
GOLD POINT ENERGY CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

GOLD POINT ENERGY CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GOLD POINT ENERGY CORP.
INTERIM CONSOLIDATED BALANCE SHEETS

(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

| | <u>March 31, 2008</u> | <u>December 31, 2007</u> |
|--|---------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 3,912,428 | \$ 4,462,692 |
| Amounts receivable (Note 3) | 123,216 | 224,853 |
| Prepays and deposits | <u>11,644</u> | <u>15,790</u> |
| | 4,047,288 | 4,703,335 |
| EQUIPMENT , net of accumulated depreciation of \$11,767 (2007-\$11,281) | 18,406 | 15,581 |
| OIL AND GAS INTERESTS (Note 4) | 2,599,120 | 1,892,658 |
| OTHER ASSETS (Note 5) | 35,928 | 48,705 |
| | <u>\$ 6,700,742</u> | <u>\$ 6,660,279</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 506,162 | \$ 109,556 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL (Note 6) | 13,967,412 | 13,967,412 |
| CONTRIBUTED SURPLUS (Note 8) | 1,889,950 | 1,889,105 |
| DEFICIT | <u>(9,662,782)</u> | <u>(9,305,794)</u> |
| | 6,194,580 | 6,550,723 |
| | <u>\$ 6,700,742</u> | <u>\$ 6,660,279</u> |

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 4)

SUBSEQUENT EVENTS (Note 14)

APPROVED BY THE DIRECTORS

"Jack Steinhäuser" , Director

"Anthony Harvey" , Director

The accompanying notes are an integral part of these interim consolidated financial statements.

GOLD POINT ENERGY CORP.
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS ENDED MARCH 31
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

| | March 31, 2008 | March 31, 2007 |
|---|---------------------------|---------------------------|
| | <u> </u> | <u> </u> |
| REVENUES | | |
| Petroleum and natural gas sales | \$ 41,526 | \$ 55,355 |
| EXPENSES | | |
| General and administrative | 326,904 | 433,864 |
| Operating costs | 27,267 | 24,860 |
| Exploration | 92,595 | 394,316 |
| Depletion and depreciation | 20,701 | 42,462 |
| Dry-hole costs (Note 4) | – | 246,861 |
| Impairment of oil and gas interests | – | 11,355 |
| Stock-based compensation (Note 8) | 845 | 9,000 |
| | <u>468,312</u> | <u>1,162,719</u> |
| LOSS FROM OPERATIONS | <u>(426,786)</u> | <u>(1,107,364)</u> |
| OTHER ITEMS | | |
| Interest and other income | 25,478 | 14,725 |
| Foreign exchange gain | 44,320 | 18,524 |
| | <u>69,798</u> | <u>33,249</u> |
| NET LOSS FOR THE PERIOD | \$ <u>(356,988)</u> | \$ <u>(1,074,115)</u> |
| BASIC AND DILUTED LOSS PER SHARE | \$ <u>(0.01)</u> | \$ <u>(0.05)</u> |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | <u>41,814,365</u> | <u>22,303,674</u> |

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

| | <u>March 31,</u> <u>2008</u> | <u>March 31,</u> <u>2007</u> |
|------------------------------------|---------------------------------|---------------------------------|
| DEFICIT - BEGINNING OF YEAR | \$ (9,305,794) | \$ (4,880,851) |
| | (9,305,794) | (4,880,851) |
| NET LOSS FOR THE PERIOD | <u>(356,988)</u> | <u>(1,074,115)</u> |
| DEFICIT - END OF PERIOD | \$ <u>(9,662,782)</u> | \$ <u>(5,954,966)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
INETERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited – Prepared by Management)

| | March 31, 2008 | March 31, 2007 |
|---|---------------------------|---------------------------|
| | <u> </u> | <u> </u> |
| CASH PROVIDED FROM (USED FOR) | | |
| OPERATING ACTIVITIES | | |
| Net loss for the year | \$ (356,988) | \$ (1,074,115) |
| Adjustment for items not affecting cash | | |
| Professional fees | 845 | 9,000 |
| Stock-based compensation | 20,701 | 42,462 |
| Depreciation and depletion | – | 246,862 |
| Dry-hole costs | – | 11,355 |
| Impairment of oil and gas interests | <u>–</u> | <u>–</u> |
| | (335,442) | (764,436) |
| Decrease (increase) in amounts receivable | 101,637 | (101,119) |
| Decrease (increase) in prepaids | 4,146 | (3,205) |
| Increase (decrease) in accounts payable and accrued liabilities | 396,606 | (652,275) |
| Decrease in drilling advances | <u>347,424</u> | <u>–</u> |
| | <u>514,371</u> | <u>(1,521,035)</u> |
| INVESTING ACTIVITIES | | |
| Oil and gas interests expenditures | (1,074,101) | (488,128) |
| Purchase of equipment | (3,311) | (337) |
| Other assets | <u>12,777</u> | <u>–</u> |
| | <u>(1,064,635)</u> | <u>(488,465)</u> |
| FINANCING ACTIVITIES | | |
| Issuance of common shares | – | 328,000 |
| Share issue costs | <u>–</u> | <u>(63,585)</u> |
| | <u>–</u> | <u>264,415</u> |
| DECREASE IN CASH DURING THE PERIOD | (550,264) | (1,745,085) |
| CASH - BEGINNING OF YEAR | 4,462,692 | 2,773,678 |
| CASH - END OF PERIOD | <u>\$ 3,912,428</u> | <u>\$ 1,028,593</u> |

SUPPLEMENTAL CASH FLOW INFORMATION - (Note 11)

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS AND GOING CONCERN

Gold Point Energy Corp. (“the Company”) is an independent oil and gas exploration company. During fiscal 2007 the Company sold its oil and gas properties situated in the United States. As at March 31, 2008, the Company’s petroleum activities are conducted in Argentina. The Company is also investigating potential acquisitions of oil and gas properties in Colombia and the United States.

