CURLEW LAKE RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended
April 30, 2011

(Expressed in Canadian dollars)
(Unaudited- prepared by management)

CURLEW LAKE RESOURCES INC.

January 31, 2012

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these financial statements. The accompanying financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS") 1 - First-time Adoption of IFRS, as they are part of the period covered by the Corporation's first IFRS financial statements for the year ending January 31, 2012. The interim financial statements are presented in Canadian Dollars.

The accompanying financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the financial statements and to recommend approval of the financial statements to the Board.

The following interim financial statements are unaudited.

Signed *"Robert B. Pincombe"*
Robert B. Pincombe, CEO

Signed *"David D. McKee"*
David D. McKee, CFO

UNAUDITED CONDENSED INTERIM FINANICAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim financial statements for the three months ended April 30, 2011 and 2010.

CURLEW LAKE RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT APRIL 30
(Unaudited- prepared by management)
(Expressed in Canadian dollars)

	Apr 30 2011	**Jan 31 2011 (Note 10)**	**Feb 1 2010 (Note 10)**
ASSETS			
Current			
Cash	$ 340,643	$ 519,356	$ 107,464
Harmonized sales tax recoverable	35,911	38,154	2,846
Receivables	54,308	55,972	15,095
Prepaid expense	2,674	2,674	-
	433,536	616,156	125,405
Exploration and evaluation assets (Note 4)	613,447	671,541	34,247
	$ 1,046,983	$ 1,287,697	$ 159,652
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	$ 19,795	$ 276,898	$ 30,339
Shareholders' equity			
Share capital (Note 5)	15,435,393	15,435,393	14,162,393
Contributed surplus (Note 5)	666,865	666,865	433,912
Deficit	(15,075,070)	(15,091,459)	(14,466,992)
	1,027,188	1,010,799	129,313
	$ 1,046,983	$ 1,287,697	$ 159,652

Nature and continuance of operations (Note 1)
Commitments (Notes 4, 7)

Approved on behalf of the Board:

"ROBERT B. PINCOMBE" Director "DAVID D. MCKEE" Director

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

CURLEW LAKE RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE PERIOD ENDED APRIL 30
(Unaudited- prepared by management)
(Expressed in Canadian dollars)

	Three Months ended April 30	
	2011	**2010 (Note 10)**
Revenue		
Petroleum and natural gas sales, net	$ 45,827	$18,562
Cost of Production		
Operating expense	(2,626)	(7,629)
Operating Income	43,201	10,933
Expenses		
Bank charges	435	445
Interest expense	-	-
Management fees (Note 6)	7,500	7,500
Office and miscellaneous	1,694	2,990
Professional fees & consulting	4,000	41,768
Regulatory and transfer agent fees	3,596	8,646
Rent	150	160
Share-based compensation (Note 5)	-	-
Telephone	747	1,160
Travel and promotion	1,868	3,849
Wages and benefits (Note 6)	6,637	7,500
Write-down of oil and gas properties (Note 4)	185	-
	26,812	74,018
Comprehensive income (loss) for the period	$ 16,389	$ (63,085)
Basic and diluted income (loss) per common share	$ 0.00	$ (0.00)
Weighted average number of common shares outstanding	99,469,526	71,895,369

CURLEW LAKE RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED APRIL 30
(Unaudited- prepared by management)
(Expressed in Canadian dollars)

	Three Months ended April 30 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	$ 16,389	$ (63,085)
Items not affecting cash:		
Share-based compensation	-	-
Write-down of oil and gas properties	185	-
Changes in non-cash working capital items:		
Decrease (increase) in receivables/deposits	1,664	(1,968)
Decrease (increase) in harmonized sales tax recoverable	2,243	(3,732)
Increase (decrease) in accounts payable and accrued liabilities	(29)	18,000
Net cash provided by (used in) operating activities	20,452	(50,785)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital issued net of share issue costs	-	135,000
Net cash provided by financing activities	-	135,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(199,165)	(92,027)
Increase in prepaid drilling deposit	-	(91,000)
Net cash provided by (used in) investing activities	(199,165)	(183,027)
Change in cash during the period	(178,713)	(98,812)
Cash, beginning of period	519,356	107,464
Cash, end of period	$ 340,643	$ 8,652
Cash paid during the period for:		
Interest expense	$ -	$ -
Income taxes	$ -	$ -

