
GOLD POINT ENERGY CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 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)

	September 30, 2008	December 31, 2007
	<u>\$</u>	<u>\$</u>
A S S E T S		
CURRENT ASSETS		
Cash	1,486,248	4,462,692
Amounts receivable (Note 4)	58,710	224,853
Prepays and deposits	43,628	15,790
	<u>1,588,586</u>	<u>4,703,335</u>
EQUIPMENT , net of accumulated depreciation of \$44,451 (2007-\$11,281)	76,951	15,581
OIL AND GAS INTERESTS (Note 5)	2,162,740	1,892,658
OTHER ASSETS (Note 6)	37,247	48,705
	<u>3,865,524</u>	<u>6,660,279</u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,148,393	109,556
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 7)	14,109,553	13,967,412
CONTRIBUTED SURPLUS (Note 9)	2,185,015	1,889,105
DEFICIT	(13,577,437)	(9,305,794)
	<u>2,723,131</u>	<u>6,550,723</u>
	<u>3,865,524</u>	<u>6,660,279</u>

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 5)
SUBSEQUENT EVENT (Note 15)

APPROVED BY THE DIRECTORS

"John Steinhauer" , Director
"Anthony Harvey" , Director

GOLD POINT ENERGY CORP.
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	\$	\$	\$	\$
REVENUES				
Petroleum and natural gas sales	38,864	21,180	118,111	133,007
Gain on sale of oil and gas properties	-	41,878	-	41,878
	<u>38,864</u>	<u>63,058</u>	<u>118,111</u>	<u>174,885</u>
EXPENSES				
General and administrative	583,637	554,230	1,495,113	1,448,611
Operating costs	33,048	(11,479)	86,506	47,404
Exploration	39,454	193,579	177,727	686,907
Depletion and depreciation	40,327	66,030	92,898	123,485
Dry-hole costs (Note 5)	(97,977)	(19,524)	2,584,981	227,338
Impairment of oil and gas interests	-	-	-	300,937
Stock-based compensation (Note 9)	46,525	24,700	201,910	759,775
	<u>645,014</u>	<u>807,536</u>	<u>4,639,135</u>	<u>3,594,457</u>
LOSS FROM OPERATIONS	<u>(606,150)</u>	<u>(744,478)</u>	<u>(4,521,024)</u>	<u>(3,419,572)</u>
OTHER ITEMS				
Interest and other income	9,967	29,245	44,520	79,489
Foreign exchange gain (loss)	106,315	(204,557)	204,861	(356,242)
	<u>116,282</u>	<u>(175,312)</u>	<u>249,381</u>	<u>(276,753)</u>
NET LOSS FOR THE PERIOD	<u>(489,868)</u>	<u>(919,790)</u>	<u>(4,271,643)</u>	<u>(3,696,325)</u>
BASIC AND DILUTED LOSS PER SHARE				
	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.10)</u>	<u>(0.11)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	<u>44,864,365</u>	<u>41,597,698</u>	<u>43,256,883</u>	<u>33,636,668</u>

GOLD POINT ENERGY CORP.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	September 30, 2008 \$	September 30, 2007 \$	September 30, 2008 \$	September 30, 2007 \$
DEFICIT - BEGINNING OF PERIOD	(13,087,569)	(7,657,386)	(9,305,794)	(4,880,851)
NET LOSS FOR THE PERIOD	<u>(489,868)</u>	<u>(919,790)</u>	<u>(4,271,643)</u>	<u>(3,696,325)</u>
DEFICIT - END OF PERIOD	<u>(13,577,437)</u>	<u>(8,577,176)</u>	<u>(13,577,437)</u>	<u>(8,577,176)</u>

GOLD POINT ENERGY CORP.
INETERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited – Prepared by Management)