During the three months ended March 31, 2008, the Company has incurred a loss of \$365,938. However, the Company has a working capital surplus as at March 31, 2008 of \$3,541,126. Nevertheless, the Company’s ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, the discovery, development or sale of oil and gas reserves and achievement of profitable operations. The Company is planning to meet its future expenditures and obligations through the development of proven reserves, raising funds through private placements or by farm-ins of oil and gas properties. It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

These interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, the consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Effective January 1, 2008, the Company has adopted the new accounting standards related to capital disclosures that were issued by the Canadian Institute of Chartered Accountants (“CICA”) in 2007. This accounting policy change is adopted on a prospective basis with no restatement of prior period financial statements. There was no impact on opening retained earnings. The new standard and accounting policy changes are as follows:

Capital Disclosures (CICA Handbook Section 1535)

The CICA issued a new accounting standard, Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity’s objectives, policies and processes for managing capital.

Financial Instruments – Disclosures (CICA Handbook Section 3862)

The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity’s financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks.

Financial Instruments – Presentation (CICA Handbook Section 3863)

The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

3. AMOUNTS RECEIVABLE

| | March 31, 2008 | December 31, 2007 |
|---|---------------------------|------------------------------|
| Production receivable | \$ 77,701 | \$ 94,509 |
| GST receivable | 12,774 | 19,207 |
| Grosso Group Management Ltd. (“Grosso Group”) (Note 9(b)) | 31,750 | 54,515 |
| Spyglass Cedar Creek, LP | – | 56,622 |
| Other | 991 | – |
| | \$ 123,216 | \$ 224,853 |

4. OIL AND GAS INTERESTS

| | March 31, 2008 | December 31, 2007 |
|--------------------------------------|---------------------------|------------------------------|
| Database, seismic and other | \$ 1,400,028 | \$ 1,107,726 |
| Drilling in progress | 1,245,088 | 810,712 |
| Proved leasehold costs | 558,052 | 558,052 |
| | 3,203,168 | 2,476,490 |
| Accumulated depletion and impairment | (604,048) | (583,832) |
| | \$ 2,599,120 | \$ 1,892,658 |

- (a) Costs of unproved interests and other associated costs excluded from costs subject to depletion and depreciation at March 31, 2008, were \$2,471,776 (2007 - \$1,745,098).
- (b) On August 8, 2006, the Company entered into a letter of intent with Petrolero del Comahue S.A. (“PDC”), which was subsequently superceded in November 2006 by two farm-in agreements, whereby the Company could earn a 50% interest in the 292 square kilometre General Roca Block and the 66.5 square kilometre Blanco de los Olivos Block, located on the southeastern flank of the Neuquen Basin in Rio Negro Province, Argentina. During fiscal 2007 the Company announced the cancellation of the second farm-in agreement due to PDC’s inability to obtain an extension from the Province of Rio Negro to the underlying concession. As a result, the Company has earned a 12.5% working interest in production from two wells under the first farm-in agreement.
- (c) On October 4, 2006, the Company entered into a farm-in agreement with APCO Argentina Inc. (“APCO”) and Antrim Argentina S.A.(“Antrim”) to earn a 25% working interest in portions of the Yacimiento Norte 1/B Block (the “Capricorn License”) in Salta Province, Argentina. Under the terms of the farm-out agreement the Company has committed to pay 50% of an estimated US \$1 million 3-D seismic program (“ Phase 1”) and 50% of the costs of two exploratory wells, at an estimated cost of US \$2 million each (“ Phase 2”). If costs exceed the estimated costs, then the Company will be obligated to fund 50% of the first US \$100,000 in excess costs under Phase 1 and the first US \$200,000 in excess costs under Phase 2. Thereafter, the Company will be obligated to fund only 25%.

During fiscal 2006 the Company funded the US \$500,000 Phase 1 commitment. During fiscal 2007 the first exploratory well under Phase 2 was drilled, evaluated and plugged and abandoned. Accordingly, the Company recorded \$901,879 dry-hole costs. In addition, the drilling of the second exploratory well under Phase 2 was initiated in December 2007. As at March 31, 2008, the Company’s share of the drilling costs attributable to the second exploratory well was \$1,245,088. As at March 31, 2008, the Company was funding the second exploratory well at the 50% level.