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

CURLEW LAKE RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED APRIL 30
(Unaudited- prepared by management)
(Expressed in Canadian dollars)

	Share Capital		Contributed		
	Shares	**Amount**	**Surplus**	**Deficit**	**Equity**
Balance, February 1, 2010	71,769,526	$14,162,393	$ 433,912	$(14,466,992)	$ 129,313
Shares issued	11,200,000	560,000	-	-	560,000
Comprehensive income (loss) for the period	-	-	-	(63,085)	(63,085)
Balance, April 30, 2010	82,969,526	$14,722,393	$ 433,912	$(14,530,077)	$ 626,228
Shares issued	16,500,000	713,000	112,000	-	825,000
Share-based payments	-	-	120,953	-	120,953
Comprehensive income (loss) for the period	-	-	-	(561,382)	(561,382)
Balance, January 31, 2011	99,469,526	$15,435,393	$ 666,865	$(15,091,459)	$ 1,010,799
Comprehensive income (loss) for the period	-	-	-	16,389	16,389
Balance, April 30, 2011	99,469,526	$15,435,393	$ 666,865	$(15,075,070)	$ 1,027,188

1. NATURE AND CONTINUANCE OF OPERATIONS

Curlew Lake Resources Ltd. (the "Company") was incorporated January 15, 1987, under the Company Act of British Columbia. The Company is in the business of the acquisition, exploration and development of mineral properties and production from oil and gas properties in Western Canada.

The Company's corporate office and principal place of business is Suite 206, 20641 Logan Avenue, Langley, British Columbia, Canada,

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable production in the future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

	Apr 30 2011	Jan 31 2011	Feb 1 2010
Deficit	$ (15,075,070)	$ (15,091,459)	$ (14,466,992)
Working capital	$ 413,741	$ 339,258	$ 95,066

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements for the Company for the year-ending January 31, 2012 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously been prepared in accordance with Canadian Generally Accepted Accounting Principles. These condensed interim financial statements for the three month period ended April 30, 2011 have been prepared in accordance with IAS 34 - Interim Financial Reporting and as they are part of the Company's first IFRS annual reporting period, IFRS 1 - First-time Adoption of International Financial Reporting Standards has been applied. These condensed interim financial statements do not include all of the information required for full annual financial statements. However, they have been prepared in accordance with accounting policies the Company expects to adopt in its January 31, 2012 financial statements.

These condensed interim financial statements should be read in conjunction with the Company's 2011 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 10.

These condensed interim financial statements were authorized for issue by the Board of Directors on January 31, 2012.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as FVTPL and available-for-sale which are stated at their fair value.

These condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

2. BASIS OF PREPARATION (cont'd...)

(c) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Financial results as determined by actual events could differ from these estimates.

The estimates and underlying assumptions are continuously evaluated and reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant areas requiring the use of management estimates include impairment of exploration and evaluation properties; reclamation and environmental obligations; determining the provision for deferred income taxes and contingencies reported in the notes to the financial statements.

Areas of significant judgment include the classification of financial instruments and the classification of exploration and evaluation expenditures, which requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position at February 1, 2010 for the purposes of the transition to IFRS. The accounting policies have been applied consistently by the Company.

The condensed interim financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Financial instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company has classified its cash as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's receivables are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's investments are classified as available-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(a) Financial instruments (cont'd…)

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income/loss. The Company has not classified any financial liabilities as FVTPL.

(b) Exploration and evaluation expenditures

Pre -exploration costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated in cost centres by well, field or exploration area and not depreciated pending determination of technical feasibility and commercial viability.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(b) Exploration and evaluation expenditures (cont'd…)

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proven and/or probable reserves have been discovered. Upon determination of proven and/or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment or expensed to exploration and evaluation impairments.

Mineral exploration and evaluation expenditures are classified as intangible assets.

(c) Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the income statement for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit and loss.

