieson was appointed as a director of the Company.

PRESIDENT'S REPORT

This report marks a year of significant transition for the Company. The 52-week trading range of Border's share price is $0.06-$0.48. The Company's shares started the fiscal year trading on the NEX, the TSXV's board for inactive companies, and are now trading on the TSXV. Our market capitalization a year ago was under $2 million and is now approximately $30 million. The Company has also seen significant growth in its production capacity (from under 40 boepd to approximately 125 boepd based on field estimates). Border has also seen growth in its proved plus probable reserve base from 0.04 MMboe to 1.7 MMboe (inclusive of its recently announced asset acquisition in central Alberta). Border has also enhanced its management team and technical in-house expertise as well as its corporate governance with the addition of 3 independent directors with over 90 years of combined industry. Indeed, it was a significant year of growth and development for the Company.

Border is also well positioned for future growth and development with the recent addition of a second light oil core area in central Alberta at Leduc together with its newly restructured joint venture with the Loon River Cree Nation at Red Earth. The joint venture, combined with existing interests, gives Border the opportunity to develop up to 30 sections of land containing the Slave Point formation in the Red Earth light oil resource play.

Going forward, the Company's focus will continue to growing light oil resource interests, production and reserves base and significant light oil horizontal drilling portfolio. The Company will seek to achieve this growth through the continued use of lower cost earning re-entries followed by horizontal well drilling, combined with fracture stimulation technology at Red Earth, pursuing additional aboriginal joint ventures and re-entries as well as horizontal well drilling at its multi-stacked zone property at Leduc.

On behalf of management and the Board of Directors, we look forward to another year of building value for Border's shareholders whom we thank for their investment and continued support.

On behalf the Board of Directors,

"Kelly Kimbley"

President, Chief Executive Officer and Director

RESULTS OF OPERATIONS – 2011

A brief summary of our reserve data as at March 31, 2011 is presented below. Management recommends a review of the full NI 51-101 continuous disclosure documents, which are listed on SEDAR (System for Electronic Document Analysis and Retrieval) (www.sedar.com).

TABLE A
SUMMARY OF RESERVES AND NET PRESENT VALUE
FORECAST PRICES AND COSTS AS OF MARCH 31, 2011
TOTAL RESERVES

REMAINING RESERVES	Light/Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Proved						
Developed - Producing	7	6	11	11	0	0
Developed - NonProducing	17	16	-	-	-	-
Undeveloped	161	136	-	-	-	-
Total Proved	185	158	11	11	0	0
Probable	521	405	22	21	0	0
Total Proved Plus Probable	706	563	33	32	0	0
Possible	709	607	30	29	1	1
Total Proved, Probable and Possible	**1,475**	**1,170**	**63**	**61**	**1**	**1**

TABLE B
NET PRESENT VALUE OF FUTURE NET REVENUE
BEFORE INCOME TAXES
AS OF MARCH 31, 2011 (FORECAST PRICES AND COSTS)

	Undisc. (M$)	@ 5.0% (M$)	@ 10.0% (M$)	@15.0% (M$)	@20.0% (M$)
Proved					
Developed - Producing	(149)	(139)	(129)	(121)	(113)
Developed - NonProducing	63	59	53	48	43
Undeveloped	2,583	1,575	876	380	20
Total Proved	2,497	1,495	800	307	(50)
Probable	14,211	9,074	6,126	4,350	3,230
Total Proved Plus Probable	16,708	10,596	6,926	4,657	3,180
Possible	25,141	15,039	9,708	6,641	4,755
Total Proved, Probable and Possible	41,849	25,608	16,634	11,298	7,935

OPERATIONS

The Company's average net daily production for the year ended March 31, 2011 was 31 bbls per day of oil and liquids and 32 Mcf per day of natural gas, for a total of 36 boe's per day ("boe/d").

Producing Properties

Norris, Alberta

The Company has various working interests varying from 57.5% to 100% in 1,040 net acres in the Norris area of central Alberta which also consists of five producing oil wells and one water disposal well. The combined production from these wells averaged 16 bbls of oil per day. The Company has a 57.5% working interest in the well 100/16-21-53-18W4 and 100.0% working interest in wells 102/16-21-53-18W4, 00/01-28-53-18W4, 102/01-28-53-18W4 and 100/04-27-053-18W4 which all produce from the Mannville formation. For the fourth quarter, the 100/04-27-053-18W5M remained shut in requiring down hole work.

Cherhill, Alberta

Border has a 37.5% working interest in 640 acres (240 net acres) in the Cherhill area of southwestern Alberta. The well, 100/03-25-56-04W5, produces from the Glauconite formation and was placed back on production during the third quarter ended January 31, 2010 after completing a workover program. The well is currently averaging approximately 32 Mcf per day or the equivalent of 0.4 boe/d of associated liquids for a total of 5.7 boe/d.

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 remained shut in during this reporting period pending a technical review of resource optimization options. Management expects to finalize and commence, weather permitting, production enhancement operations on the well in the next quarter.

Red Earth, Alberta

The Company has a 100% working interest in 2,080 acres in the Red Earth area of north central Alberta. The Company re-entered 4-5 wells on these lands in the last reporting period. Border has a 100% working interest in the wells 100/11-06-87-11W5M, 00/9-06-86-10W5M, 00/13-36-85-11W5M, 100/4-15-88-12W5M and 00/08-28-88-12W5M. Four wells have been fracture stimulated and put on production to date. Average daily production from the wells for the quarter was 17 boe/day. Two wells at Red Earth were shut in for intermittent periods during the fourth quarter to conduct well optimization work and testing and a third well is awaiting fracture stimulation services.