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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5. OTHER ASSETS

| | March 31, 2008 | December 31, 2007 |
|-------------------|---------------------------|------------------------------|
| Exploration bonds | \$ 35,928 | \$ 48,705 |

6. SHARE CAPITAL

Authorized - unlimited common shares without par value

| | March 31, 2008 | | December 31, 2007 | |
|------------------------------|-----------------------|------------|--------------------------|-------------|
| | Shares | \$ | Shares | \$ |
| Balance, beginning of period | 41,814,365 | 13,967,412 | 21,685,507 | 8,025,452 |
| Issued during the period | | | | |
| For cash | | | | |
| Private placements | – | – | 19,628,858 | 6,921,850 |
| For shares for debt | – | – | 500,000 | 90,000 |
| | – | – | 20,128,858 | 7,011,850 |
| Less share issue costs | – | – | – | (1,069,890) |
| | – | – | 20,128,858 | 5,941,960 |
| Balance, end of period | 41,814,365 | 13,967,412 | 41,814,365 | 13,967,412 |

a) Common Shares

There were no shares issued during the three months ended March 31, 2008.

b) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at March 31, 2008 and December 31, 2007 is as follows:

| | March 31, 2008 | | December 31, 2007 | |
|----------------------------|-----------------------|--|--------------------------|--|
| | Number | Weighted Average Exercise Price | Number | Weighted Average Exercise Price |
| Balance, beginning of year | 27,358,058 | \$ 0.43 | 10,329,400 | \$ 0.66 |
| Issued | – | – | 20,151,658 | 0.45 |
| Expired | 2,253,800 | 1.24 | (3,123,000) | 0.50 |
| Balance, end of year | 25,104,258 | \$ 0.46 | 27,358,058 | \$ 0.43 |

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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6. SHARE CAPITAL (continued)

The following table summarizes information of the number of common shares reserved pursuant to the warrants outstanding and exercisable at March 31, 2008:

| Number | Exercise Price \$ | Expiry Date |
|-------------------|-------------------------|-------------------|
| 4,952,600 | 0.50 | December 28, 2008 |
| 307,800 | 0.50 | January 25, 2009 |
| 750,000 | 0.50 | February 8, 2009 |
| 18,578,858 | 0.45 | April 24, 2009 |
| 15,000 | 0.45 | May 1, 2009 |
| 500,000 | 0.35 | August 10, 2009 |
| 25,104,258 | | |

7. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the “Plan”), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company’s closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. For the three months ended March 31, 2008, the Company granted nil (2007 – 160,000) stock options to directors, employees and consultants, and recorded compensation expense of \$nil (2007 – \$9,000). In addition the Company also recorded \$845 (2007 - \$nil) on stock options vested.

The fair value of stock options granted to directors and consultants is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants made during the three months ended March 31, 2007:

| | March 31, 2007 |
|-------------------------|---------------------------|
| Risk-free interest rate | 4.07% |
| Estimated volatility | 82% |
| Expected life | 3 years |
| Expected dividend yield | 0% |

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company’s stock options.

A summary of the Company’s stock options for the three months ended March 31, 2008 and 2007 and the changes respectively on those dates is presented below:

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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7. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

| | March 31, 2008 | | December 31, 2007 | |
|------------------------------|--|--|--|--|
| | Number of Options Outstanding | Weighted Average Exercise Price | Number of Options Outstanding | Weighted Average Exercise Price |
| Balance, beginning of period | 3,906,000 | \$ 0.40 | 1,695,500 | \$ 0.58 |
| Granted | – | – | 2,436,500 | 0.40 |
| Expired / Cancelled | – | – | (226,000) | 0.40 |
| Balance, end of period | 3,906,000 | \$ 0.40 | 3,906,000 | \$ 0.40 |

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2008:

| Number Outstanding | Number Exercisable | Exercise Price \$ | Expiry Date |
|-------------------------------|-------------------------------|----------------------------------|------------------------|
| 440,000 | 440,000 | 0.36 | December 31, 2008 |
| 245,500 | 245,500 | 0.45 | December 31, 2008 |
| 229,000 | 229,000 | 0.38 | December 31, 2008 |
| 40,000 | 40,000 | 0.40 | September 25, 2008 |
| 148,000 | 148,000 | 0.40 | March 17, 2009 |
| 2,000 | 2,000 | 0.40 | April 21, 2009 |
| 30,000 | 30,000 | 0.40 | June 21, 2009 |
| 38,000 | 38,000 | 0.40 | August 2, 2009 |
| 100,000 | 75,000 | 0.40 | February 20, 2010 |
| 157,000 | 157,000 | 0.40 | September 27, 2010 |
| 200,000 | 200,000 | 0.40 | July 4, 2011 |
| 2,156,500 | 1,926,500 | 0.40 | May 2, 2012 |
| 120,000 | 120,000 | 0.40 | September 6, 2012 |
| 3,906,000 | 3,651,000 | | |

8. CONTRIBUTED SURPLUS

Contributed surplus is comprised of the following:

| | March 31, 2008 | December 31, 2007 |
|--|---------------------------|------------------------------|
| Balance, beginning of the period | \$ 1,889,105 | \$ 863,259 |
| Stock-based compensation on stock options (Note 7) | 845 | 644,380 |
| Stock-based compensation on broker's and finders' warrants | – | 321,466 |
| Stock-based compensation on warrants for shares for debt | – | 60,000 |
| Balance, end of the period | \$ 1,889,950 | \$ 876,363 |

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
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9. RELATED PARTY TRANSACTIONS

- (a) The Company was charged for various services provided by directors and officers, and by companies controlled by current and former directors and officers of the Company, as follows:

| | Three months ended March 31, | |
|----------------------------------|-------------------------------------|------------------|
| | 2008 | 2007 |
| Accounting and administration | \$ 23,100 | \$ 16,500 |
| Consulting fees | 30,000 | – |
| Management salaries and benefits | 55,262 | 40,715 |
| | \$ 108,362 | \$ 57,215 |

As at March 31, 2008, accounts payable and accrued liabilities include \$43,800 due to these related parties. These transactions were measured at the exchanged amount which was the amount of consideration established and agreed to by the related parties.

