MOONCOR OIL & GAS CORP.

Consolidated Interim Financial Statements

(An exploration Stage Company)

March 31, 2012

The accompanying interim financial statements for Mooncor Oil & Gas Corp. have been prepared by management in accordance with International Financial Reporting Standards "IFRS") consistently applied. Only changes in accounting policies have been disclosed in these unaudited consolidated interim financial statements. Recognizing that the Company is responsible for both integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended March 31, 2012.

Mooncor Oil & Gas Corp.
(An Exploration Stage Enterprise)
Consolidated Interim Balance Sheets
(Unaudited, expressed in Canadian dollars)

As at		March 31, 2012 (Unaudited)		December 31, 2011 (Audited)
ASSETS				
Current Assets:				
Cash and cash equivalents	$	345,900	$	602,201
Segregated cash		40,891		40,815
Sundry receivable		90,380		149,694
Prepaid expenses		45,461		33,443
		522,631		826,153
Other Assets:				
Property and equipment (note 3)		540,916		448,546
Intangible assets (note 3)		9,375		15,000
Deposits		342,956		342,956
Exploration and evaluation assets (note 4)		2,622,176		2,557,553
		3,515,423		3,364,055
	$	4,038,055	$	4,190,208
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	$	953,069	$	855,835
Convertible debentures payable (note 6)		1,021,438		1,021,438
Deferred premium on flow-through shares		6,209		13,989
		1,980,716		1,891,262
SHAREHOLDERS' EQUITY				
Capital stock (note 5)		17,669,005		17,335,713
Contributed surplus (note 5)		1,594,432		1,558,780
Equity component of convertible debenture		192,059		192,059
Warrants (note 5)		1,833,923		2,167,215
Accumulated other comprehensive loss		(134,125)		(134,125)
Deficit		(19,097,955)		(18,820,696)
		2,057,339		2,298,946
	$	4,038,055	$	4,190,208

GOING CONCERN (note 1)

Approved by the Board of Directors

"Alan Myers" Director

"Nick Tsimidis" Director

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

Mooncor Oil & Gas Corp.
(An Exploration Stage Enterprise)
Consolidated Interim Statements of Comprehensive Loss
(Unaudited, expressed in Canadian dollars)

	March 31, 2012	March 31, 2011
INCOME	$ 74,193	$ 6,806
EXPENSES		
Consulting (note 7)	55,500	108,345
Production and operating expenses	135,696	-
Exploration and evaluation expenditures	40,781	10,098
Office and general	30,016	105,199
Professional fees (note 7)	19,819	42,883
Stock based compensation (note 5)	35,652	13,583
Finance costs	25,466	25,260
Travel	2,933	46,901
Insurance	5,115	3,415
Secretary fees	-	1,370
Amortization	8,255	6,175
	359,233	363,229
Loss before undernoted	(285,040)	(356,423)
Realized gain (loss) on disposal of marketable securities	-	(6,930)
Loss for the period before income taxes	(285,040)	(363,353)
Deferred income tax recovery	7,781	-
Net loss and Comprehensive loss for the period	$ (277,259)	$ (363,353)
Weighted Average Shares Outstanding - basic and diluted	121,953,956	120,730,725
Net loss per share - basic and diluted	$ (0.002)	$ (0.003)

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

Mooncor Oil & Gas Corp.
(An Exploration Stage Enterprise)
Consolidated Interim Statements of Changes in Equity
(Unaudited, expressed in Canadian dollars)

	Capital Stock	Contributed Surplus	Equity component of convertible debenture	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance at December 31, 2010	$ 14,088,818	$ 1,229,693	$ 142,998	$ 2,856,753	$ (120,585)	$ (14,349,750)	$ 4,680,653
Capital stock, net of share issue costs	553,112	-	-	-	-	-	553,112
Stock-based compensation	-	13,583	-	-	-	-	13,583
Convertible debentures	-	-	-	-	-	-	-
Warrants	-	-	-	1,798,251	-	-	1,798,251
Unrealized gain (loss) on marketable securities	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(363,353)	(363,353)
Balance at March 31, 2011	$ 14,641,930	$ 1,243,276	$ 142,998	$ 4,655,004	$ (120,585)	$ (14,713,103)	$ 6,682,246
Balance at January 1, 2012	$ 17,335,713	$ 1,558,780	$ 192,059	$ 2,167,215	$ (134,125)	$ (18,820,696)	$ 2,298,946
Capital stock, net of share issue costs	-	-	-	-	-	-	-
Stock-based compensation	-	35,652	-	-	-	-	35,652
Expired Warrants	333,292	-	-	(333,292)	-	-	-
Loss for the period	-	-	-	-	-	(277,259)	(277,259)
Balance at March 31, 2012	$ 17,669,005	$ 1,594,432	$ 192,059	$ 1,833,923	$ (134,125)	$ (19,097,955)	$ 2,057,339