	Three months ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30 2007
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the year	(489,868)	(919,790)	(4,271,643)	(3,696,325)
Adjustment for items not affecting cash:				
Professional fees	–	150,000	–	150,000
Stock-based compensation	46,525	24,700	201,910	759,775
Depreciation and depletion	40,327	66,030	92,898	123,485
Dry-hole costs	(97,977)	(19,524)	2,584,981	227,338
Gain on sale of oil and gas properties	–	(41,878)	–	(41,878)
Impairment of oil and gas interests	–	–	–	300,937
	<u>(500,993)</u>	<u>(740,462)</u>	<u>(1,391,854)</u>	<u>(2,176,668)</u>
Decrease (increase) in amounts receivable	(1,090)	(29,385)	166,143	(97,483)
Decrease (increase) in prepaids	(4,650)	26,809	(27,838)	19,854
Increase in accounts payable and accrued liabilities	657,768	1,571,642	1,038,836	179,210
Decrease (increase) in drilling advances	–	(13,654)	347,424	(269,483)
Increase in asset retirement obligation	–	(36,707)	–	(36,707)
	<u>151,035</u>	<u>778,243</u>	<u>132,711</u>	<u>(2,381,277)</u>
INVESTING ACTIVITIES				
Proceeds from sale of oil and gas properties	–	63,882	–	63,882
Oil and gas interests expenditures	(1,216,600)	(1,378,430)	(3,262,214)	(3,240,739)
Purchase of equipment	(46,566)	–	(94,540)	(2,187)
Other assets	(1,558)	(42,340)	11,458	(35,336)
	<u>(1,264,724)</u>	<u>(1,356,888)</u>	<u>(3,345,296)</u>	<u>(3,214,380)</u>
FINANCING ACTIVITIES				
Issuance of common shares	–	–	244,000	6,835,850
Share issue costs	–	–	(7,859)	(740,261)
	<u>–</u>	<u>–</u>	<u>236,141</u>	<u>6,095,589</u>
DECREASE IN CASH DURING THE PERIOD	(1,113,689)	(578,645)	(2,976,444)	499,932
CASH - BEGINNING OF PERIOD	2,599,937	3,852,255	4,462,692	2,773,678
CASH - END OF PERIOD	<u>1,486,248</u>	<u>3,273,610</u>	<u>1,486,248</u>	<u>3,273,610</u>
SUPPLEMENTAL CASH FLOW INFORMATION - (Note 12)				

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)
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1. NATURE OF OPERATIONS AND GOING CONCERN

Gold Point Energy Corp. (“the Company” or “GPE”) 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 September 30, 2008, the Company’s petroleum activities are conducted in Central Europe, United States and Argentina.

During the nine months ended September 30, 2008, the Company has incurred a loss of 4,271,643. The Company has working capital as at September 30, 2008 of \$440,193. 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. NEW 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.

GOLD POINT ENERGY CORP.
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3. RECENT ACCOUNTING PRONOUNCEMENTS

As of January 1, 2009, the Company will be required to adopt the CICA Handbook Section 3064 “Goodwill and Intangible Assets”, which will replace the existing Goodwill and Intangible Assets standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard should not have a material impact on the Company’s Consolidated Financial Statements.

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian GAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Company will be required to report its results in accordance with IFRS starting 2011, the Company is assessing the potential impacts of this changeover and developing its plan accordingly.

4. AMOUNTS RECEIVABLE

	September 30, 2008	December 31, 2007
	\$	\$
Production receivable	38,918	94,509
GST receivable	18,241	19,207
Grosso Group Management Ltd. (“Grosso Group”)(Note 10(b))	–	54,515
Spyglass Cedar Creek, LP	–	56,622
Other	1,551	–
	58,710	224,853

5. OIL AND GAS INTERESTS

	September 30, 2008	December 31, 2007
	\$	\$
Database, seismic and other	2,248,248	1,107,726
Drilling in progress	–	810,712
Proved leasehold costs	558,052	558,052
	2,806,300	2,476,490
Accumulated depletion and impairment	(643,560)	(583,832)
	2,162,740	1,892,658

- (a) Costs of unproved interests and other associated costs excluded from costs subject to depletion and depreciation at September 30, 2008, were \$2,008,149 (2007 - \$1,745,098).