- (b) The Company had engaged the Grosso Group to provide services and facilities to the Company. On February 29, 2008, the Company terminated its arrangement with Grosso Group. The Grosso Group is a private company owned by the Company, Golden Arrow Resources Corporation, Amera Resources Corporation, Astral Mining Corporation, IMA Exploration Inc. and Blue Sky Uranium Corp., each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees to the Grosso Group. The fee is based upon a pro-rating of the Grosso Group's costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. For the three months ended March 31, 2008 the Company incurred fees of \$25,000 (2007 - \$78,155) to the Grosso Group.

10. SEGMENTED INFORMATION

As of March 31, 2008, the Company only holds oil and gas interests in Argentina and its corporate assets are located in Canada. Geographical information is as follows:

| March 31, 2008 | Canada | United States | Argentina | Colombia | Total |
|-----------------------|------------------|----------------------|------------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Current assets | 3,132,739 | 158,687 | 723,676 | 32,186 | 4,047,288 |
| Equipment | – | 9,240 | 9,166 | – | 18,406 |
| Oil and gas interests | 101,115 | – | 2,498,005 | – | 2,599,120 |
| Other assets | – | 35,928 | – | – | 35,928 |
| Total assets | 3,233,854 | 203,855 | 3,230,847 | 32,186 | 6,700,742 |

| Dec 31, 2007 | Canada | United States | Argentina | Colombia | Total |
|-----------------------|------------------|----------------------|------------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Current assets | 1,689,836 | 2,871,286 | 106,483 | 35,729 | 4,703,334 |
| Equipment | – | 5,672 | 9,909 | – | 15,581 |
| Oil and gas interests | 115,560 | – | 1,777,099 | – | 1,892,659 |
| Other assets | – | 48,705 | – | – | 48,705 |
| Total assets | 1,805,396 | 2,925,663 | 1,893,491 | 35,729 | 6,660,279 |

The accompanying notes are an integral part of these consolidated financial statements.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
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11. SUPPLEMENTAL CASH FLOW INFORMATION

Other supplemental cash flow information:

| | Three months ended | |
|----------------------------------|---------------------------|-----------------------|
| | March 31, 2008 | March 31, 2007 |
| Interest paid in cash | \$ – | \$ – |
| Income taxes paid in cash | – | – |

12. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Credit risk

The Company's exposure to credit risk is on its cash and cash equivalents.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company manages the credit exposure related to short-term investments by selecting counter parties based on stability of the counter party and avoids complex investment vehicles with higher risk.

The carrying amount cash and cash equivalents represents the maximum credit exposure.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and are available on demand. The company's short-term investment is available on demand after 30 days without penalty.

Market risk

The Company is subject to normal market risks including fluctuations in foreign exchange rates and interest rate. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

The Company is exposed to interest rates fluctuations on its short-term investments as it is based on a floating rate of interest. As at March 31, 2008, the Company was not invested in short-term interest bearing instruments.

Fair value of financial assets and liabilities

The carrying amount for cash and cash equivalent, interest receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

The accompanying notes are an integral part of these consolidated financial statements.

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13. CAPITAL MANAGEMENT

As the Company is in the exploration stage, its principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to maintain its exploration programs for the benefit of its stakeholders. To meet the objectives, management monitors the Company's ongoing capital requirements against unrestricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. The Company is not subject to any externally imposed capital requirements.

As at March 31, 2008, total managed capital was \$6,194,580 (December 31, 2007 - \$6,550,723), comprised of share capital of \$13,967,412 (December 31, 2007 - \$13,967,412), contributed surplus of \$1,889,950 (December 31, 2007 - \$1,889,105) and deficit of \$9,662,782 (December 31, 2007 - \$9,305,794).

14. SUBSEQUENT EVENTS

- (a) On May 27, 2008, the Company completed a non-brokered private placement, which was originally announced on April 21, 2008, consisting of 2.7 million units at a price of eight cents per unit, for gross proceeds of \$216,000.

Each unit consists of one common share in the capital of the company and one share purchase warrant. Each warrant entitles the holder to purchase one common share at 10 cents per share for 24 months. The securities are subject to a hold period, which expires on Sept. 22, 2008. The proceeds from the private placement will be used to finance the company's continuing exploration, property acquisitions and general working capital.

- (b) On May 27, 2008, the Company granted incentive stock options to certain directors, officers, employees and consultants of the company to purchase 2.25 million common shares of the company at an exercise price of 10 cents per share for a term of five years. The options shall vest immediately except for 50,000 options which shall be subject to a vesting schedule (25 per cent vest every three months). Common shares of the company which may be acquired upon exercise of the options shall be subject to a hold period which will expire on Sept. 28, 2008.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2008

The following discussion of the financial condition and results of operations of Gold Point Energy Corp. ("Gold Point" or the "Company") should be read in conjunction with the Company's consolidated interim financial statements for the three months ended March 31, 2008 as well as the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007. The Consolidated Interim Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles.

Certain statements contained in the following Management's Discussion and Analysis constitute forward-looking statements within the meaning of applicable laws and regulations. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements, unless so required by applicable laws.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at www.sedar.com.

Date

This Management's Discussion and Analysis is prepared as of May 28, 2008.

Company Overview

The Company is an independent oil and gas exploration and development company with oil and gas interests in Argentina. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "GPE".