Non-Producing Properties

Phat City, Montana, USA

The Company entered into a sub-participation agreement with Triangle USA Petroleum Corporation Ltd. ("Triangle"), which assigned Triangle's rights in an exploration agreement between Triangle and Hunter Energy LLC. The agreement requires the Company to pay 33 1/3% of the cost to drill one vertical test well on certain joint participation lands consisting of a 34,139 net acre land position in the State of Montana, USA to earn a 25% non-operating working interest. This is an exploration project for Nisku and Bakken oil on the west side of Williston Basin.

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DETAILED FINANCIAL ANALYSIS

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

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

PRODUCTION SUMMARY

PRODUCTION SUMMARY	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Total Production						
Oil and Liquids - bbls	**3,214**	1,607	100.0	**11,187**	8,079	38.5
Natural Gas - Mcf	**2,222**	2,291	(3.01)	**11,654**	4,036	188.8
Total boe	**3,584**	1,913	87.4	**13,130**	8,752	50.0
Daily Production						
Oil and Liquids - bbls per day	**36**	27	33.3	**31**	24	29.2
Natural Gas - Mcf per day	**25**	39	(35.9)	**32**	12	166.7
Total boe per day	**40**	34	17.6	**36**	26	38.5

For the year ended March 31, 2011, oil and liquids production was 11,187 bbls compared to 8,079 bbls for the eleven months ended March 31, 2010 or an increase of 38.5%. Natural gas production for the year ended March 31, 2011 was 11,654 Mcf compared to 4,036 Mcf for the eleven months ended March 31, 2010 or an increase of 188.8%. Total boe produced for the year ended March 31, 2011 was 13,130 boe compared to 8,752 boe for the eleven months ended March 31, 2010 or an increase of 50.0%. The increase in the number of boe produced during the year ended March 31, 2011 was due to the Company performing recompletions and putting 4 wells on production in the Red Earth area during that period.

For the three months ended March 31, 2011 total oil and liquids produced was 3,214 bbls compared to 1,607 bbls for the two months ended March 31, 2010 or an increase of 100.0%. Natural gas production for the three months ended March 31, 2011 was 2,222 Mcf compared to 2,291 Mcf or a 3.01% decrease. Total boe produced for the three month period was 3,584 boe compared to 1,913 boe for the two month period ended March 31, 2010 or an increase of 87.4%.

Daily oil and liquids production for the year ended March 31, 2011 was 31 boe compared to 24 boe for the eleven months ended March 31, 2010 for an increase of 29.2%.

Total boe produced per day for the three months ended March 31, 2011 was 40 boe compared to 34 boe for the two months ended March 31, 2010 for an increase of 17.6%.

The increases were due to the company performing recompletions and putting 4 wells on production in the Red Earth area during that period.

PRICING SUMMARY

PRICING SUMMARY	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Oil and Liquids - $ per bbl	**$ 83.39**	$ 71.31	16.9	**$ 72.42**	$ 69.50	4.2
Natura Gas - $ per Mcf	**$ 4.14**	$ 5.01	(17.4)	**$ 4.16**	$ 5.57	(25.3)
$ per boe	**$ 77.34**	$ 68.79	12.4	**$ 65.40**	$ 66.98	(2.40)

For the year ended March 31, 2011 and the eleven months ended March 31, 2010, Border sold all oil and gas production at spot prices.

REVENUE

TOTAL REVENUE	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Oil and Gas Revenues						
Working interest revenue	**277,191**	129,889	113.4	**858,750**	583,996	47.0
Interest revenue	**26,432**	-	N/A	**26,432**	-	N/A
Total Revenue	**$ 303,623**	$ 129,889	133.8	**$ 885,182**	$ 583,996	51.6
Total Revenue - $ per share	**$ 0.01**	$ 0.00		**$ 0.03**	$ 0.04	

Total revenue for the year ended March 31, 2011 was $885,182 compared to $583,996 for the eleven months ended March 31, 2010 or an increase of 51.6%.

Total revenue for the three months ended March 31, 2011 was $303,623 compared to $129,889 for the two months ended March 31, 2010 or an increase of 133.8%.

This increase was due to new production being brought in at Red Earth.

Working Interest Revenue

Working Interest Revenue	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Oil and Liquids	**$ 267,980**	$ 117,414	128.2	**$ 810,250**	$ 561,521	44.3
Natural Gas	**9,211**	12,475	(26.2)	**48,500**	22,475	115.8
Total Working Interest Revenue	**$ 277,191**	$ 129,889	113.4	**$ 858,750**	$ 583,996	47.0
$ per boe	**$ 77.34**	$ 67.90	13.9	**$ 65.40**	$ 66.73	(2.00)

Total working interest revenue for the year ended March 31, 2011 was $858,750 compared to $583,996 for the eleven months ended March 31, 2010 which represents an increase of 47.0%. Total working interest revenue for the year ended March 31, 2011 on a $ per boe basis was $65.40 compared to $66.73 per boe for the eleven months ended March 31, 2010 or a decrease of 2%.

For the three month period ended March 31, 2011 total working interest revenue was $277,191 compared to $129,889 for the two months ended March 31, 2010 or an increase of 113.4%. The increase from $67.90 per boe for the two months ended March 31, 2010 to $77.34 per boe for the three months ended March 31, 2011 was due to higher commodity prices on increased oil production by the Company.

Interest Income

Interest Income	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Interest income	**$ 26,432**	NIL	N/A	**$ 26,432**	$ -	N/A

Interest income for the year ended March 31, 2011 was $26,432 compared to $nil for the eleven months ended March 31, 2010 due to the Company's interest earned on an investment in a debt instrument that was acquired in January 2011.

Interest income for the three months ended March 31, 2011 was $26,432 compared to $Nil for the two months ended March 31, 2010.