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5. OIL AND GAS INTERESTS (continued)

- (b) On August 8, 2006, the Company entered into a letter of intent with Petrolero del Comahue S.A. (“PDC”), which was subsequently superseded 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 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 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%.
- (d) 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 as dry-hole costs. In addition, the drilling of the second exploratory well under Phase 2 was initiated in December 2007. For the nine months ended September 30, 2008, the second exploratory well under Phase 2 was drilled, evaluated and plugged and abandoned. As a result, the Company recorded \$2,584,981 as dry-hole costs.
- (e) On July 2, 2008, the Company entered into a Letter of Intent with JKX Oil & Gas PLC (“JKX”) and Aurelian Oil & Gas PLC (“Aurelian”) to farm-in to a portion of two oil and gas licenses comprising 1,480 square kilometers (365,516 acres) in eastern Bulgaria. GPE has agreed to pay 40% of a 250 square kilometer 3D seismic survey plus 40% of the cost of two shallow test wells to earn a 20% working interest in the block. GPE’s obligation to pay 40% of the seismic and drilling costs is subject to a cap of \$5.0 million, after which it pays 20% of the costs.
- (f) On September 5, 2008, GPE Energy Inc. (“GPEI”), the Company’s wholly-owned U.S. subsidiary, signed an Exploration and Development Agreement with RTR Energy, LLC of Lone Tree, Colorado (“RTR”). Under the terms of the Exploration and Development Agreement, GPEI has the option to earn an 82.5% working interest in the Tepee Butte Prospect by paying 100% of the cost of one development well. Thereafter, the cost of all subsequent operations will be borne and paid on the Working Interest basis of: RTR at 17.5%; GPEI at 82.5%.
- (g) On August 5, 2008, the Company entered into a letter agreement (“Agreement”) with Gas Plus International B.V. (“Gas Plus”) to farm-in to a fifty percent working interest in Block 106 (“the Block”) comprising 920 square kilometers (227,000 acres) located around the city of Szczecinek in northwest Poland. GPE has agreed to pay approximately US\$250,000 in back costs and US\$135,000 in estimated exploration expenditures for the remainder of 2008, plus 100% of the cost of a US\$2.5 million 3D seismic survey, to be acquired in early 2009, to earn a fifty percent working interest in the Block. GPE and Gas Plus will share 50:50 in any future costs of exploring and developing the Block.

GOLD POINT ENERGY CORP.
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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

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6. OTHER ASSETS

	September 30, 2008	December 31, 2007
	\$	
Exploration bonds	\$ 37,247	\$ 48,705

7. SHARE CAPITAL

Authorized - unlimited common shares without par value

	September 30, 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	3,050,000	244,000	19,628,858	6,921,850
For shares for debt	–	–	500,000	90,000
	3,050,000	244,000	20,128,858	7,011,850
Less share issue costs		(7,859)	–	(1,069,890)
Less fair value of warrants issued for private placement	–	(94,000)	–	–
	3,050,000	142,141	20,128,858	5,941,960
Balance, end of period	44,864,365	14,109,553	41,814,365	13,967,412

a) Common Shares

During the nine months ended September 30, 2008, the Company completed a non-brokered private placement of 3,050,000 units, at a price of \$0.08 per unit, for gross proceeds of \$244,000 which closed in two tranches. 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 proceeds from the private placement were used to finance the Company's continuing exploration, property acquisitions and general working capital.