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

Mooncor Oil & Gas Corp.
(An Exploration Stage Enterprise)
Consolidated Interim Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Three months ended	
	March 31, 2012	**March 31, 2011**
Cash flows from operating activities		
Net loss	$ (277,259)	$ (363,353)
Write-down of evaluation and exploration assets	-	10,098
Stock-based compensation	35,652	13,583
Realized gain on disposal of marketable securities	-	6,930
Interest - convertible debenture	-	(8,675)
Deferred income tax recovery	-	-
Amortization	8,255	6,175
	(233,352)	(335,242)
Changes in non-cash working capital items		
Sundry receivables	59,314	(9,904)
Segregated cash	(76)	
Prepaid expense	(12,018)	3,415
Deposits	-	(69,122)
Deferred premium on flow through shares	(7,781)	29,578
Accounts payable and accrued liabilities	97,234	142,439
	(96,678)	(238,836)
Cash flows from investing activities		
Proceeds disposal of portfolio investments	-	40,476
Additions to property and equipment	(95,000)	
Additions to exploration and evaluation assets	(64,623)	(140,061)
	(159,623)	(99,585)
Cash flows from financing activities		
Convertible debenture	-	-
Issuance of capital stock, net of share issuance costs	-	2,351,363
	-	2,351,363
Net change in cash and cash equivalents	(256,301)	2,012,942
Cash and cash equivalents, start of period	602,201	238,104
Cash and cash equivalents, end of period	$ 345,900	$ 2,251,046
Supplemental Information		
Income tax paid	$ -	$ -
Interest paid	$ 25,466	$ 25,260
Fair value of broker warrants issued	$ -	$ -

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

MOONCOR OIL & GAS CORP.
(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
March 31, 2012
(Prepared by Management – Unaudited)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Mooncor Oil & Gas Corp. (the "Company") is continued under the Business Corporations Act (Ontario) and is an exploration stage company. The Company's principal assets are exploration and evaluation assets made on properties which are not yet in substantial commercial production. The Company is in the process of exploring its oil and gas properties and has not yet determined whether these properties contain economically recoverable resources.

The Company is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol "MOO". The Board of Directors of the Company approved the financial statements of March 30, 2012.

Going Concern
The accompanying financial statements have been prepared on the going concern basis. The going concern basis assumes that the Company will 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. The Company has working capital deficiency in the amount of $1,458,085 and has a deficit in the amount of $19,097,955. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The continuation as a going concern is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain necessary financing to continue exploration and development, the ability of the Company to secure and maintain title and beneficial interest in its properties, entering into agreements with others to explore and develop its properties, and upon future profitable production or proceeds from disposition of such properties. Failure to continue as a going concern would then require that stated amounts of assets and liabilities to be reflected on a liquidation basis of valuation that could differ materially from the going concern basis of accounting.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB ("International Accounting Standards Board") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34- Interim Financial Reporting. The accounting policies followed in these condensed interim financial statements are the same as those applied in the Company's audited annual financial statements for the year ended December 31, 2011.

The policies applied in these financial statements are based on IFRS issued and outstanding as of May 29, 2012, the date the Audit Committee approved the statements. Any subsequent changes to IFRS after this date could result in changes to the financial statements for the period ended March 31, 2012.