ROYALTY SUMMARY

ROYALTY EXPENSE	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Crown	**$ 26,579**	$ 2,783	855.0	**$ 51,298**	$ 2,675	1,817.7
Overriding and Freehold	**12,293**	10,006	22.9	**60,718**	54,080	12.3
Total Royalty Expense	**$ 38,872**	$ 12,789	203.9	**$ 112,016**	$ 56,755	97.4
$ per boe	**$ 10.80**	$ 6.69	61.4	**$ 8.53**	$ 6.49	31.4
Expense rate - % of total working interest revenue	**14.0**	9.8	42.9	**13.0**	9.7	34.0

Total royalties paid for the year ended March 31, 2011 were $112,016 compared to $56,755 for the eleven months ended March 31, 2010 or an increase of 97.4%. On a $ per boe total royalties were $8.53 for the year ended March 31, 2011 compared to $6.49 per boe for the eleven months ended March 31, 2010. The increase is a result of the Company's increased production volumes. Expenses rate, expressed as a percentage of total working interest revenue was 13.0% for the year ended March 31, 2011 compared to 9.7% for the eleven months ended March 31, 2010 or an increase of 34.0%. The increase in the expense rate is due to the Company having more freehold royalties during the current year.

For the three months ended March 31, 2011 total royalty, expressed as a $ per boe was $10.80 compared to $6.69 per boe for the two months ended March 31, 2010 or an increase of 61.4%. Total royalties expressed as an expense rate of total working interest revenue was 14.0% for the three months ended March 31, 2011 compared to 9.8% for the two months ended March 31, 2010 or an increase of 42.9%.

OPERATING AND TRANSPORTATION EXPENSES

PRODUCTION EXPENSES	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Production expenses	**$ 270,064**	$ 83,301	224.2	**$ 572,555**	$ 341,628	67.6
Transportation and gathering	**24,344**	24,396	(0.2)	**109,968**	104,652	5.1
	294,408	107,697	173.4	**682,523**	446,280	52.9
Workover expenses	**72,906**	15,030	385.1	**110,444**	171,437	356.0
Total Production Expenses	**$ 367,314**	$ 122,727	199.3	**$ 792,967**	$ 617,717	28.4
$ per boe	**$ 102.48**	$ 64.14	60.0	**$ 60.39**	$ 70.58	(14.4)
Production, transportation and gathering expenses - $ per boe	**$ 82.14**	$ 56.29	45.9	**$ 51.98**	$ 50.99	1.9
Workover expenses - $ per boe	**$ 20.34**	$ 7.86	158.8	**$ 8.41**	$ 19.59	(57.1)

Production expenses, excluding workovers, for the year ended March 31, 2011 were $682,523 compared to $446,280 for the eleven months ended March 31, 2010 or an increase of 52.9%. Transportation and gathering expenses for the year ended March 31, 2011 were $109,968 compared to $104,652 for the eleven months ended March 31, 2010 representing an increase of 5.1%. Workover expenses for the year ended March 31, 2011 were $110,444 compared to $171,437 for the eleven months ended March 31, 2010 or a decrease of 35.6%. Total production expenses for the year ended March 31, 2011 was $792,967 compared to $617,717 for the eleven months ended March 31, 2010 or an increase of 28.4%. Total production expenses, expressed as a $ per boe, was $60.39 for the year ended March 31, 2011 compared to $70.58 for the eleven months ended March 31, 2010 or a decrease of 14.4%. The decrease in the $ per boe from the eleven months ended March 31, 2010 to the year ended March 31, 2011 was due to fewer workovers being performed during this period and the new core area (Red Earth) adding the majority of the production at a lower lifting cost than the existing core area (Norris).

Production, transportation and gathering were $294,408 for the three months ended March 31, 2011 compared to $107,697 for the two months ended March 31, 2010 or an increase of 173.4%. Total production expenses for the three months ended March 31, 2011 were $367,314 compared to $122,727 for the two months ended March 31, 2010 or an increase of 199.3%. The increase in the total production expenses for the three months ended March 31, 2011 compared to the two months ended March 31, 2010 was due to additional workover expenses incurred in addition to another month of operating expenses incurred.

GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATION	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
General and administration	**$ 382,249**	$ 201,752	89.5	**$ 843,574**	$ 724,984	16.4
$ per boe	**$ 106.65**	$ 105.46	1.1	**$ 64.25**	$ 82.84	(22.4)
Expense rate - % of working interest revenue	**138.0**	155.3	(11.1)	**98.2**	124.1	(20.9)

General and administrative expenses for the year ended March 31, 2011 were $843,574 compared to $724,984 for the eleven months ended March 31, 2010 or an increase of 16.4%. For the year ended March 31, 2011, general and administration was $64.25 per boe compared to $82.84 for the eleven months ended March 31, 2010 or a decrease of 22.4%. For the year ended March 31, 2011, the $ per boe and expense rate expressed as a percentage of working interest revenue were based on 12 months of oil and gas production.

During the year ended March 31, 2011, the Company incurred higher regulatory and filing fees associated with the Company's listing on the TSXV. In addition, the Company's increased capital program and operations resulted in higher general & administration expenses to support the increased activity. On a per boe basis, the decrease is the result of the Company's increased production volumes.

For the three months ended March 31, 2011 general and administration expenses increased 89.5% to $382,249 from $201,752 for the two months ended March 31, 2010. During the 4th quarter of 2011, the Company added two full time employees as well as increased use of consultants. In addition, the Company incurred annual charges such as regulatory fees, severance payments, and audit and reserve report fees during this quarter.

DEPLETION, DEPRECIATON, AND ACCRETION

DEPLETION, DEPRECIATION AND ACCRETION	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Depletion, depreciation	**$ 637,120**	40,830	1,460.4	**689,696**	214,337	221.8
ARO accretion expense	**3,258**	337	866.8	**20,002**	15,304	30.7
	$ 640,378	$ 41,167	1,455.6	**$ 709,698**	$ 229,641	209.0
$ per boe	**$ 178.67**	$ 21.52	730.3	**$ 54.05**	$ 26.24	106.0
Expense rate - % of w orking interest revenue	**231.0**	31.7	628.9	**82.6**	39.3	110.2

Depletion, depreciation and accretion expense for the year ended March 31, 2011 totaled $709,698 or $54.05 per boe compared to $229,641 for the eleven months ended March 31, 2010 or $26.24 per boe.