The fair value of the warrants in connection with the above private placement was \$94,000. The fair value of the warrants was calculated using the Black-Scholes option-pricing model, based on the following range of assumptions:

Risk-free interest rate	2.77% - 3.28%
Estimated volatility	88% - 90%
Expected life	2 years
Expected dividend yield	0%

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

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7. SHARE CAPITAL (continued)

b) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2008 and December 31, 2007 is as follows:

	<u>September 30, 2008</u>		<u>December 31, 2007</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Balance, beginning of period	27,358,058	\$ 0.43	10,329,400	\$ 0.66
Issued	3,050,000	0.10	20,151,658	0.45
Expired	<u>(2,253,800)</u>	<u>1.24</u>	<u>(3,123,000)</u>	<u>0.50</u>
Balance, end of period	<u>28,154,258</u>	<u>\$ 0.42</u>	<u>27,358,058</u>	<u>\$ 0.43</u>

The following table summarizes information of the number of common shares reserved pursuant to the warrants outstanding and exercisable at September 30, 2008:

<u>Number</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
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
2,700,000	0.10	May 20, 2010
350,000	0.10	June 10, 2010
<u>28,154,258</u>		

8. 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 nine months ended September 30, 2008, the Company granted 2,800,000 (2007 – 2,436,500) stock options to directors, employees and consultants, and recorded compensation expense of \$200,525 (2007 – \$563,170). In addition the Company also recorded \$1,385 (2007 – \$Nil) on stock options vested granted in prior periods.

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 range of assumptions used for the grants made during the nine months ended September 30, 2008:

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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8. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

	Nine months ended	
	<u>September 30, 2008</u>	<u>September 30, 2007</u>
Risk-free interest rate	3.04%-3.33%	4.07%
Estimated volatility	79%-90%	82%-89%
Expected life	2 years -5 years	3 years
Expected dividend yield	<u>0%</u>	<u>0%</u>

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 nine months ended September 30, 2008 and 2007 and the changes respectively on those dates is presented below:

	<u>September 30, 2008</u>		<u>December 31, 2007</u>	
	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Balance, beginning of Period	3,906,000	\$ 0.48	1,695,500	\$ 0.58
Granted	2,800,000	0.10	2,436,500	0.40
Expired / Cancelled	(2,236,000)	0.39	(226,000)	0.40
Balance, end of period	<u>4,470,000</u>	<u>\$ 0.29</u>	<u>3,906,000</u>	<u>\$ 0.48</u>

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2008:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
40,000	40,000	0.36	December 31, 2008
125,000	125,000	0.45	December 31, 2008
125,000	125,000	0.38	December 31, 2008
40,000	40,000	0.40	September 25, 2008
29,000	29,000	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	100,000	0.40	February 20, 2010
27,500	27,500	0.40	September 27, 2010
200,000	200,000	0.40	July 4, 2011
913,500	913,500	0.40	May 2, 2012
2,250,000	2,212,500	0.10	May 27, 2013
550,000	550,000	0.12	August 1, 2013
<u>4,470,000</u>	<u>4,432,500</u>		

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9. CONTRIBUTED SURPLUS

Contributed surplus is comprised of the following:

	September 30, 2008	December 31, 2007
Balance, beginning of the period	\$ 1,889,105	\$ 863,259
Stock-based compensation on stock options (Note 8)	201,910	644,380
Stock-based compensation on broker's and finders' warrants	–	321,466
Stock-based compensation on warrants for shares for debt	–	60,000
Fair value of warrants issued for private placement (Note 7 (a))	94,000	–
Balance, end of the period	<u>\$ 2,185,015</u>	<u>\$ 1,889,105</u>

10. 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		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Accounting and administration	–	14,350	43,900	50,625
Consulting fees	62,000	–	158,000	–
Management salaries and benefits	149,246	36,433	336,209	115,311
	<u>211,246</u>	<u>50,783</u>	<u>538,109</u>	<u>165,936</u>

As at September 30, 2008, accounts payable and accrued liabilities include \$6,000 (2007 - 5,816) 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 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 nine months ended September 30, 2008 the Company incurred fees of \$35,696 (2007 - \$203,116) to the Grosso Group.