Corporate Update

Since the end of the fiscal year 2007, the composition of the Board of Directors has changed substantially. Five board members have resigned and been replaced by three new board members. The board members who have resigned include Joseph Grosso, Harvey Lim, Nick DeMare, Andrew Carter and Hernan Celorrio. The new board members include Anthony Harvey, Peter Carpenter and Andrew Malim. Mr. Harvey was appointed Chairman of the Board. The Board of Directors currently stands with five directors, they being, Anthony Harvey, Jack Steinhauser, Peter Carpenter, Andrew Malim, and Clive Stockdale.

The changes that occurred in the Board composition required new appointments of members for the Audit Committee so this Committee, which also serves as the Compensation Committee is now comprised of Andrew Malim, Peter Carpenter, and Clive Stockdale. Mr. Malim has been appointed Chairman of the Audit Committee.

Additionally, Harvey Lim resigned as the Corporate Secretary and Helen Tuttle was appointed as the Corporate Secretary and Vice President of Administration. We also appointed Kevin Allison as the Vice President of Exploration. In April 2008, Nick DeMare resigned as Chief Financial Officer and Kurt Bordian was appointed the new Chief Financial Officer.

Property Updates

During the three months ended March 31, 2008 (the "Q1-2008") the Company finished drilling the second of two

exploratory wells in the Capricorn farmout in Argentina. The second well, called the Lomos de Guayacan x-1 well, was cased based upon a combination of oil and gas shows observed during drilling as well as the results of the logs. This well is being completed in Q3 of 2008.

The Company has also been active in seeking out new oil and gas project opportunities in Colombia, the United States and Eastern Central Europe. No actual transactions have been closed yet, however the Company is actively seeking and reviewing project opportunities.

Capricorn License Farm-In

Location: Yacimiento 1/B Block, Salta Province, Argentina
Acreage: 250,000 gross acres
Working Interest: Option to earn a 25% working interest in portions of the Block
Operator: APCO Argentina Inc. (Sucursal Argentina)

The Company entered into a farm-in agreement dated October 4, 2006 with APCO Argentina Inc. (“APCO”) and Antrim Argentina S.A. (“Antrim”) to earn a 25% interest in portions of the Yacimiento Norte 1/B Block, also known as the Capricorn License, in Salta Province, Argentina. The Capricorn License is strategically located along an oil producing trend in the Yacoraite sandstone adjacent to the Puesto Guardian Block which has estimated ultimate production of 22 MMBO from the upper Cretaceous Yacoraite in five fields according to reserve estimates maintained by the Argentine Secretariat of Energy. The total Capricorn License was contracted to approximately 1,011 square kilometers effective January 1, 2008 under the requirements of the exploration license agreement with the Province of Salta.

Under the terms of the farm-in agreement the Company has committed to pay 50% of a US \$1 million, 60 square kilometer 3-D seismic program (Phase 1) plus 50% of two exploratory wells costing US \$2 million each (Phase 2) to earn a 25% working interest in portions of the Capricorn License. After completion of Phase 1 and Phase 2 the Company pays only its proportionate 25% share of any further development costs on lands earned within the Capricorn License.

During fiscal 2006 the Company funded the US \$500,000 Phase 1 commitment. During fiscal 2007 the first exploratory well under Phase 2 was drilled, evaluated and plugged and abandoned. Accordingly, the Company recorded \$901,879 dry-hole costs. In addition, the drilling of the second exploratory well under Phase 2 was initiated in December 2007. As at March 31, 2008, the Company’s share of the drilling costs attributable to the second exploratory well was \$1,245,088. As at March 31, 2008, the Company was funding the second exploratory well at the 50% level. As at the date of this MD&A the Company is funding the second exploratory well at the 25% level.

In Q3-07 GP Energy, Antrim and APCO, the Project Operator, agreed to drill the Lomas de Guayacán x-1 well on the 30.5 square kilometer Martinez del Tineo Oeste Prospect (“MDTO Prospect”) and the Peña Azul x-1 well on the Estacion Pizarro Oeste Prospect (“EPO Prospect”) as the earning wells under the farm-in agreement.

Key Energy Services S.A. Rig #106 was contracted to drill the two earning wells on the Capricorn License. Drilling on the Peña Azul x-1 well on the EPO Prospect was commenced in late October, 2007. By late November, 2007, the well had been drilled to total depth, evaluated and plugged & abandoned based upon the recommendation of the Project Operator. Drilling operations commenced on the Lomas de Guayacán x-1 well on the MDTO Prospect in early December. On January 21, 2008 the Company reported that well had been drilled to a total depth of 2,264 meters, cased and cemented based upon a combination of positive indications including oil shows observed during drilling, the results of logging and the results of sidewall coring. Possible pays include both sandstone and carbonate intervals in the Yacoraite formation. A completion rig began testing the well in Q2-2008 and testing is expected to conclude in Q3-2008.