For the three months ended March 31, 2011, depletion, depreciation and accretion expressed per boe was $178.67 compared to $21.52 per boe for the two months ended March 31, 2010. The Company's depletion rate was negatively impacted by the Company's year-end reserve report evaluation.

SHARE CAPITAL

Issued and Outstanding Common Shares

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

	March 31, 2011		March 31, 2010	
	Number	**Stated Value**	Number	Stated Value
Balance, beginning of period	**74,464,263**	**$ 8,188,840**	57,226,763	$ 7,351,624
Reduced by w ay of 4:1 consolidation of common shares	**(55,848,197)**	**-**	-	-
Private Placement	**5,108,333**	**730,516**	16,500,000	825,000
Private Placement	**4,271,333**	**579,090**	-	-
Private Placement	**24,000,000**	**5,478,310**	-	-
Conversion of convertible debentures	**18,540,561**	**1,959,913**	-	-
Issued for settlement of accounts payable	**-**	**-**	737,500	18,437
Tax effect of flow -through shares	**-**	**(277,675)**	-	-
Exercise of stock options	**50,000**	**5,000**		
Share issue costs	**-**	**(753,911)**	-	(6,221)
Balance, end of period	**70,586,293**	**$ 15,910,083**	74,464,263	$ 8,188,840

During the year, the Company consolidated its common shares on a basis of one common share for each four pre-consolidation common shares. Prior to the consolidation the Company had 74,464,263 common shares issued and outstanding. Following consolidation, 18,616,066 common shares were outstanding. In addition, on December 16, 2010, the Company issued 4,383,333 common shares on a “flow-through” basis at a price of $0.15 per share for gross proceeds of $657,500 and 725,000 units at a price of $0.12 per unit for gross proceeds of $87,000. Each unit consisted of one common share and one half of one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at a price of $0.15 per share for a period of two years from the date of closing.

On December 31, 2010, the Company issued 3,021,333 common shares on a “flow-through” basis at a price of $0.15 per share for gross proceeds of $453,200 and 1,250,000 units at a price of $0.12 per unit for gross proceeds of $150,000. Each unit consisted of one common share and one half of one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at a price of $0.15 per share for a period of two years from the date of closing.

On February 2, 2011, Border sold 24,000,000 units (“Units”) of the Company at a price of $0.25 per Unit for gross proceeds of $6,000,000. Each unit consisted of one common share and one half of one common share purchase warrant, with each warrant entitling the holder thereof to purchase one common share at a price of $0.35 per share for a period of 18 months from the date of closing. In addition, the warrants will expire and be of no further force or effect if not exercised within 10 days of receipt of notice from the Company that the 20 day volume weighted average price of the common shares is greater than $0.55. As part of the terms of the financing, all amounts outstanding (including accrued interest) of the convertible debentures were converted into common shares of the Company as per the original conversion terms. Border issued 18,540,561 common shares as a result of the conversion and recorded the conversion value of $1,854,056 plus the $105,857 conversion option as additions to share capital.

Warrants

	March 31, 2011		March 31, 2010	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	**8,250,000**	**$ 0.10**	-	$ -
Reduced by way of 4:1 consolidation	**(6,187,500)**	**$ 0.10**	-	$ -
	2,062,500	**$ 0.40**	-	$ -
Issued	**14,427,500**	**$ 0.33**	8,250,000	$ 0.10
Expired	**(2,062,500)**	**$ 0.10**	-	$ -
Outstanding and exercisable, end of period	**14,427,500**	**$ 0.33**	8,250,000	$ 0.10

For the year ended March 31, 2011, the Company had 14,427,500 (includes 1,440,000 broker’s options) warrants outstanding at a weighted average exercise price of $0.33. For the eleven months ended March 31, 2010 there were 8,250,000 outstanding warrants (pre-consolidation)at a weighted average exercise price of $0.10 (pre-consolidation).

STOCK BASED COMPENSATION

The Company has an established stock option plan (the "Plan") which is administered by the Board of Directors, allowing the Board of Directors to grant stock options. The Company adopted a 10% Rolling Stock Option Plan, which allows for the purchase of up to 10% of the outstanding common 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 common shares of the Company. 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 Company 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 will occur no earlier than 50% at award date and 25% at each of twelve and twenty-four months following the award date. A summary of the status of the Company's stock option plan as at March 31, 2011 and March 31, 2010 and changes during the period then ended is as follows:

	March 31, 2011		March 31, 2010	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding, beginning of period	7,295,000	$0.10	250,000	$0.20
Cancelled or expired	(4,200,000)	$0.10	(250,000)	$0.20
Subtotal	3,095,000	$0.10	-	-
Adjust for 4:1 consolidation (*)	(2,321,250)	-	-	-
Subtotal	773,750	$0.40	-	-
Granted	2,200,000	$0.19	7,295,000	$0.10
Exercised	(50,000)	$0.10	-	-
Outstanding, end of period	2,923,750	$0.25	7,295,000	$0.10
Exercisable, end of period	1,496,979	$0.29	3,647,500	$0.10

STOCK BASED COMPENSATION	**THREE MONTHS ENDED MARCH 31 2011**	**TWO MONTHS ENDED MARCH 31 2010**	**INCREASE (DECREASE) %**	**YEAR ENDED MARCH 31 2011**	**ELEVEN MONTHS ENDED MARCH 31 2010**	**INCREASE (DECREASE) %**
Stock based compensation	**$ 127,769**	$ 104,522	22.2	**$ 140,013**	$ 104,522	34.0
$ per boe	**$ 35.49**	$ 54.64	(35.0)	**$ 10.66**	$ 11.94	(10.7)
Expense rate - % of total revenue	**46.1**	80.5	(42.7)	**16.3**	17.9	(8.9)

Stock based compensation for the year ended March 31, 2011 was $140,013 or $10.66 per boe compared to $104,522 or $11.94 per boe for the eleven months ended March 31, 2010. The Company calculates the stock based compensation using the Black-Scholes option-pricing model. For the year ended March 31, 2011 the Company granted 2,200,000 stock options and 4,200,000 stock options were cancelled. At March 31, 2011 there were 1,496,979 options that were exercisable.