(d) Rehabilitation obligations

The Company recognizes the fair value of a legal or constructive liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of comprehensive income (loss). Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. The Company does not have significant asset retirement obligations.

(e) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years.

Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(e) Income taxes (cont'd…)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(f) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, options and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants expire unexercised, the value attributed to the warrants is transferred to deficit.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(g) Revenue recognition

Revenue from the sale of petroleum and natural gas is recorded when title passes to an external party and is based on volumes delivered to customers at contractual delivery points, and rates and collectability are reasonably assured. The costs associated with the delivery, including operating and maintenance costs, transportation and production-based royalty expenses, are recognized during the same period in which the related revenue is earned and recorded.

(h) Per share amounts

Basic income per common share is computed by dividing the net income for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

(i) Share based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

(i) Share based payments (cont'd…)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(j) New accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the April 30, 2011 reporting period. The following standard is assessed not to have any impact on the Company's financial statements:

- IFRS 9, Financial Instruments: effective for accounting periods commencing on or after January 1, 2013.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

	February 1, 2010	January 31, 2011	April 30, 2011
Oil and Gas properties	$ 34,247	$ 665,278	$ 613,447
Mineral properties	-	6,263	-
Total	$ 34,247	$ 671,541	$ 613,447

OIL AND GAS PROPERTIES

	Steen River Oil Project	Chin Coulee Oil Project	Leduc Oil Project	Fairydell Oil Project	Fosterton Oil Project	Total
Balance, February 1, 2010	$ 34,247	$ -	$ -	$ -	$ -	$ 34,247
Additions	7,183	110,485	68,944	770,180	33,667	990,459
Impairment	-	-	-	(325,761)	(33,667)	(359,428)
Balance, January 31, 2011	41,430	110,485	68,944	444,419	-	665,278
Additions	1,747	1,393	-	-	-	3,140
Impairment/recovery	-	-	-	(54,971)	-	(54,971)
Balance, April 30, 2011	$ 43,177	$ 111,878	$ 68,944	$ 389,448	$ -	$ 613,447

MINERAL PROPERTIES

	Typhoon Claims	Peace River Claims	Total
Balance, February 1, 2010	$ -	$ -	$ -
Additions	1,308	6,263	7,571
Write-down	(1,308)	-	(1,308)
Balance, January 31, 2011	-	6,263	6,263
Additions	-	-	-
Write-down/recovery	-	(6,263)	(6,263)
Balance, April 30, 2011	$ -	$ -	$ -

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

OIL AND GAS PROPERTIES

Fairydell Project, Alberta, Canada (unproven)

The Company has acquired freehold and Alberta Crown Petroleum and Natural Gas rights in the Fairydell-Bon Accord area of central Alberta. The Company has a 75% interest in the project subject to a 2.5% GORR in nine and three-quarter sections (6,240 acres).

Chin Coulee Project, Alberta, Canada (unproven)

The Company has acquired 2 sections (1,280 acres) of Alberta Crown Petroleum and Natural Gas Leases in the Chin Coulee area of Southern Alberta. The Company has a 75% interest in the lands subject to a 2.5% GORR.

Leduc Project, Alberta, Canada (unproven)

The Company has acquired 2 sections (1,280 acres) of freehold Petroleum and Natural Gas rights in the prolific Leduc area of central Alberta. The Company has a 75% interest in the lands subject to a 2.5% GORR.

Minard Project, Saskatchewan, Canada (unproven)

The Company has signed a Participation and Joint Operating Agreement with Propel Energy Corp. in the Minard area of Saskatchewan. Under the terms of the agreement Curlew Lake agreed to pay 30% of the cost of drilling and completing an initial well on the prospect to earn a 25% working interest in any subsequent production. The agreement provided for Curlew to pay 25% of the costs and receive 25% of the proceeds of production on any further wells on the project.

During 2008 the Company entered into an agreement with a private Ontario company. The agreement provides for 100% funding by the private company for the second well and for loans to Curlew to cover its share of funding of the following proposed 3 wells. In return the private company will be granted 50% of Curlew's interest in all 5 wells on the prospect. This arrangement will allow Curlew to participate with a 12.5% working interest in 5 horizontal wells in the Frobisher zone on the Minard project with no requirement for further equity financing.