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11. SEGMENTED INFORMATION

As of September 30, 2008, the Company only holds oil and gas interests in Argentina, Bulgaria, United States and Poland and its corporate assets are located in Canada. Geographical information is as follows:

September 30, 2008	Canada	United States	Argentina	Colombia	Poland	Bulgaria	Total
	\$	\$	\$	\$	\$	\$	\$
Current assets	1,197,297	139,955	52,118	15,064	184,152	–	1,588,586
Equipment	26,925	42,346	7,680	–	–	–	76,951
Oil and gas interests	72,225	1,006,608	699,266	–	373,742	10,899	2,162,740
Other assets	–	37,247	–	–	–	–	37,247
Total assets	1,296,447	1,226,156	759,064	15,064	557,894	10,899	3,865,524

December 31, 2007	Canada	United States	Argentina	Colombia	Poland	Bulgaria	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

12. SUPPLEMENTAL CASH FLOW INFORMATION

Other supplemental cash flow information:

	Three months ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
	\$	\$	\$	\$
Interest paid in cash	–	–	–	–
Income taxes paid in cash	–	–	–	–

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited – Prepared by Management)

13. 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 September 30, 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, amounts receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

14. CAPITAL MANAGEMENT

As the Company is in the exploration stage, its principal source of capital is from the issuance of equity securities. 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.

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, and deficit.

GOLD POINT ENERGY CORP.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007

(Expressed in Canadian dollars unless otherwise stated)

(Unaudited – Prepared by Management)

15. SUBSEQUENT EVENT

Subsequent to September 30, 2008, the Company announced that it is engaged in the early stage and confidential discussions regarding a merger, and has signed a non-binding letter of confidentiality and intent with a potential merger partner. There is no certainty that a binding agreement will be achieved.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 and nine months ended September 30, 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 November 24, 2008.

Company Overview

The Company is an independent oil and gas exploration and development company with oil and gas interests in Central Europe, the United States and 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

The Board of Directors currently stands with six directors, they being, Anthony Harvey as Chairman, John (Jack) Steinhäuser, Peter Carpenter, Andrew Malim, James Hersch, and Clive Stockdale. The Audit Committee members are Andrew Malim, Clive Stockdale, and Peter Carpenter. Mr. Malim has been appointed Chairman of the Audit Committee. The Compensation Committee is comprised of Anthony Harvey, Andrew Malim, and Clive Stockdale with Mr. Harvey as Chairman of the Compensation Committee.

Property Updates

The Company has been active during the Third Quarter (the "Q3-2008") in seeking out new oil and gas project opportunities in Central Europe and the United States. The transactions were announced as they occurred and are detailed below under "New Business Development".

New Business Development

Block 106 Project, Poland

Location: Block 106, northwest Poland
Acreage: 227,000 gross acres

Working Interest: Option to earn a 50% working interest in portions of the Block
Operator: Gas Plus International B.V.

On August 5, 2008 the Company reported that it had entered into a letter agreement ("Agreement") with Gas Plus International B.V. ("Gas Plus") to farm-in to a fifty percent working interest in Block 106 ("the Block") comprising 920 square kilometers (227,000 acres) located around the city of Szczecinek in northwest Poland. GPE has agreed to pay approximately US\$250,000 in back costs and US\$135,000 in estimated exploration expenditures for the remainder of 2008, plus 100% of the cost of a US\$2.5 million 3D seismic survey, to be acquired in early 2009, to earn a fifty percent working interest in the Block. GPE and Gas Plus will share 50:50 in any future costs of exploring and developing the Block including exploratory drilling on the Sylvania Prospect targeting 10 million barrels of potential oil reserves from the Zechstein Main Dolomite at approximately 3,500 meters (11,500 feet) and the previously-discovered Czarne gas field from the Rotliegend sandstone at approximately 3,100 meters (10,200 feet).

Gas Plus International B.V. is a company formed in 2006 for the purpose of managing the international assets of Gas Plus Italiana S.p.A outside of Italy. The company has interests in licences in the U.K., Romania and the Netherlands, and is participating in tenders for exploration and production of hydrocarbons in other European countries. Gas Plus Italiana SpA is the operator of 25 onshore gas fields in Italy, and produces around 8.5 BCF of gas per year.

Tepee Butte Project, Hettinger County, North Dakota

Location: Section 24, T133N R97W, Hettinger County, North Dakota
Acreage: 480 gross acres
Working Interest: Option to earn a 37.5% working interest in portions of the Block
Operator: GPE Energy Inc.