For the three months ended March 31, 2011, stock based compensation was $127,769, or $35.49 per boe compared to stock based compensation of $104,522, or $54.64 per boe for the two months ended March 31, 2010.

SHARES OUTSTANDING

The weighted average shares outstanding during the year ended March 31, 2011 were 27,785,400 compared to 16,249,754 (adjusted for 4:1 share consolidation) for the eleven months ended March 31, 2010. Total number of common shares outstanding as at March 31, 2011 were 70,586,293. As at March 31, 2010, there were 74,464,263 pre-consolidation shares outstanding. On September 14, 2010, the TSX Venture Exchange provided final acceptance of the consolidation of the Company’s shares on a basis of one common share for each four pre-consolidation common shares.

The common shares and other equity instruments outstanding as at the date of the MD&A is as follows:

Common shares	*70,586,293*
Stock options	*2,923,750*
Warrants	*14,427,500*

NET LOSS AND COMPREHENSIVE LOSS

NET LOSS AND COMPREHENSIVE LOSS	**THREE MONTHS ENDED MARCH 31 2011**	**TWO MONTHS ENDED APRIL 30 2010**	**INCREASE (DECREASE) %**	**YEAR ENDED MARCH 31 2011**	**ELEVEN MONTHS ENDED APRIL 30 2010** (re-stated)	**INCREASE (DECREASE) %**
Net loss and comprehensive loss	**$ (1,053,474)**	$ (1,586,631)	(33.6)	**$ (1,666,324)**	$ (2,383,186)	(30.1)
Net loss per share	**$ (0.02)**	$ (0.09)	77.8	**$ (0.06)**	$ (0.15)	60.0

A net loss and comprehensive loss of $1,666,324 was recorded for the year ended March 31, 2011 compared to a net loss and comprehensive loss of $2,383,186 for the eleven months ended March 31, 2010. The decrease in the net loss and comprehensive loss was mainly due to an increase in revenue from increased oil production in fiscal 2011. In addition, the Company also recognized a future income tax recovery of $277,675. During the prior fiscal year, the Company had recorded a loss on the disposal of property and equipment with respect to the sale of the Lloydminster property located in Alberta.

The Company recorded a net loss and comprehensive loss for the three months ended March 31, 2011 of $1,053,474 compared with the recorded net and comprehensive loss of $1,586,631 for the two months ended March 31, 2010.

INCOME TAXES

The Company has accumulated at March 31, 2011 approximately $3,478,419 of unused non-capital loss carry-forwards that may be applied against future taxable income and approximately $4,740,686 in tax pools related to its resource properties as well as $635,480 in share issuance costs.

The following table outlines the remaining approximate tax pools for the Company as at the period ended March 31, 2011:

	Available Amount ($)	**Deduction Rate**
Canadian development expense	1,211,962	30.0%
Canadian oil and gas property expense	1,419,434	10.0%
Undepreciated capital costs	1,276,891	25.0%
Foreign exploration and development expense	832,399	10.0%
Non-capital losses	3,478,419	
Share issuance costs	635,480	5 years straight line

NET PETROLEUM AND NATURAL GAS REVENUE

NET PETROLEUM AND GAS REVENUE		THREE MONTHS ENDED MARCH 31 2011		TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %		YEAR ENDED MARCH 31 2011		ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Petroleum & Natural Gas Revenue	**$**	**277,191**	$	129,889	113.4	**$**	**858,750**	$	583,996	47.0
Less:										
Royalties		**38,872**		12,789	203.9		**112,016**		56,755	97.4
Production expenses		**294,408**		107,697	173.4		**682,523**		446,280	52.9
Workover expenses		**72,906**		15,030	385.1		**110,444**		171,437	35.6
Net Petroleum & Natural Gas Revenue	**$**	**(128,995)**	$	(5,627)	2,192.4	**$**	**(46,233)**	$	(90,476)	(48.9)
$ per boe	**$**	**(35.99)**	$	(2.94)	1,124.1	**$**	**(3.52)**	$	(10.34)	66.0

Gross revenue from petroleum and natural gas were $858,750 for the year ended March 31, 2011 compared to $583,996 for the eleven months ended March 31, 2010. Net revenue after royalties, production and workover expenses for the year ended March 31, 2011 was $(46,233) compared to $(90,476) for the eleven months ended March 31, 2010.

Gross revenue from petroleum and natural gas operations were $277,191 for the three months ended March 31, 2011 compared to $129,889 for the two months ended March 31, 2010. Net revenue after royalties, production and workover expenses for the three months ended March 31, 2011 was $(128,995) compared to $(5,627) for the two months ended March 31, 2010.