Flor de Roca Farm-In

Under the terms of a farm-in agreement with Petrolera Comahue S.A. of Buenos Aires, Argentina, the Company earned a 12.5% interest of PDC’s 90% interest in existing and future production of the Flor de Roca Field within the General Roca Block by funding a work over program on two wells. The wells are currently producing at gross production rate of 80 BOPD.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

| | Years Ended December 31, | | |
|---|--------------------------|-------------|-------------|
| | 2007 \$ | 2006 \$ | 2005 \$ |
| Operations: | | | |
| Revenues | 394,685 | 731,245 | Nil |
| Expenses | (4,757,120) | (4,190,974) | (1,327,463) |
| Other items | (62,508) | (25,415) | (68,244) |
| Income (loss) | (4,424,943) | (3,485,144) | (1,395,707) |
| Basic and diluted income (loss) per share | (0.12) | (0.22) | (0.14) |
| Dividends per share | Nil | Nil | Nil |
| Balance Sheet: | | | |
| Working capital (deficiency) | 4,593,779 | 962,051 | 410,617 |
| Total assets | 6,660,279 | 5,966,525 | 1,551,048 |
| Total long-term liabilities | Nil | Nil | Nil |

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

| | 2008 | 2007 | | | | 2006 | | | |
|--|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--|
| | Mar. 31 \$ | Dec. 31 \$ | Sep. 30 \$ | Jun 30 \$ | Mar. 31 \$ | Dec. 31 \$ | Sep. 30 \$ | Jun. 30 \$ | |
| Operations: | | | | | | | | | |
| Revenues | 41,526 | 219,800 | 63,058 | 56,472 | 55,355 | 9,080 | Nil | 18,931 | |
| Expenses | (468,312) | (1,162,663) | (807,536) | (1,624,202) | (1,162,719) | (1,528,899) | (600,821) | (639,843) | |
| Other items | 69,798 | 214,245 | (175,312) | (134,690) | 33,249 | 67,069 | 26,644 | (88,931) | |
| Net income (loss) | (356,988) | (728,618) | (919,790) | (1,702,420) | (1,074,115) | (1,452,750) | (574,177) | (709,843) | |
| Basic and diluted income (loss) per share | (0.01) | (0.02) | (0.02) | (0.05) | (0.05) | (0.09) | (0.03) | (0.04) | |
| Dividends per share | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | |
| Balance Sheet: | | | | | | | | | |
| Working capital | 3,541,126 | 4,593,779 | 3,157,688 | 3,763,942 | 223,751 | 962,051 | 2,116,727 | 2,665,557 | |
| Total assets | 6,700,742 | 6,660,279 | 7,657,488 | 8,372,393 | 4,263,364 | 5,966,525 | 4,114,375 | 4,573,036 | |
| Total long-term liabilities | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | |

Results of Operations

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

During Q1-2008, the Company incurred a loss of \$356,988, (\$0.01 per share) compared to a loss of \$1,074,115 (\$0.05 per share) for the three months ended March 31, 2007, a decrease in loss of \$717,127. The primary reason for the decrease in loss relates to the dry-hole costs of \$246,861 incurred in Q1-2007; lower exploration expenditures in Q1-2008 due to operations focused in Argentina; and lower general and administration expenses due to the disposition of United States oil and gas interest in fiscal 2007.

General and administrative expenses for the three months ended March 31, 2008 and 2007 are as follows:

| | 2008 \$ | 2007 \$ |
|----------------------------------|------------|------------|
| Accounting and administrative | 49,576 | 94,655 |
| Audit | 37,682 | — |
| Consulting | 47,543 | 80,478 |
| Corporate development | 12,268 | 43,010 |
| Delay rentals | — | 6,378 |
| Legal | 16,654 | 33,014 |
| Management salaries and benefits | 80,411 | 64,627 |

| | 2008 | 2007 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Office | 38,354 | 31,535 |
| Regulatory fees | 5,902 | 3,793 |
| Rent | 14,637 | 15,635 |
| Transfer agent fees | 1,282 | 3,334 |
| Travel | 22,595 | 57,405 |
| | <u>326,988</u> | <u>433,864</u> |

General and administrative expenses decreased by \$106,876 from \$433,864 reported in the Q1-2007 to \$326,988 in Q1-2008. Specific expenses of note during the three months ended March 31, 2008 and 2007 are as follows:

- The Company paid a total of \$55,262 (2007 - \$64,627) for Management salaries and benefits to Jack Steinhauser, the Company's President and CEO, and Helen Tuttle, the Company's Corporate Secretary who work out of the Denver, CO office. The Company also paid \$23,485 (2007 - \$nil) for salaries and benefits to staff in the Argentina office;
- The Company incurred \$23,100 (2007 - \$16,500) for accounting and administrative services provided by Chase Management Ltd. ("Chase") a private corporation owned by Mr. Nick DeMare, a former director of the Company. In addition, the Company incurred \$25,000 (2007 - \$78,155) for administrative services provided by Grosso Group Management Ltd. ("Grosso Group"), a private corporation in which the Company had a one-sixth share of Grosso Group. On February 29, 2008, the Company terminated its arrangement with Grosso Group;
- Incurred audit fees of \$37,682 on the audit of the fiscal 2007 year-end consolidated financial statements;
- The Company paid \$20,000 in consulting fees paid to ARH Management Limited, a private corporation owned by Anthony Harvey, a director of the Company. The Company also paid \$10,000 in consulting fees to 1235615 Ontario Inc., a private corporation owned by Peter Carpenter, a director of the Company;
- Consulting fees decreased by \$32,935, from \$80,478 reported in Q1-2007 to \$47,543 during Q1-2008. The decrease was related to fewer consultants assisting the Company in raising capital, and reviewing and evaluating oil and gas properties in the United States, Argentina and Colombia;
- Legal expense decreased by \$16,360, from \$33,014 reported in Q1-2007 to \$16,654 during Q1-2008. The main reason for the decrease was due to fewer legal reviews and evaluations of the Company's current and prospective petroleum interests;
- Office expenses increased by \$6,819 from \$31,535 reported in Q1-2007 to \$38,354 in Q1-2008, primarily due to increase of office costs in the Vancouver, BC office;
- Travel expenses decreased by \$34,810 from \$57,405 reported in Q1-2007 to \$22,595 in Q1-2008. There were fewer trips in Q1-2008 than in Q1-2007 related to on-going review of potential oil and gas property acquisitions and current properties, as well as participation in investment conferences in Canada, South America, USA and Europe;
- Corporate development expenses increased by \$30,742 from \$43,010 reported in Q1-2007 to \$12,268 in Q1-2008. The decrease is related to the Company not participating in as many investment conferences, where as in Q1-2007 the Company had attended conferences in Canada, USA and Europe, and incurred higher costs for market awareness programs;