On July 7, 2008 the Company reported that its US subsidiary, GPE Energy Inc. ("GPEI"), had entered into a Letter of Intent with RTR Energy, LLC of Lone Tree, Colorado ("RTR") to farm-in for a working interest of 37.5% in the redevelopment of the Tepee Butte oil field in Hettinger County, North Dakota.

On September 5, 2008, the Company announced GPEI, signed an Exploration and Development Agreement with RTR. Under the terms of the Exploration and Development Agreement, GPEI has increased its option to earn an 82.5% working interest in the Tepee Butte Prospect by paying 100% of the cost of one development well. Thereafter, the cost of all subsequent operations will be borne and paid on the Working Interest basis of: RTR at 17.5%; GPEI at 82.5%.

Tepee Butte is a one-well oil field located in Hettinger County, North Dakota, discovered by Amoco in 1980. The Urlacher #1-24 well produced 227,000 barrels of 40° API oil, 309,000 MCF of gas, and 1,662,000 barrels of water from the C and D zones of the Ordovician Red River Formation at a depth of approximately 10,000 feet. The high water production was attributed to a poor initial cement job and the Urlacher well was abandoned in 2002. Evaluation of existing 2D seismic lines indicates 160 or more acres of structural closure at the Red River horizon which could contain substantial undeveloped oil resources. GPE plans to conduct a five square mile 3D seismic survey to evaluate the potential for remaining undeveloped oil resources and drill a development well.

East Golitza Project, Bulgaria

Location: Eastern area of the B-Golitza licence and B1-Golitza licence, Bulgaria
Acreage: 365,516 gross acres
Working Interest: Option to earn a 20% working interest in portions of the Block
Operator: JKX Bulgaria Limited

The Company reported on July 2, 2008 that it had entered into a Letter of Intent with **JKX Oil & Gas PLC** ("**JKX**") and **Aurelian Oil & Gas PLC** ("**Aurelian**") to farm-in to a portion of two oil and gas licenses comprising 1,480 square kilometers (365,516 acres) in eastern Bulgaria. GPE has agreed to pay 40% of a 250 square kilometer 3D seismic survey plus 40% of the cost of two shallow test wells to earn a 20% working interest in the block. GPE's obligation to pay 40% of the seismic and drilling costs is subject to a cap of \$5.0 million, after which it pays 20% of the costs.

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.

	Sep. 30, 2008 \$	Jun. 30, 2008 \$	Mar. 31, 2008 \$	Dec. 31, 2007 \$	Sep. 30, 2007 \$	Jun 30, 2007 \$	Mar. 31, 2007 \$	Dec. 31, 2006 \$
Operations:								
Revenues	38,864	37,721	41,526	219,800	63,058	56,472	55,355	9,080
Expenses	(645,014)	(3,525,809)	(468,312)	(1,162,663)	(807,536)	(1,624,202)	(1,162,719)	(1,528,899)
Other items	116,282	63,301	69,798	214,245	(175,312)	(134,690)	33,249	67,069
Net income (loss)	(489,868)	(3,424,787)	(356,988)	(728,618)	(919,790)	(1,702,420)	(1,074,115)	(1,452,750)
Basic and diluted income (loss) per share	(0.01)	(0.08)	(0.01)	(0.02)	(0.02)	(0.05)	(0.05)	(0.09)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	440,193	2,205,911	3,541,126	4,593,779	3,157,688	3,763,942	223,751	962,051
Total assets	3,865,524	3,651,098	6,700,742	6,660,279	7,657,488	8,372,393	4,263,364	5,966,525
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

During the nine months ended September 30, 2008, the Company incurred a loss of \$4,271,643 (\$0.10 per share) compared to a loss of \$3,696,325 (\$0.11 per share) for the nine months ended September 30, 2007, an increase in loss of \$575,318. The main reason for the increase in loss relates to the dry-hole costs of \$2,584,981 incurred in Q2-2008.