NETBACKS

CORPORATE NETBACKS		THREE MONTHS ENDED MARCH 31 2011		TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %		YEAR ENDED MARCH 31 2011		ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
$ per boe										
Total Revenue	**$**	**77.34**	$	67.90	13.9	**$**	**65.40**	$	66.73	(2.0)
Royalties		**(10.80)**		(6.69)	61.4		**(8.53)**		(6.49)	31.4
Production expenses		**(82.14)**		(56.29)	45.9		**(51.98)**		(50.99)	1.9
Workover expenses		**(20.34)**		(7.86)	158.8		**(8.41)**		(19.59)	(57.1)
Total after royalties and production expenses	**$**	**(35.94)**	$	(2.94)	(1,122.4)	**$**	**(3.52)**	$	(10.34)	66.0
General and administration		**(106.65)**		(105.46)	1.1		**(64.25)**		(82.84)	(22.4)
Total Corporate Netbacks	**$**	**(142.59)**	$	(108.40)	(31.5)	**$**	**(67.77)**	$	(93.18)	27.3

Field netbacks for year ended March 31, 2011 were $(3.52) per boe compared to $(10.34) per boe for the eleven months ended March 31, 2010. Field netbacks for the year ended March 31, 2011 were in a loss position due to the Company performing workovers as well as production issues on several of its wells. Corporate netbacks for the year ended March 31, 2011 were $(67.77) per boe compared to $(93.18) per boe for the eleven months ended March 31, 2010.

Field netbacks for three months ended March 31, 2011 were $(35.94) per boe compared to $(2.94) per boe for the two month period ended March 31, 2010. Corporate cash netbacks were $(142.59) per boe for the three months ended March 31, 2011 compared to $(108.40) per boe for the two months ended March 31, 2010. The decrease was mainly due to the increase in royalties associated with increased production, and other production and workover expenses that were incurred in the onset of developing a core area. The Red Earth area is very busy and costs to bring on initial small volumes are high and are expected to decrease as more wells are re-completed. The general and administration expenses the Company incurred during the 4th quarter of 2011 were also a contributing factor to the above decrease.

CAPITAL EXPENDITURES

	THREE MONTHS ENDED MARCH 31 2011	TWO MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Land acquisition and retention	**$ 72,411**	$ (3,641)	2,088.8	**$ 181,386**	$ 243,532	(25.5)
Drilling and completion	**341,475**	7,397	4,516.4	**2,066,388**	84,202	2,354.1
Production equipment and facilities	**198,287**	-	N/A	**921,634**	86,014	971.5
Furniture and equipment	**4,835**	-	N/A	**31,174**	-	N/A
Total	**$ 617,008**	$ 3,756	163.3	**$ 3,200,582**	$ 413,748	673.6

Total expenditures were $3,200,582 for the year ended March 31, 2011 compared to $413,748 for the eleven months ended March 31, 2010.

For the three months ended March 31, 2011 there were capital expenditures in the amount of $617,008 compared to $3,756 for the two months ended March 31, 2010.

This increase was due to costs associated to two recompletions that occurred in the Red Earth area.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash from operating activities does not sufficiently satisfy the Company's anticipated funding requirements for the current year. In order for the Company to fund any anticipated funding requirements, the Company will either have to do a public offering or make other arrangements. Working capital for the year ended March 31, 2011 was $3,372,544 compared to a working capital deficiency of $(450,499) for the eleven months ended March 31, 2010.

	YEAR ENDED MARCH 31 2011	ELEVEN MONTHS ENDED MARCH 31 2010	INCREASE (DECREASE) %
Cash	**$ 3,811,333**	$ -	N/A
Accounts receivable and prepaid expenses	**374,960**	137,134	173.4
Bank overdraft	-	(20,483)	100.0
Accounts payable and accrued liablities	**(813,749)**	(567,150)	43.5
	$ 3,372,544	$ (450,499)	848.6

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Transactions Initiated Prior to the Recapitalization of the Company

During the year ended March 31, 2011, $50,000 (March 31, 2010 - $286,040) in management fees, which is included in general and administrative expenses was paid to officers and or companies controlled by officers and directors of the Company. In addition, during the year ended March 31, 2011 $89,280 in remuneration, fees and rent which is included in general and administrative expenses was paid to former officers and or companies controlled by former officers and directors of the Company. Included in accounts payable and accrued liabilities is $NIL (March 31, 2010 - $46,474) due to officers and companies controlled by officers and directors of the Company. These amounts are recorded at the exchange amount of the consideration established and agreed to by the related parties.

During the year ended March 31, 2011, the Company paid $30,000 to a company controlled by two former directors as per the terms of a participation agreement whereby Border paid a fee to participate in a farmout agreement. During the period ended March 31, 2010, the Company purchased land included in petroleum and natural gas properties for $42,064 under this agreement.

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

Transaction Initiated in Conjunction with the Recapitalization of the Company

During the year ended March 31, 2011, two directors participated in a $600,000 bridge financing. The directors invested $400,000. The bridge financing was secured by a general security agreement over the assets of the Company and the Lenders were issued fixed and floating charge debentures and promissory notes for the amount of the bridge financing. The promissory notes were convertible at any time at the option of the Lenders into convertible debentures on the same terms as the debenture offering described in Note 12 of the March 31, 2011 financial statements.

SUBSEQUENT EVENTS

- On April 8, 2011, the Company entered into an agreement with a private, Alberta based oil and natural gas exploration and production company ("PrivateCo"), to complete a business combination pursuant to which the Company is to acquire all of the issued and outstanding shares of PrivateCo (the "Transaction") and will acquire approximately 20,794 net acres (32.5 sections) of land primarily in central Alberta and the greater Red Earth area of north central Alberta in consideration for the issuance of approximately 36.54 million common shares of the Company.