The first 2 Minard wells are currently shut-in.

Fosterton Project, Saskatchewan, Canada (proved)

The Company has signed an agreement whereby it was granted the right to participate in a test well to earn a 25% interest in 320 acres of petroleum and natural gas leases. The Company paid 25% of the costs of the initial well on the project, and will receive 25% of net revenue from the well before payout (subject to a convertible GORR reserved to Farmors) and 15% after payout. The Company has earned the right to pay 15% of the costs and receive 15% of the proceeds of production on any further wells on the project. The first 2 Fosterton wells are currently in production.
In light of the economic climate and uncertainty surrounding the future net cash flows from this property, the property was written off during the year ended January 31, 2009 and 2011.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

OIL AND GAS PROPERTIES

Steen River Project, Alberta, Canada (unproven)

The Company signed a letter of intent for an option agreement with a third party pursuant to which it will enter into a two well drilling option agreement by May 27th, 2009, ending March 27th 2012, on 6 sections comprising the Steen River oil and gas prospect of Northern Alberta. The letter of intent calls for an initial payment of $25,000 which has been paid. Curlew Lake Resources Inc. will be responsible for 25% of the drilling costs & crown rentals. The initial 2 wells must be completed prior to February 27, 2012. In 2009 the Company acquired an additional 7.5% in the Steen project. The additional interest acquisition cost was $7,500.

Turner Valley Oil Project - Calgary, Alberta (proved)

The Company holds various interests, averaging about 4.375%, in certain petroleum and natural gas leases. The Company is in a non-operator position on all leases in this area. The Company has signed multiple farmout agreements on portions of the leases with three separate parties whereby the Company has retained royalty and/or working interests. The Company is now receiving pre-payout royalty income.

In light of the economic climate and uncertainty surrounding the future net cash flows from this property, the property was written off during the year ended January 31, 2009.

Métis Gas Project – Kikino Settlement, Alberta (proved)

The Company entered into a joint venture agreement with Métis Moccasin Resources Inc., and Propel Energy Corp., both private Alberta companies. Under this agreement Curlew Lake will have the right to acquire a 47.5% working interest before payout, convertible to 33.33% after payout, in oil and natural gas leases secured by the joint venture partners on Métis Settlement lands.

Métis Moccasin Resources Inc. has successfully completed the acquisition of an initial 10 sections (6400 acres) of oil and natural gas leases on the Kikino Métis Settlement lands northeast of Edmonton, Alberta.

In 2009 the Company wrote off all value on the Métis gas project with the exception of the $515,800 deposit paid to Alberta Energy for mineral rights. The Company has been informed by the operator of the project that a refund of this payment is being pursued however the Company cannot guarantee that these funds will be refunded by the government without legal action required against all parties involved. Due to uncertainty regarding repayment of the deposit, it was written off during the year ended January 31, 2009.

MINERAL PROPERTIES

Typhoon Claims, Clear Creek District, Yukon Territories

Curlew Lake holds a 100% interest in 117 mineral claims in the Clear Creek District of the Yukon. The 100% working interest on 98 claims is subject to a 4% Net Smelter Royalty, of which 1% may be purchased by the Company at any time in the future for the price of $600,000, in cash or shares and an additional 2% which may be purchased at any time for $1,000,000 in cash. The 100% working interest on the remaining 19 claims is subject to a 2% NSR Royalty, which may be purchased at any time by Curlew Lake for $1 million for each 1% to the Vendor, Xennex Development Corporation. The Company announced in 2006 an agreement with a private investor whereby Curlew Lake Resources Inc. received additional funds to drill the Yukon property. The private investor received a 2% NSR Royalty on all Yukon properties. The property was written off in the year ended January 31, 2011 as the Company identifies areas for follow up exploration.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