General and administrative expenses for the nine months ended September 30, 2008 and 2007 are as follows:

	2008 \$	2007 \$
Accounting and administrative	128,972	253,742
Audit	41,385	32,478
Consulting	336,589	429,180
Corporate development	67,042	71,579
Legal	93,415	95,698
Management salaries and benefits	427,086	235,614
Office	114,165	124,348
Regulatory fees	10,984	12,748
Rent	81,545	26,394
Transfer agent fees	10,617	9,734

	2008 \$	2007 \$
Travel	<u>183,313</u>	<u>157,096</u>
	<u>1,495,113</u>	<u>1,448,611</u>

General and administrative expenses increased by \$46,502 from \$1,448,611 reported in the Q3-2007 to \$1,495,113 in Q3-2008. Specific expenses of note during the nine months ended September 30, 2008 and 2007 are as follows:

- The Company paid a total of \$215,807 (2007 - \$115,311) for Management salaries and benefits to Jack Steinhauer, the Company's President and CEO, and Helen Tuttle, the Company's Corporate Secretary who work out of our Denver, CO office. The Company also paid \$80,132 (2007 - \$57,185) for salaries and benefits to staff in the Argentina office;
- The Company paid a total of \$122,120 (2007 - \$nil) for wages and benefits to Kevin Allison, the Vice President Exploration, and John Buggenhagen, Vice President of Exploration-Europe who work out of our Denver, CO office.
- The Company incurred \$43,900 (2007 - \$50,625) 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 \$35,696 (2007 - \$203,117) 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;
- The Company paid \$25,400 (2007 - \$nil) for rent, accounting and administrative services provided by ESO Uranium Corp. a publicly traded company with a common director and officer;
- Incurred audit fees of \$41,385 (2007 - \$32,478) on the audit of the fiscal 2007 year-end consolidated financial statements;
- Consulting fees decreased by \$92,521, from \$429,180 reported in Q3-2007 to \$336,589 during Q3-2008. Lower consulting fees were paid as a result of individuals being hired as employees;
- The Company paid \$80,000 (2007- \$nil) in consulting fees paid to ARH Management Limited, a private corporation owned by Anthony Harvey, a director of the Company. The Company also paid \$11,500 (2007 - nil) in consulting fees to 1235615 Ontario Inc., a private corporation owned by Peter Carpenter, a director of the Company;
- The Company paid \$45,500 (2007 - \$nil) in consulting fees to Kurt J. Bordian Inc., a private corporation owned by Kurt Bordian, the Chief Financial Officer of the Company. The Company also paid \$15,000 (2007 - \$nil) to Andrew Malim for consulting services rendered. Mr. Malim is the Company's Vice President of European Business Development and a Director;
- As at September 30, 2008, the Company owes \$6,000 (2007 - \$nil) as directors' fees to two directors of the Company;
- Office expenses decreased by \$10,183 from 124,348 reported in Q3-2007 to \$114,165 in Q3-2008. Office expenses for the current fiscal year are due to additional staff and operating costs in both the Vancouver, BC and Denver, CO offices;
- The Company paid \$18,545 in rent related costs for its Vancouver, BC office, \$49,202 rent expenses were allocated to its Denver, CO office, \$12,234 to its Argentina office and \$1,363 to its Poland office; and
- Travel expenses increased by \$26,217 from \$157,096 reported in Q3-2007 to \$183,313 in Q3-2008. These travel expenses are related to an 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.

For the nine months ended September 30 2008, the Company recorded a stock-based compensation expense of \$201,910 (2007 - \$759,775). The expense for Q3-2008 is related to the vesting of 2,200,000 and 550,000 stock options granted on May 27, 2008 and August 1, 2008 respectively, plus the vesting expense related to investor relations stock options granted during the year and last year of 50,000 and 160,000 respectively. Stock-based compensation expense for the nine month ended Q3-2007 was attributed to the granting of 2,436,500 stock options and the amendment and extension of

1,570,500 stock options and the vesting of stock options previously granted.