- On April 11, 2011, the Company entered into a purchase and sale agreement (the "PSA") with a private company (the "Vendor") to acquire certain interests and assets under a farmout agreement between PrivateCo and the Vendor (the "Farmout") pertaining to PrivateCo's land. Under the PSA, Border acquired: (i) a test well drilled under the Farmout; (ii) 1.25 net sections of land; (iii) the option to drill subsequent wells on PrivateCo's lands earning on a well by well basis; and (iv) a right of first refusal to acquire all other PrivateCo lands. Pursuant to the PSA, Border paid consideration of $2,572,265, consisting of $1,000,000 cash and the issuance of a promissory note of Border in the amount of $1,572,265 which bears an interest rate of 7% compounded annually for a period of two (2) years from the date of issuance and is convertible into Border Shares at a price of $0.30 per share for a period of two (2) years from the date of issuance of the promissory note. Border can repay the debenture at any time, without penalty, with the conversion right of the holder being exercisable prior to repayment.

- On May 10, 2011, the Company announced it had entered into a joint venture (the "Joint Venture") with the wholly-owned energy company of the Loon River Cree Nation (the "Nation"). Under the terms of the Joint Venture, Border has the opportunity to work directly with the Nation to develop up to 17,120 acres (26.75 sections) of the Slave Point formation in the Red Earth area of north central Alberta.

RISK FACTORS

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

- Fluctuations in the prices of oil and gas will affect Border's revenue, cash flows and earnings and the value of the Company's oil and gas properties. These fluctuations could also affect the Company's ability to raise capital. These fluctuations in prices could be due to global economic and market conditions, weather conditions, the level of consumer and industrial demand, and governmental regulations.

- Drilling activities are subject to risks such as the possibility that commercially productive reservoirs will not be encountered, weather conditions, the ability to obtaining regulatory approvals and shortages or delays in equipment and services.

- Estimates of oil and natural gas reserves involve a great measure of uncertainty as they depend on the reliability of available data, the costs to recover said reserves, and the ability to transport the product to market.

- There are operating risks that could affect the business of the Company. These include blowouts, equipment failures, spills or leaks, accidents and weather conditions.

- Compliance with and changes to environmental laws and regulations.

- The oil and gas industry is extremely competitive.

- The value of the Company's oil and gas properties.

FINANCIAL AND OTHER INSTRUMENTS (RISK MANAGEMENT)

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

Fair values

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

At March 31, 2011, 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 cash and bank overdraft has been valued using Level 1 inputs.

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

Credit risk

Credit risk is primarily related to the Company's receivables from oil and natural gas marketers and joint venture partners and the risk of financial loss if a customer, partner, or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production. To mitigate credit risk associated with the sale of its production to oil and gas marketers, the Company maintains marketing relationships with large credit-worthy purchasers. The Company historically has not experienced any collection issues with its oil and natural gas marketers. Joint venture receivables are typically collected within one to three-months of the joint venture bill being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint venture partners; however, in certain circumstances, it may cash-call a partner in advance of the work and as well the Company has the ability in most cases to withhold production from joint venture partners in the event of non-payment. The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability; therefore, the carrying amount of accounts receivable generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. There were no receivables allowed for or written off during the eleven months ended March 31, 2011 and there is $54,335 in accounts receivable outstanding greater than 90 days at March 31, 2011, 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, 2011 is comprised of $361,414 in accounts receivable, $67,427 in lease reclamation deposit and $576,109 in investment in secured debt.

Market risk

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

Commodity price risk

Commodity price risk is the risk that the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by the world and continental/regional economy and other events that dictate the levels of supply and demand. The Company has not attempted to mitigate commodity price risk through the use of financial derivative contracts. The Company had no financial derivative sales contracts or working capital items denominated in foreign currencies as at or during the period ended March 31, 2011.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although all the Company's oil and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollars. The Company had no forward exchange rate contracts in place as at or during the period ended March 31, 2011.

Interest rate risk

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

Liquidity risk

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

Capital management

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

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. Working capital and debt instruments (if any) 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 common shares or debentures when management and the Board of Directors feel the timing is appropriate. Management continually monitors the Company's projected capital spending and its net debt to maintain a sound capital position. Refer to the above section "Liquidity and Capital Resources".

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

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

Proved Reserves

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

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

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

Depletion

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

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

Unproved Properties

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

Ceiling Test

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

Asset Retirement Obligations

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

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

Income Taxes

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

Stock Based Compensation

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

Future Accounting Pronouncements

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

Although IFRS is principles based and uses a conceptual framework similar to Canadian GAAP, there are significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS. Currently, the application of IFRS to the oil and gas industry in Canada requires clarification. The International Accounting Standards Board has made certain amendments and exemptions to IFRS 1 relating to full cost oil and gas accounting. The amendments permit the Company to apply IFRS prospectively to their full cost pool of capitalized exploration and development expenses, with an initial impairment test, at the transition date.

The 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 effects 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, asset retirement obligations and stock based compensation, 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 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, 2010.

The Company has started 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. In the initial analysis of IFRS and comparison with the accounting policies that have been adopted by the Company under Canadian GAAP, it will probably identify a number of differences.

Oil and Gas Assets and Asset Retirement Obligations

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

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

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

BUSINESS RISKS AND UNCERTAINTIES

Border Petroleum 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 June 7, 2011.