The consolidated interim financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's audited annual financial statements and the notes thereto for the year ended December 31, 2011.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

3. PROPERTY AND EQUIPMENT

Equipment at March 31, 2012 consists of:

	Cost	Acc. Depreciation.	Net
Balance, Dec 31, 2011	$ 22,128	$ (15,314)	$ 6,814
Amortization	-	(511)	(511)
Balance, Mar 31, 2012	$ 22,128	$ (15,825)	$ 6,303

Oil and natural gas interests at March 31, 2012 consists of:

	Cost	Acc. Depletion.	Net
Balance, Dec 31, 2011	$ 450,207	$ (8,475)	$ 441,732
Additions	95,000	-	95,000
Amortization	-	(2,119)	(2,119)
Balance, Dec 31, 2011	$ 545,207	$ (10,594)	$ 534,613
TOTAL, March 31, 2012			$ 540,916

Intangible assets consists of:

	Cost	Acc. Depreciation	Net
Balance, Dec 31, 2011	$ 150,000	$ (135,000)	$ 15,000
Amortization	-	(5,625)	(5,625)
Balance, Mar 31, 2012	$ 150,000	$ (140,625)	$ 9,375

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised as follows:

Period ended March 31, 2012:

	January 1, 2012	Additions	Abandonment/ Recoveries	March 31, 2012
Lloydminster (a)	$ -	$ -	$ -	$ -
Hamburg - Chinchaga (b)	2,026,145	-	-	2,026,145
Southwestern Ontario (c)	531,408	64,623	-	596,031
TOTAL	$ 2,557,553	$ 64,623	$ -	$ 2,622,176

a. Lloydminster (Alberta)

On February 11, 2008, the Company acquired two suspended wells and related P&NG rights in the Lloydminster area of Alberta from an arms length industry vendor for cash proceeds of $400,000. The assets consist of interests in two heavy oil leases. There is a well on each lease.

The Company's interest in the first lease is a 60% working interest subject to:

(i) an obligation to pay a 60% share of the variable Crown royalties;
(ii) a 60% share of a 1% GORR payable to an arm's length party; and
(iii) a 3% GORR payable to an arm's length party on the 60% share of production.

The Company's interest in the other lease is a 60% working interest before payout of the approximate $485,000.00 payout account associated with the well on the lease and includes the right to recoup the payout account. The interest in the well will decline to 36% after recoupment of the payout account. This lease is subject to

(i) a 60% share of the Crown royalty;
(ii) a 60% share (36% after payout) of a 1% GORR payable to an arm's length part on oil production;
(iii) a 5% to 15% variable convertible GORR payable to an arm's length party in respect of oil production;
(iv) a 15% convertible GORR payable to an arm's length party in respect of gas production; and
(v) a 3% GORR payable to an arm's length party on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest payable to the arm's length party once payout has been achieved.

The wells include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

During the prior year, the Company entered an agreement to sell to Madeira Minerals Ltd. ("Madeira"), all of the Company's right, title and interest in the two Lloydminster oil wells. Madeira is a capital pool company, and the transaction is intended to constitute Madeira's qualifying transaction under Policy 2.4 of the TSXV. Madeira will acquire the leases by issuing an aggregate of six million common shares of its capital stock to the Company at a deemed price of $0.20 per share. The transaction is subject to a number of conditions precedent which include completion of due diligence reviews by the parties, successful negotiation of a definitive purchase agreement (completed during the prior year), completion of a concurrent financing by Madeira, and receipt of all required regulatory and TSXV approvals. Any gain realized on disposal of these wells, representing the share consideration of Madeira over the carrying value, will be recorded on closing of the transaction.

During the current period, the Company undertook a $95,000 work program on one well to address sanding issues. Limited production resulted from a test.

These assets are classified as E&E assets. The Company recorded depletion of $2,119 during the period (2011: NIL).

b. Hamburg Chinchaga (Alberta)

During 2008, the Company acquired for cash of $617,925, 56,960 acres of 100% working interest lands on a shale gas play in Hamburg - Chinchaga, Alberta. This property was acquired at Crown land sales. The Company also acquired a cased, suspended wellbore and four associated sections (2,560 acres net) of land on this shale gas play (included in the acreage mentioned above). During 2009, the Company acquired an additional 46,720 acres (73 sections) of 100% working interest land in the above area for $993,098 and incurred $875,987 in exploration work and a pilot well program and ancillary work.