For the three months ended March 31, 2008, the Company recorded a total of \$845 (2007-\$9,000) stock-based compensation expense. The expense for Q1-2008 is related to the vesting of stock options previously granted. The stock-based compensation expense in Q1-2007 is attributed to the granting of 160,000 stock options.

During Q1-2008, the Company reported exploration expenses of \$92,595 (2007- \$394,316), a decrease of \$301,721.

During Q1-2008, the Company reported interest and other income of \$25,478 compared to \$14,715 reported in Q1-2007. The interest income is derived mainly from the cash balance in bank accounts.

Financial Condition / Capital Resources

The Company's current revenues from its oil and gas properties, cash balances and working capital are not sufficient to fund all of its obligations with respect to its ongoing work program requirements and anticipated acquisitions. The Company's ability to meet these obligations and anticipated capital expenditures is dependent upon its ability to obtain additional financing, the discovery, development or sale of oil and gas reserves and achievement of profitable operations.

As at March 31, 2008, the Company had working capital of 3,541,126. The Company has sufficient financial resources to undertake all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. However, exploration activities may change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant funding or exploration commitments. In the event that the occasion arises, the Company may be required to obtain additional financing. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financings should the need arise.

On May 27, 2008, the Company completed a non-brokered private placement, which was originally announced on April 21, 2008, consisting of 2.7 million units at a price of eight cents per unit, for gross proceeds of \$216,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share at 10 cents per share for 24 months. The securities are subject to a hold period, which expires on Sept. 22, 2008. The proceeds from the private placement will be used to finance the Company's continuing exploration, property acquisitions and general working capital.

Commitments

The Company has a number of projects in which it is earning interests or is participating. See "Property Updates".

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions which will have an impact on the Company's financial condition.

Critical Accounting Estimates

The Company is a venture issuer; therefore, this section is not applicable.

Changes in Accounting Principles

Effective January 1, 2008, the Company has adopted the new accounting standards related to capital disclosures that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2007. This accounting policy change is adopted on a prospective basis with no restatement of prior period financial statements. There was no impact on opening retained earnings. The new standard and accounting policy changes are as follows:

Capital Disclosures (CICA Handbook Section 1535)

The CICA issued a new accounting standard, Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital.

Financial Instruments – Disclosures (CICA Handbook Section 3862)

The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks.

Financial Instruments – Presentation (CICA Handbook Section 3863)

The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

In February 2008, the CICA Accounting Standards Board (“AcSB”) confirmed a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards (“IFRS”), effective January 1, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

Transactions With Related Parties

- (a) The Company was charged for various services provided by directors and officers, and by companies controlled by current and former directors and officers of the Company, as follows:

| | Three months ended March 31, | |
|----------------------------------|-------------------------------------|------------------|
| | 2008 | 2007 |
| Accounting and administration | \$ 23,100 | \$ 16,500 |
| Consulting fees | 30,000 | - |
| Management salaries and benefits | 55,262 | 40,715 |
| | \$ 108,362 | \$ 57,215 |

As at March 31, 2008, accounts payable and accrued liabilities include \$43,800 due to these related parties. These transactions were measured at the exchanged amount which was the amount of consideration established and agreed to by the related parties.

- (b) The Company had engaged the Grosso Group to provide services and facilities to the Company. On February 29, 2008, the Company terminated its arrangement with Grosso Group. The Grosso Group is a private company owned by the Company, Golden Arrow Resources Corporation, Amera Resources Corporation, Astral Mining Corporation, IMA Exploration Inc. and Blue Sky Uranium Corp., each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees to the Grosso Group. The fee is based upon a pro-rating of the Grosso Group’s costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. For the three months ended March 31, 2008 the Company incurred fees of \$25,000 (2007 - \$78,155) to the Grosso Group.

Financial Instruments and Other Instruments

The carrying values of the Company’s financial instruments, consisting of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities, approximate their fair values due to the short-term maturity of such instruments. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Subsequent Events

- (a) On May 27, 2008, the Company completed a non-brokered private placement, which was originally announced on April 21, 2008, consisting of 2.7 million units at a price of eight cents per unit, for gross proceeds of \$216,000.

Each unit consists of one common share in the capital of the company and one share purchase warrant. Each warrant entitles the holder to purchase one common share at 10 cents per share for 24 months. The securities are subject to a hold period, which expires on Sept. 22, 2008. The proceeds from the private placement will be used to finance the company's continuing exploration, property acquisitions and general working capital.