For the nine months ended September 30, 2008, the company recorded a dry-hole expense of \$2,584,981 related to the Capricornio well in Argentina (2007 - \$227,338) and exploration expenses of \$177,727 (2007 - \$686,907) a decrease of \$509,180.

For the nine months ended Q3-2008, the Company reported interest and other income of \$44,520 compared to \$79,489 reported in Q3-2007. The interest income is derived mainly from the cash balance in bank accounts.

For the same period of time, the company recorded \$118,111 (2007 - \$133,007) in petroleum and natural gas sales related to its Petrolera Del Comahue well located in Argentina.

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 September 30, 2008, the Company had working capital of \$440,193. The Company does not have sufficient financial resources to undertake all of its anticipated exploration activities and ongoing level of corporate activities for the ensuing year. The Company will need to obtain additional capital to meet its current obligations over 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. 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 the first tranche of a non-brokered private placement, which was originally announced on April 21, 2008, consisting of 2.7 million units at a price of 8-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 ten 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.

On June 11, 2008, the Company completed the second tranche of a non-brokered private placement previously announced on April 21, 2008, consisting of 350,000 units at a price of 8-cents per unit, for gross proceeds of \$28,000. 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 ten cents per share for 24 months. The securities are subject to a hold period, which expires on October 12, 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

As at September 30, 2008, the Company did not have any proposed transactions.

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. 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.

There are no effects on opening retained earnings resulting from these changes.

As of January 1, 2009, the Company will be required to adopt the CICA Handbook Section 3064 “Goodwill and Intangible Assets”, which will replace the existing Goodwill and Intangible Assets standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard should not have a material impact on the Company’s consolidated financial statements.

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards (“IFRS”) will replace Canadian GAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Company will be required to report its results in accordance with IFRS starting 2011, the Company is assessing the potential impacts of this changeover and developing its plan accordingly.

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:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30, 2008</u>	<u>September 30, 2007</u>	<u>September 30, 2008</u>	<u>September 30, 2007</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Accounting and administration	–	14,350	43,900	50,625
Consulting fees	62,000	–	158,000	–
Management salaries and benefits	149,246	36,433	336,209	115,311
	<u>211,246</u>	<u>50,783</u>	<u>538,109</u>	<u>165,936</u>

As at September 30, 2008, accounts payable and accrued liabilities include \$6,000 (2007- \$5,816) 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 provided its shareholder companies with geological, corporate development, administrative and

management services. The shareholder companies pay monthly fees to the Grosso Group. For the six months ended June 30, 2008 the Company incurred fees of \$35,696 (2007 - \$203,116) 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 Event

Subsequent to September 30, 2008, the Company announced that it is engaged in the early stage and confidential discussions regarding a merger, and has signed a non-binding letter of confidentiality and intent with a potential merger partner. There is no certainty that a binding agreement will be achieved.

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 September 30, 2008 and November 21, 2008 are as follows:

	<u>Number</u>
Balance, September 30, 2008	44,864,365
Balance, November 21, 2008	44,864,365

- c) The number of options exercisable and exercise prices at September 30, 2008 were as follows:

Number Outstanding	Number Exercisable	Exercise Price \$	Expiry Date
40,000	40,000	0.36	December 31, 2008
125,000	125,000	0.45	December 31, 2008
125,000	125,000	0.38	December 31, 2008
40,000	40,000	0.40	September 25, 2008
29,000	29,000	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	100,000	0.40	February 20, 2010
27,500	27,500	0.40	September 27, 2010
200,000	200,000	0.40	July 4, 2011
913,500	913,500	0.40	May 2, 2012
2,250,000	2,212,500	0.10	May 27, 2013
550,000	550,000	0.12	August 1, 2013
4,470,000	4,432,500		

d) The number of share purchase warrants and exercise prices at September 30, 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
2,700,000	0.10	May 20, 2010
350,000	0.10	June 10, 2010
28,154,258		

Investor Relations Activities

The Company did not engage any outside consultants to provide investor relations activities for the nine months ended September 30, 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.