Farmout Agreement
During the period, the Company entered into a Farmout Agreement with a private Alberta based company (the "Farmee") over its Hamburg Chinchaga property in Alberta (the "Hamburg Lands"). The Farmout Agreement had been approved by the TSXV and by shareholders representing more than 50% of the issued and outstanding shares of the company. Under the terms of the Farmout Agreement, the Farmee was to drill eleven (11) test wells on the lands and log and test all formations prospective of containing petroleum substances under rights held by the Company. The Farmee was to commence drilling operations on or before May 30,2012 at its sole cost, risk and expense.

Upon fulfilling its obligations to drill all eleven (11) test wells, the Farmee would earn:

(i) 100% of the Company's interest in each of the eleven (11) drill spacing units subject to a 6% overriding royalty payable to the Company (subject to specific deductions) which is convertible into a 20% undivided participating interest upon payout, and

(ii) 80% of the Company's interest in the remaining Hamburg Lands. The eleven (11) test wells will validate as qualified land of a licence to extend from the primary term (4 years) to an intermediate term (additional 5 year extension).

The Farmee had until April 30, 2012 to demonstrate dedicated funds of a minimum $16.5 million in order to meet its obligations pursuant to the Farmout Agreement. On April 27, 2012, the Company was notified by the Farmee that it was terminating the Farmout Agreement.

The subject sections (162 in total) are set to expire unless the Company expends $16.5 million by March 31, 2013, of which 5.5M is required to be expended on the property by December 31, 2012 representing 45 sections. The Company continues to seek other joint venture opportunities, and as time progresses, will re-evaluate the carrying cost of this asset for possible write-down.

c. Southwestern Ontario

During 2008, the Company acquired 3,833 acres (3,833 net) in Southwestern Ontario, from arm's length individuals. The terms of the transaction were lease agreements on freehold land for a three year minimum period. During 2010, the Company acquired an additional 18,737 acres (18,592 net) in Southwestern Ontario from an arm's length company for $100,000. The leases acquired are immediately adjacent to leases acquired in 2008. The majority of leases acquired in 2010 were prepaid to end of term, the majority of which expired in late 2011. The Company continues to acquire acres by entering into lease agreements with property owners.

During 2010, the Company announced its intention to spin off its Southwestern Ontario assets into DRGN, a wholly owned subsidiary of the Company. The Company also announced its intention to complete a private placement into DRGN in connection with the above. However the spin off and private placement have not yet been completed to date. The Company continues to explore options as to the best strategy to spin out its assets in Southwestern Ontario.

During 2011, the Company analyzed its current lease acquisition strategy and holdings with a view to acquiring new leases in high priority locations, and acquired 6,386 acres (6,386 net) from arm's length individuals. In addition, the Company did not renew 16,645 acres (16,645 net) of leases. Included in the statement of comprehensive loss $345,833 in impairment of exploration and evaluation assets representing the impairment of the above noted leases.

5. CAPITAL AND RESERVES

i. Share Capital

At March 31, 2012, the authorized share capital comprised an unlimited number of common shares.

ii. Share Purchase Warrants

Details of share purchase warrant transactions for the period are as follows:

	# of Warrants	Amount $	Wtd. Avg. Ex. Price
Balance, December 31, 2011	28,325,656	2,167,215	$0.28
Expired warrants	(3,201,250)	(333,292)	$0.35
Balance, March 31, 2012	25,124,406	1,833,923	$0.27

For purposes of the warrants granted, the fair value of each warrant was estimated on the date of grant using an option pricing model, using the assumptions noted above.

Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about the warrants outstanding at March 31, 2012:

Expiry Dates	Exercise Price	# of Warrants
April 9, 2012	0.25	2,890,000
August 3, 2012	0.25	1,326,000
August 9, 2012	0.25	3,746,445
August 20, 2012	0.25	577,878
March 29, 2013	0.30	12,517,967
April 26, 2013	0.30	1,026,056
March 31, 2013	0.10	1,000,000
		23,084,346

The following table summarizes information about the broker warrants outstanding at March 31, 2012:

Expiry Dates	Exercise Price	# of Broker Warrants
August 3, 2012	0.15	221,700
August 9, 2012	0.15	455,589
August 20, 2012	0.15	72,246
March 29, 2013	0.18	1,233,450
April 26, 2013	0.18	57,075
		2,040,060
TOTAL		25,124,406

No warrants have been exercised during or subsequent to the period.