- (b) On May 27, 2008, the Company granted incentive stock options to certain directors, officers, employees and consultants of the company to purchase 2.25 million common shares of the company at an exercise price of 10 cents per share for a term of five years. The options shall vest immediately except for 50,000 options which shall be subject to a vesting schedule (25 per cent vest every three months). Common shares of the company which may be acquired upon exercise of the options shall be subject to a hold period which will expire on Sept. 28, 2008.

Additional Information

Disclosure of Outstanding Share Data

a) The Company is authorized to issue an unlimited number of common shares, without nominal or par value

b) The common share issued as at March 31, 2008 and May 28, 2008 are as follows:

| | <u>Number</u> |
|-------------------------|---------------|
| Balance, March 31, 2008 | 41,814,365 |
| Balance, May 28, 2008 | 44,514,365 |

c) The number of options exercisable and exercise prices at March 31, 2008 were as follows:

| Number Outstanding | Number Exercisable | Exercise Price \$ | Expiry Date |
|-------------------------------|-------------------------------|----------------------------------|------------------------|
| 440,000 | 440,000 | 0.36 | December 31, 2008 |
| 245,500 | 245,500 | 0.45 | December 31, 2008 |
| 229,000 | 229,000 | 0.38 | December 31, 2008 |
| 40,000 | 40,000 | 0.40 | September 25, 2008 |
| 148,000 | 148,000 | 0.40 | March 17, 2009 |
| 2,000 | 2,000 | 0.40 | April 21, 2009 |
| 30,000 | 30,000 | 0.40 | June 21, 2009 |
| 38,000 | 38,000 | 0.40 | August 2, 2009 |
| 100,000 | 75,000 | 0.40 | February 20, 2010 |
| 157,000 | 157,000 | 0.40 | September 27, 2010 |
| 200,000 | 200,000 | 0.40 | July 4, 2011 |
| 2,156,500 | 1,926,500 | 0.40 | May 2, 2012 |
| 120,000 | 120,000 | 0.40 | September 6, 2012 |
| 3,906,000 | 3,651,000 | | |

d) The number of share purchase warrants and exercise prices at March 31, 2008 were as follows

| Number | Exercise Price \$ | Expiry Date |
|-------------------|----------------------------------|--------------------|
| 4,952,600 | 0.50 | December 28, 2008 |
| 307,800 | 0.50 | January 25, 2009 |
| 750,000 | 0.50 | February 8, 2009 |
| 18,578,858 | 0.45 | April 24, 2009 |
| 15,000 | 0.45 | May 1, 2009 |
| 500,000 | 0.35 | August 10, 2009 |
| 25,104,258 | | |

Investor Relations Activities

The Company did not engage any outside consultants to provide investor relations activities for the three months ended March 31, 2008. All investor relation activities are conducted by Company personnel.

Risks and Uncertainties

General

The oil and gas industry is very competitive and is subject to many risks. Many of these risks are outside the Company's control. Management has identified certain key risks, which are discussed below, along with their potential impact on the Company's operations. There is no assurance that commercial quantities of oil and natural gas will be discovered by the Company.

Exploration, Drilling and Operating Risks

The business of exploration for and production of oil, gas and other resources involves a high degree of risk. In particular, the operations of the Company may be disrupted, curtailed or cancelled by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to increment or hazardous weather conditions, mechanical difficulties, shortage or delays in the delivery of rigs and/or other equipment, compliance with governmental requirements, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruptions, monetary losses and possible legal liability.

Titles to properties

Title to oil and gas interest is often not capable of conclusive determination, without incurring substantial expense. In accordance with industry practice, the Company will conduct such title review in connection with its principal properties as it believes is commensurate with the value of such properties. Governmental regulations and processing, approvals license and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with known standards, existing laws and regulations, new laws and regulations, amendments to existing laws and regulations, or more

Fluctuations in the Prices of Oil and Natural Gas

Oil and natural gas prices have fluctuated widely during recent years and are determined by various factors outside the Company's control, including supply and demand factors, weather, general economic conditions, political instability, government regulation and taxes, the price and availability of alternative fuels, and conditions in oil and gas regions around the world. Such fluctuations will have a positive or negative effect on any revenue that the Company receives. If oil and natural gas prices become depressed or decline, the Company's potential revenue and earnings and the value of its assets would be expected to decline.

Dependence on Key Personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Additional Financing

To the extent that external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, the Company's ability to make necessary capital investments to maintain or expand its oil and gas exploration and development activities will be impaired.

Reserve and Resource Estimates

Information on resources and reserves are only estimates and the actual production and ultimate reserves from the properties may be greater or less than the estimates contained herein. In addition, probable reserve estimates for properties may require revision based on the actual development strategies employed to prove such reserves. Estimated reserves may also be affected by changes in oil and natural gas prices. Declines in reserves that are not offset by the acquisition or development of additional reserves may reduce the underlying value of shares to shareholders.

Foreign Exchange Rates

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Foreign Investments

The Company expects that its oil and gas exploration activities will take place principally outside Canada for the foreseeable future. As such, the Company's operations are subject to a number of risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties as well as government control over domestic oil and gas pricing. The Company endeavours to operate in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance the Company will be successful in protecting itself from the impact of all of these risks.

Environment Regulation

The oil and gas industry is subject to environmental regulation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of the Company or its properties. Such legislation may be changed to impose higher standards and potentially more costly obligations. The Company is putting policies and practices in place to ensure its operations conform to the standards and government regulations required for each jurisdiction in which it operates.