ADDITIONAL INFORMATION

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

SUMMARY OF QUARTERLY RESULTS

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

	THREE MONTHS ENDED MAR 31/2011 Q4	THREE MONTHS ENDED DEC 31/2010 Q3	THREE MONTHS ENDED SEPT 30/2010 Q2	THREE MONTHS ENDED JUNE 30/2010 Q1
Total Production Volumes				
Natural gas (Mcf)	2,222	2,525	3,365	3,546
Oil and NGL (bbl)	3,214	2,402	3,109	2,462
Combined (boe)	3,584	2,822	3,670	3,053
Daily Production				
Natural gas (Mcf per day)	25	27	37	39
Oil and NGL (bbl per day)	36	26	34	27
Combined (boe per day)	40	31	40	34
Gross Revenue				
Natural Gas	$ 9,211	$ 10,301	$ 13,967	$ 15,020
Oil and liquids	267,980	169,946	206,242	166,083
Total PNG Revenue	277,191	180,247	220,209	181,103
Interest Income	26,432	-	$ -	$ -
Gross Revenue	**$ 303,623**	**$ 180,247**	**$ 220,209**	**$ 181,103**
Royalty Expense				
Crown royalties	26,579	6,834	18,192	(307)
Freehold and overriding royalties	12,293	11,769	18,910	17,746
Total Royalty Expense	$ 38,872	$ 18,603	$ 37,102	$ 17,439
Net Revenue after Royalties	**$ 264,751**	**$ 161,644**	**$ 183,107**	**$ 163,664**
Operating and transportation	367,314	152,655	109,688	163,310
General and administrative	382,249	113,478	137,096	210,751
Stock based compensation	127,769	6,897	7,414	(2,067)
Accretion on convertible debentures	6,201	17,643	26,464	-
Loss on conversion of convertible debentures	55,549	-	-	-
Interest on convertible debentures	16,441	43,580	43,580	21,455
Depletion, depreciation, accretion	640,377	42,420	14,124	12,777
Income (loss) before income taxes	$ (1,331,149)	$ (215,029)	$ (155,259)	$ (242,562)
Future income tax recovery	(277,675)	-	-	-
Net and Comprehensive Loss	**$ (1,053,474)**	**$ (215,029)**	**$ (155,259)**	**$ (242,562)**
Basic income (loss) per share	($0.02)	($0.01)	($0.01)	($0.01)
Average Price				
Natural gas ($ per Mcf)	$ 4.14	$ 4.08	$ 4.15	$ 4.24
Oil and NGL ($ per bbl)	$ 83.39	$ 70.75	$ 66.34	$ 67.46
$ per boe	$ 77.34	$ 63.87	$ 60.00	$ 59.32
Total Assets	**$ 8,554,726**	**$ 4,338,014**	**$ 2,901,729**	**$ 3,200,492**
Total Liabilities	**$ 1,260,197**	**$ 1,775,865**	**$ 1,714,642**	**$ 1,750,455**

SUMMARY OF QUARTERLY RESULTS - continued

	TWO MONTHS ENDED MAR 31/2010 Q4	THREE MONTHS ENDED JAN 31/2010 Q3	THREE MONTHS ENDED OCT 31/2009 Q2	THREE MONTHS ENDED JUL 31/2009 Q1
Total Production Volumes				
Natural gas (Mcf)	2,291	1,743	-	-
Oil and NGL (bbl)	1,607	1,969	2,463	2,066
Combined (boe)	1,913	2,310	2,463	2,066
Daily Production				
Natural gas (Mcf per day)	39	22	-	-
Oil and NGL (bbl perday)	27	21	27	22
Combined (boe per day)	32	25	27	22
Gross Revenue				
Natural Gas	$ 12,475	$ 10,000	$ -	$ -
Oil and liquids	117,414	139,961	160,631	143,515
Total PNG Revenue	129,889	149,961	160,631	143,515
Interest Income	-	-	-	-
Gross Revenue	**$ 129,889**	**$ 149,961**	**$ 160,631**	**$ 143,515**
Royalty Expense				
Crown royalties	2,783	1	(152)	43
Freehold and overriding royalties	10,006	13,745	13,288	17,041
Total Royalty Expense	$ 12,789	$ 13,746	$ 13,136	$ 17,084
Net Revenue after Royalties	**$ 117,100**	**$ 136,215**	**$ 147,495**	**$ 126,431**
Operating and transportation	122,727	199,165	135,664	160,161
General and administrative	201,752	234,945	177,830	110,457
Stock based compensation	104,522	-	-	-
Depletion, depreciation, accretion	41,167	61,066	58,346	69,062
Gain on settlement of accounts payable and accrued liabilities	(94,938)	-	-	-
Loss on disposal of property and equipment	1,328,501	-	-	-
Income (loss) before income taxes	$ (1,586,631)	$ (358,961)	$ (224,345)	$ (213,249)
Future income tax recovery	-	-	-	-
Net and Comprehensive loss	**$ (1,586,631)**	**$ (358,961)**	**$ (224,345)**	**$ (213,249)**
Basic income (loss) per share*	($0.09)	($0.02)	($0.01)	($0.01)
Average Price				
Natural gas ($ per Mcf)	$ 5.45	$ 5.74	$ -	$ -
Oil and NGL ($ per bbl)	$ 73.06	$ 71.08	$ 65.22	$ 69.47
$ per boe	$ 67.90	$ 64.92	$ 65.22	$ 69.47
Total Assets	**$ 1,237,918**	**$ 2,663,676**	**$ 2,857,000**	**$ 2,501,290**
Total Liabilities	**$ 833,747**	**$ 622,115**	**$ 572,484**	**$ 814,804**

*comparative per share amounts have been adjusted for 4:1 share consolidation

NETBACK INFORMATION – QUARTERLY

Quarterly netback information has been provided for the year ended March 31, 2011 along with a comparison to the eleven months ended March 31, 2010.

	THREE MONTHS ENDED MAR 31/2011 Q4	THREE MONTHS ENDED DEC 31/2010 Q3	THREE MONTHS ENDED SEPT 30/2010 Q2	THREE MONTHS ENDED JUNE 30/2010 Q1
$/boe				
Revenue	$ 77.34	$ 63.87	$ 60.00	$ 59.32
Royalties	(10.80)	(6.87)	(2.07)	(5.71)
Operating Expense	(102.48)	(54.09)	(29.89)	(53.49)
Field Netback	$ (35.94)	$ 2.91	$ 28.04	$ 0.12
General and administration	(106.65)	(40.21)	(37.36)	(69.03)
Debenture Interest Expense	(4.59)	(15.44)	(11.87)	(7.03)
Corporate Cash Netback	$ (147.18)	$ (52.74)	$ (21.19)	$ (75.94)

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

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