iii. Stock Options

Details of stock option transactions for the three month period ended March 31, 2012 are as follows:

	# of Options	Weighted. Avg. Ex. Price
Balance, Dec. 31, 2011 and March 31, 2012	11,661,250	$0.21

The following table summarizes information about the options outstanding at March 31, 2012:

Expiry Dates	Exercise Price	# of Options
May 8, 2012	$0.23	400,000
May 8, 2012	$0.315	200,000
June 6, 2012	$0.15	500,000
June 6, 2012	$0.195	150,000
June 6, 2012	$0.23	125,000
June 6, 2012	$0.23	375,000
June 6, 2012	$0.25	142,375
June 6, 2012	$0.315	125,000
Sept 28, 2012	$0.50	250,000
Oct 29, 2012	$0.23	1,100,000
Jan 30, 2013	$0.14	700,000
May 2, 2013	$0.23	589,000
Dec 24, 2013	$0.15	1,650,000
May 14, 2014	$0.315	1,025,000
Dec 3, 2014	$0.21	300,000
Nov 19, 2020	$0.25	743,875
Apr 8, 2021	$0.195	1,525,000
May 4, 2021	$0.23	787,500
May 11, 2021	$0.23	186,000
Nov 29, 2021	$0.14	361,250
Nov 29, 2012	$0.23	162,500
Nov 29, 2012	$0.15	100,000
Nov 29, 2012	$0.315	75,000
Nov 29, 2012	$0.25	63,750
Nov 29, 2012	$0.195	25,000
		11,661,250

No stock options have been exercised or issued, during or subsequent to the current period.

iv. Contributed surplus

Balance, January 1, 2012	$	1,558,780
Stock-based compensation		35,652
Balance, March 31, 2012	$	1,594,432

6. Convertible debentures payable

The carrying value of the debentures payable is as follows:

Balance, December 31, 2010	$	1,018,716
Interest accrued paid		(8,676)
Interest accreted		60,459
Equity component on extension of debentures		(49,061)
Balance, December 31, 2011 and March 31, 2012	$	1,021,438

In 2007, the Company issued two separate convertible debentures having a total face value of $2,000,000 and maturing on March 28, 2010. The debentures are secured against all property and assets of the Company and bear interest at 10% per annum. Principal and interest is payable at maturity. On March 28, 2010, the Company negotiated an extension to the expiry of the debentures to June 11, 2010 with an additional extension to December 11, 2010 subject to the Company reducing the outstanding principal balance of both debentures to not less than $1,000,000. The outstanding principal of each debenture was convertible into units of the Company at $0.225 per unit until December 11, 2010. Each unit consisted of one common share and one-half of one warrant. Each whole warrant was exercisable for one common share at $0.225 per share until the maturity date of the debentures. In addition, the Company issued to each holder 500,000 warrants (the "Compensation Warrants") exercisable for one common share at $0.225 until the maturity date. On November 26, 2010, pursuant to a second extension agreement, the maturity date of the debentures was extended from December 11, 2010 to June 11, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from December 11, 2010 to June 11, 2011. In April 2011, the Company negotiated an extension of the debentures from June 11, 2011 to December 31, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from June 11, 2011 to December 31, 2011. Subsequent to 2011, the Company negotiated a further extension to the maturity date of the debentures

During the period, the Company negotiated an extension of its two convertible debentures. As a result of several amendments, the debentures matured on December 31, 2011 and each had $510,719 in principal outstanding. Subject to the Farmout Agreement becoming effective, the maturity date of the debentures was to be extended to March 31, 2013.

In consideration for the extension, the Company had agreed to:

- amend the conversion price of the debentures from $0.225 to $0.115 per unit,
- extend the expiry date of the 500,000 Compensation Warrants from December 31, 2011 to March 31, 2013,
- amend the exercise price of the Compensation Warrants from $0.225 to $0.10 per warrant, and
- pay a refinance fee to each debenture holder of $25,000.

The debentures accrue interest at 10% per annum and are payable on conversion or maturity, or in advance without penalty. Subject to the Farmout Agreement being effective, and TSXV approval, the debentures would have been convertible into units of the Company at $0.10 per unit. Each unit would consist of one common share and one-half of one warrant, with each whole warrant entitling the holder thereof to purchase one common share at $0.10 per share until March 31, 2013..

