ABENTEUER RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2010 and 2009

(Canadian Dollars)

PRICEWATERHOUSECOOPERS

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Independent Auditor's Report

To the Shareholders of Abenteuer Resources Corp.

We have audited the accompanying consolidated financial statements of Abenteuer Resources Corp. which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of shareholders' equity, operations, comprehensive loss and deficit and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Abenteuer Resources Corp. as at December 31, 2010 and 2009 and its results of operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed "PricewaterhouseCoopers LLP"

Chartered Accountants
April 29, 2011
Vancouver, British Columbia

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

ABENTEUER RESOURCES CORP.

CONSOLIDATED BALANCE SHEETS

AND DECEMBER 31

		2010		2009
ASSETS				
CURRENT				
Cash and cash equivalents	$	495,569	$	462,514
Accounts receivable		133,612		127,235
Prepaid expenses		3,685		2,504
Short-term deposits		850,000		800,000
		1,482,866		1,392,253
LONG TERM				
Property and equipment – Note 5		1,036,220		1,024,658
Reclamation performance bond		32,506		32,506
TOTAL ASSETS	**$**	**2,551,592**	**$**	**2,449,417**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	418,690	$	66,471
LONG TERM				
Asset retirement obligations – Note 6		86,663		82,729
Future income tax liability – Note 10		-		29,987
		86,663		112,716
SHAREHOLDERS' EQUITY				
SHARE CAPITAL – Note 7		2,618,653		2,105,559
WARRANTS – Note 7		48,858		97,133
CONTRIBUTED SURPLUS – Note 7		192,894		244,213
DEFICIT		(814,166)		(176,675)
		2,046,239		2,270,230
TOTAL LIABILITIES AND EQUITY	**$**	**2,551,592**	**$**	**2,449,417**

Approved by:

"*Lewis Dillman*", Director

"*Jamie Lewin*", Director

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

ABENTEUER RESOURCES CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31

	2010	2009
Number of common shares		
Balance – beginning of year	14,583,266	10,733,266
Issued on exercise of options	750,000	-
Issued on exercise of warrants	1,860,000	-
Issue of common shares in financing	-	3,850,000
Balance – end of year	17,193,266	14,583,266
Share capital		
Balance – beginning of year	$ 2,105,559	$1,829,228
Issue of common shares on exercise of options	134,500	-
Issue of common shares on exercise of warrants	279,000	-
Issue of common shares in financing	-	285,000
Share issuance costs	-	(8,669)
Transfer on exercise of warrants	48,275	-
Transfer from contributed surplus on exercise of options	51,319	
Balance – end of year	2,618,653	2,105,559
Warrants		
Balance – beginning of year	97,133	-
Issue of warrants in financing	-	100,000
Share issuance costs	-	(2,867)
Transfer to share capital on exercise of warrants	(48,275)	-
Balance – end of year	48,858	97,133
Contributed Surplus		
Balance – beginning of year	244,213	217,963
Stock - based compensation	-	26,250
Exercise of stock options	(51,319)	
Balance – end of year	192,894	244,213
Deficit		
Balance – beginning of year	(176,675)	62,171
Net loss and comprehensive loss	(637,491)	(238,846)
Balance – end of year	(814,166)	(176,675)
Total shareholders' equity	**$2,046,239**	**$2,270,230**

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

ABENTEUER RESOURCES CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31

	2010	2009
REVENUE		
Petroleum and natural gas sales	$ 513,276	$495,900
Less: Royalties and free hold mineral tax	(81,776)	(80,345)
	431,500	415,555
EXPENSES		
Operating	131,238	208,711
Depletion, accretion and amortization	124,996	161,450
General and administrative	276,408	287,433
Stock-based compensation – Note 8	-	26,250
	532,642	683,844
Property investigations	569,953	49,406
Other income	(3,618)	(13,323)
NET LOSS FOR THE YEAR BEFORE INCOME TAXES	(667,477)	(304,372)
Current income tax expense – Note 10	-	30,000
Income tax recovery – Note 10	29,986	35,526
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(637,491)	(238,846)
DEFICIT – Beginning of year	(176,675)	62,170
DEFICIT – End of year	**$(814,166)**	**$ (176,675)**
Loss per share (basic)	$ (0.06)	$ (0.02)
Loss per share (diluted)	N/A	N/A
Weighted average number of shares outstanding	14,860,764	11,619,293
Fully diluted shares outstanding	N/A	N/A