MINERAL PROPERTIES

Peace River Claims, Clear Hills District, Alberta

Curlew Lake holds a 50% interest in Metallic & Industrial Minerals rights on 37 Townships, an area of approximately 850,000 acres (351,675 hectares), of land on the Peace River Arch geological formation in north western Alberta. The lands will be operated as a joint venture, with Curlew and 2 private partners, and Curlew will be the initial operator of the exploration project. The lands lie north and west of the Clear Hills area and cover a structure known as Halverson Ridge and surrounding areas.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number Of Shares	Capital Stock	Contributed Surplus
Authorized			
Common shares without par value	Unlimited		
Issued			
As at February 1, 2010	71,769,526	$14,162,393	$433,912
Issued for cash under private placements	27,700,000	1,385,000	-
Allocation to warrants		(112,000)	112,000
Share-based compensation	-	-	120,953
As at January 31, 2011 and April 30, 2011	99,469,526	$15,435,393	$666,865

During the current period the Company has not completed any share transactions.

During the year ended January 31, 2011, the Company had the following share transactions:

On April 30th the Company arranged a private placement for 11,200,000 units at $0.05 per share for total proceeds of $560,000. Each unit consists of one common share and one warrant. Warrants included in the units totalled 11,200,000 exercisable up to two years at $0.10 per share until expiration.

On August 26th the Company arranged a private placement for 10,500,000 flow-through units at $0.05 per share for total proceeds of $525,000. Each unit consists of one flow-through share and one flow-through warrant. Warrants included in the units totalled 10,500,000, exercisable up to two years at $0.10 per share until expiration.

On December 17th the Company arranged a private placement for 6,000,000 flow-through units at $0.05 per share for total proceeds of $300,000. Each unit consists of one flow-through share and one flow-through warrant. Warrants included in the units totalled 6,000,000, exercisable up to two years at $0.10 per share until expiration.

(Expressed in Canadian dollars)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd)

Warrants

Warrant transactions for the respective years and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 1, 2010	9,460,000	$ 0.05
Warrants granted	27,700,000	0.10
Balance, January 31, 2011	37,160,000	0.10
Warrants expired	(2,126,667)	0.10
Balance, April 30, 2011	35,033,333	$ 0.10

The following warrants to acquire common shares were outstanding at April 30, 2011

Number of Shares	Exercise Price	Expiry Date
1,333,333	$ 0.10	June 8, 2011*
6,000,000	$ 0.10	September 23, 2011
11,200,000	$ 0.10	May 22, 2012
10,500,000	$ 0.10	August 26, 2012
6,000,000	$ 0.10	December 17, 2012

* Subsequent to period ended April 30, 2011 these warrants expired unexercised.

Stock options

The Company follows the policies of the TSX Venture Exchange ("TSX-V") under which it is authorized to grant options to executive officers and directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock option transactions for the respective years and the number of share options outstanding are summarized as follows:

	Number Of Shares	Weighted Average Exercise Price
Balance, February1, 2010	6,700,000	$ 0.06
Options cancelled	(1,200,000)	0.10
Options granted	1,200,000	0.10
Balance, January 31, 2011 and April 30, 2011	6,700,000	$ 0.10

(i) On August 3rd, 2010, the Company granted 800,000 options to acquire 800,000 shares of the Company at a price of $0.10 per share. These options vest immediately.

(ii) On October 20th, 2010, the Company granted 400,000 options to acquire 400,000 shares of the Company at a price of $0.10 per share. These options vest immediately.

(iii) On October 21st, 2010, the Company cancelled 1,200,000 options to acquire 1,200,000 shares of the Company at a price of $0.10 per share.

(Expressed in Canadian dollars)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd…)

Stock options (cont'd…)

The Company uses the fair value method for determining stock-based compensation expense for all options granted during the fiscal periods. The fair value of options granted and vested was $Nil (2010 - $Nil).

Stock options outstanding and exercisable at April 30, 2011 are as follows:

Number Of Shares	Exercise Price	Expiry Date
3,000,000	$ 0.10	May 27, 2013
2,500,000	$ 0.10	January 5, 2015
800,000	$ 0.10	August 3, 2015
400,000	$ 0.10	October 20, 2015

6. RELATED PARTY TRANSACTIONS

Compensation to key management:

The Company entered into the following transactions with related parties:
a) Paid management fees of $7,500 (2010 - $7,500) to a company controlled by a director.
b) Paid wages and benefits of $6,637 (2010 - $7,500) to a company controlled by a director.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

7. COMMITMENT

The Company is committed to incur exploration expenditures of $300,000 in 2012 from the issuance of flow-through shares in December 2010.

8. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their carrying values as the financial assets and liabilities have a short-term to maturity.

Fair Value Hierarchy

Financial instruments recorded at fair value on the Balance Sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

April 30, 2011	Level 1	Level 2	Level 3
Assets:			
Cash	$ 340,643	$ -	$ -

January 31, 2011	Level 1	Level 2	Level 3
Assets:			
Cash	$ 519,356	$ -	$ -

February 1, 2010	Level 1	Level 2	Level 3
Assets:			
Cash	$ 107,464	$ -	$ -

8. FINANCIAL INSTRUMENTS (cont'd…)

Financial Instrument Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Liquidity Risk - The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long-term cash requirements. To the extent that the Company may not have sufficient liquidity to meet these obligations, management considers securing additional funds by issuing more equity instruments. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs.

Market Risk - The significant market risk exposure to which the Company is exposed is interest rate risk. This is discussed further below:

Interest rate risk - The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity of its cash and cash equivalents.

Concentration risk - At April 30, 2011, all of the Company's cash was held at a recognized Canadian national financial institution. As a result, the Company is exposed to the risk that the financial institution ceases operations and the Company loses its capital, the Company considers this risk to be minimal.

9. CAPITAL MANAGEMENT

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended April 30, 2011. The Company is not subject to externally-imposed capital requirements.

10. TRANSITION TO IFRS

First time adoption of IFRS - The Company's financial statements for the year ending January 31, 2012 will be the first annual financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was February 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all IFRS standards as of the transition date, which for the Company is February 1, 2010. However, it also provides for certain optional exemptions and certain mandatory exceptions for the first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The IFRS applicable exemptions and exceptions applied in the conversion to IFRS are as follows:

Share-based payments – IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date. As a result of the transition method elected, the Company reversed the historical Canadian GAAP share-based compensation charges impacting shareholders' equity from retained earnings to capital.

IFRS 2 requires stock option payments to employees be measured based on fair values of the awards. For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. As a result, the fair value of the options granted shall be estimated by applying an option pricing model.

The Company issues stock-based awards in the form of stock options that vest over a one to five year period. Under IFRS 2 the fair value of each tranche of the award is considered a separate grant based on the vesting period with the fair value of each tranche determined separately and recognized as compensation expense over the term of its respective vesting period.

Exploration and Evaluation Expenditures - Under IFRS 6: Exploration and Evaluation of Mineral Resources, mining companies are allowed to retain their existing policies for the capitalization of exploration and evaluation costs until guidance that is more definitive is developed in this area. The Company has in the past capitalized exploration and evaluation costs prior to the establishment of ore reserves which would support the economic viability of the project and will continue this policy.

10. TRANSITION TO IFRS (cont'd…)

Reconciliation of IFRS to GAAP

IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with respect to recognition, measurement and disclosure. The restatement from Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Company. The reconciling items between Canadian GAAP presentation and IFRS presentation have no net effect on the cash flows generated. However, adoption of IFRS resulted in changes to the Company's Statement of Financial Position, Statement of Income (Loss) and Statement in Changes in Equity as set out below.

Notes to the reconciliations:

(a) Flow-through shares

Under pre-changeover Canadian GAAP, the entire proceeds from the issuance of flow-through shares were recognized in equity less the tax effects of renunciation. Under IFRS, on issuance of flow-through shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

As a result, for issuances of flow-through shares for which expenditures have been incurred, share capital was increased by $422,764 and retained earnings was decreased by $422,764 at February 1, 2010, April 30, 2010 and January 31, 2011.

(b) There is an option to apply IFRS 2, Share-Based Payments, to all equity instruments granted on or before November 7, 2002, and to those granted after November 7, 2002 only if they had not vested by the transition date. The Company has applied IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010. As a result contributed surplus was increased by $11,690 at February 1, 2010 and April 30, 2010, with a corresponding decrease to retained earnings by $11,690. Share based compensation was decreased by $11,690 for the year ended January 31, 2011.