As a result of the termination of the Farmout Agreement, the Company has been in negotiations with the debenture holders to address extension for repayment. The extension of the debentures is subject to prior approval of the TSXV

7. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the three month period ended March 31, 2012:

Payee	Description of Relationship	Nature of Transaction	March 31, 2012 Amount ($)	March 31, 2011 Amount ($)
Garfinkle, Biderman LLP	Company in which Robbie Grossman and Barry Polisuk (the secretary and assistant secretary) are partners	Payments for legal fees and disbursements	11,698	39,851
Darrell Brown/ Richard Cohen	Directors and Officers	Payments for consulting fees and reimbursement of expenses	47,829	127,974
Nick Tsimidis	Director and Officer	Payments for consulting fees and reimbursement of expenses	23,800	41,191

The purchases from/fees charged by related parties are in the normal course of operation and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding as accounts payable at March 31, 2012 is $13,425 due to Darrell Brown and $9,800 due to Nick Tsimidis.

Also included as accounts payable at March 31, 2012 is $215,958 due to Clark Avenue Consulting Inc. Relating to a death benefit on the passing of Richard Cohen, and which will be offset by other amounts of $46,568 owed to the Company by Clark Avenue Consulting Inc., a company owned by Richard Cohen.

8. INCOME TAXES

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in the financial statements:

	March 31, 2012	March 31, 2011
Loss before income taxes	$ 285,040	$ 363,353
Statutory rates	25%	29%
Expected income tax recovery	(71,260)	(105,372)
Increase (decrease) in tax recoveries resulting from:		
Non-deductible expenses and other	8,913	29,071
Change in effective tax rates	-	14,534
Change in Valuation allowance	54,566	61,767
	(7,781)	-
Income tax recovery	$ 7,781	$ -

Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

Deferred tax assets		
Exploration and evaluation assets	$ 1,633,672	$ 611,114
Amounts related to tax loss and credit carry forwards	3,477,697	2,117,448
Equipment and intangible assets	9,348	10,587
Share issuance costs	267,439	267,439
Net deferred income tax assets	5,388,156	3,006,588
Deferred income tax liability		
Renunciation of exploration and deferred costs	(1,633,672)	(1,523,849)
Less: Valuation allowance	3,754,484	1,482,739
Net deferred income tax	$ -	$ -

Loss Carry Forwards

At March 31, 2012, the Company has approximately $14,116,414 (2011: 7,371,119) unutilized non-capital losses for income tax purposes which may be used to reduce future taxable income. The Company also has approximately $35,408 (2011: $49,816) of unutilized capital losses for income tax purposes.
The losses expire as follows:

Year of Expiry	Amount
2014	$ 213,502
2015	49,644
2026	583,580
2027	6,262,520
2028	1,797,276
2029	1,883,654
2030	1,020,605
2031	2,056,245
2032	249,388
	$ 14,116,414

9. LOSS PER SHARE

Basic loss per share figures are calculated using the weighted average number of common shares outstanding during the period.

Fully diluted loss per share figures are calculated after taking into account all stock options and warrants granted. Exercise of the outstanding warrants and options would be anti-dilutive with respect to loss per share calculations and therefore fully-diluted loss per share is not presented.

10. COMMITMENTS

Gross overriding royalties

In addition to the gross overriding royalty ("GOR") agreements entered into in connection with the various oil and gas projects undertaken, the Company has entered into the following GOR agreements:

i) Database

As part of the purchase of the database of technical information (refer to Note 7), the Company entered into a GOR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database.

ii) Study

On December 22, 2008, the Company entered into an agreement with an arm's length party to obtain consulting services to study certain pieces of land under development by the Company. Pursuant to the agreement, the Company has committed to pay a GOR equal to 5% on all production from the lands included in the study.

Lease commitments

During 2011, the Company entered into a lease agreement for its London, Ontario field office premises covering a period of 12 months and three weeks. Annual rent is $13,600. The lease expires July 31, 2012.

Flow-through shares

The Company is committed to expending approximately $75,000 by December 31, 2012, being the gross proceeds of flow-through shares issued during 2011, which have not been expended on qualifying exploration expenditures associated with its E&E as of March 31, 2012.