(c) Under IFRS, exploration and evaluation assets are tested for impairment using indicators which varied from those under Canadian GAAP. Consequently, on transition the Company tested its exploration and evaluation assets for impairment, in accordance with these IFRS indicators. As a result, exploration and evaluation assets were decreased by $369,049 at February 1, 2010 and April 30, 2010, with a corresponding decrease to retained earnings. During the year ended January 31, 2011 write-down of properties was reduced by $369,049.

(Expressed in Canadian dollars)

10. TRANSITION TO IFRS (cont'd…)

Reconciliation of Assets, Liabilities & Equity		**As at February 1, 2010**			**As at April 30, 2010**			**As at January 31, 2011**		
		Previous Canadian	Effect of Transition	IFRS	Previous Canadian	Effect of Transition	IFRS	Previous Canadian	Effect of Transition	IFRS
		$	$	$	$	$	$	$	$	$
Cash		107,464	-	107,464	8,652	-	8,652	519,356	-	519,356
Goods and services (harmonized) tax recoverable		2,846		2,846	6,578		6,578	38,154		38,154
Receivables		15,095	-	15,095	442,063	-	442,063	55,972	-	55,972
Prepaid expense		-	-	-	-	-	-	2,674	-	2,674
		125,405		125,405	457,293		457,293	616,156		616,156
Deposit		-	-	-	91,000		91,000	-		-
Exploration and evaluation assets		403,296	(369,049)	34,247	495,323	(369,049)	126,274	671,541	-	671,541
		528,701		159,652	1,043,616		674,567	1,287,697		1,287,697
Liabilities and Shareholder's Equity										
Current										
Accounts payable and accrued liabilities		30,339	-	30,339	48,339	-	48,339	276,898	-	276,898
Shareholder's equity										
Share capital	(a)	13,739,629	422,764	14,162,393	14,299,629	422,764	14,722,393	15,012,629	422,764	15,435,393
Contributed surplus	(b)	422,222	11,690	433,912	422,222	11,690	433,912	666,865	-	666,865
Deficit	(a) & (b) & (c)	(13,663,489)	(803,503)	(14,466,992)	(13,726,574)	(803,503)	(14,530,077)	(14,668,695)	(422,764)	(15,091,459)
		498,362		129,313	995,277	-	626,228	1,010,799	-	1,010,799
		528,701		159,652	1,043,616		674,567	1,287,697		1,287,697

(Expressed in Canadian dollars)

10. TRANSITION TO IFRS (cont'd…)

Reconciliation of income (loss) for the period ended:

		Three months ended April 30, 2010			Year ended January 31, 2011		
		Previous Canadian GAAP	Effect of Transition to IFRS	IFRS	Previous Canadian GAAP	Effect of Transition to IFRS	IFRS
		$	$	$	$	$	$
Revenue		18,562	-	18,562	143,160	-	143,160
Cost of Production		(7,629)	-	(7,629)	(40,469)	-	(40,469)
Operating Income		10,933	-	10,933	102,691	-	102,691
Expenses							
Bank charges		445	-	445	1,821	-	1,821
Management fees		7,500	-	7,500	30,000	-	30,000
Office and miscellaneous		2,990	-	2,990	5,502	-	5,502
Professional fees & consulting		41,768	-	41,768	135,092	-	135,092
Regulatory and transfer agent fees		8,646		8,646	26,647		26,647
Rent		160	-	160	440	-	440
Share-based compensation	(b)	-	-	-	132,643	(11,690)	120,953
Telephone		1,160	-	1,160	3,773	-	3,773
Travel and promotion		3,849	-	3,849	12,958	-	12,958
Wages and benefits		7,500	-	7,500	29,236	-	29,236
Write-down of properties	(c)	-	-	-	729,785	(369,049)	360,736
		74,018		74,018	1,107,897		727,158
Income (loss) before other items		(63,085)		(63,085)	(1,005,206)		(624,467)
Other income and (expenses)							
Interest income		-	-	-	-	-	-
Comprehensive income (loss) for the period		(63,085)		(63,085)	(1,005,206)		(624,467)