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

ABENTEUER RESOURCES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	2010	2009
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	$ (637,491)	$ (238,846)
Items not affecting cash:		
Depletion, accretion and amortization	124,996	161,450
Stock-based compensation	-	26,250
Shares issued for services	-	15,000
Current income tax recovery	-	(30,000)
Future income tax recovery	(29,986)	(35,526)
	(542,481)	(101,672)
Changes in non-cash working capital relating to operations	344,661	(96,334)
	(197,820)	(198,006)
FINANCING ACTIVITIES		
Issuance of share capital	413,500	358,464
	413,500	358,464
INVESTING ACTIVITIES		
Increase in short-term deposits	(50,000)	(300,000)
Purchase of property and equipment	(132,625)	(12,299
	(182,625)	(312,299)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,055	(151,841)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	462,514	614,355
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 495,569**	**$ 462,514**

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

NOTE 1 NATURE OF OPERATIONS

The Company is engaged primarily in the exploration for, and the production of, petroleum reserves in a single cost centre being the Western Canadian Sedimentary basin; however, it continues to consider international opportunities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and accompanying notes have been prepared in conformity with Canadian Generally Accepted Accounting principles (“GAAP”). The accounting policies followed by the Company are set out below and have been consistently followed in the preparation of these financial statements as compared to prior years.

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Roughrider Energy Corp., which was incorporated on November 24, 2010 and has remained inactive since that date. All significant intercompany transactions are eliminated on consolidation.

b) Property and Equipment

Property equipment is recorded at cost. Amortization is recorded on a declining balance basis at the following annual rate:

Computer equipment	20%

c) Petroleum Properties and Production Equipment

Capitalized Costs
The Company follows the full-cost method of accounting for oil and gas activities whereby all costs associated with the acquisition of, the exploration for and the development of oil reserves, whether productive or unproductive, are capitalized. Such costs include land and lease acquisitions, geological and geophysical expenditures, drilling of productive and non-productive wells, production and gathering equipment and facilities, carrying costs directly related to unproved properties, and corporate costs directly related to acquisition. The carrying value, based on a ceiling test calculation, is limited to a recoverable amount as determined by estimating the present value of future net revenue from proven properties based on forecast prices, costs and the value of unproven properties at the lower of cost and net realizable value.

The costs (including exploratory dry holes) related to cost centres from which there has been no commercial production are not subject to depletion until commercial production commences.

Proceeds from disposal of properties are normally applied as a reduction of the costs of the remaining assets unless the disposal would alter the rate of depletion by more than 20%, in which case a gain or loss on disposal is recorded.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) Petroleum Properties and Production Equipment - Continued

Depletion and Depreciation
Capitalized costs are depleted and depreciated using the unit-of-production method based on gross proved reserves of petroleum and natural gas as determined by independent engineers. For purposes of this calculation, oil and natural gas reserves are converted to a common unit of measurement on the basis that six thousand cubic feet of gas equates to one barrel of oil. In determining its depletion base, the Company includes estimated future costs to be incurred in developing proved reserves and excludes estimated salvage values and the cost of unproved properties. Costs of acquiring and evaluating unproved properties are excluded from the depletion base until it is determined whether proved reserves are attributable to the properties or impairment occurs. Unproved properties are assessed for impairment at least annually.

Ceiling Test
Impairment is determined when the carrying amount of property and equipment exceeds the sum of the undiscounted cash flows expected to result from the Company’s proved reserves (determined pursuant to evaluation by independent engineers as dictated by National Instrument 51-101), based on future pricing. If the carrying value is impaired, the amount of impairment is measured by comparing the carrying amounts of property and equipment to an amount equal to the estimated net present value of future cash flows from proved plus probable reserves. This calculation incorporates risks and uncertainties in the expected future cash flows that are discounted using a risk-free rate. Any excess carrying value above the net present value of the future cash flows would be recorded as a permanent impairment and the cost centre is written down to its fair value.

The Company applies this test at least annually or more frequently as events or circumstances dictate.

Joint Interests
Substantially all of the exploration, development and production activities of the Company are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

d) Asset Retirement Obligation

The Company recognizes the estimated liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the asset is acquired and the liability is incurred. The estimated fair value of the ARO liability is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production method over the life of the proved asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. Differences between the actual costs incurred and the fair value of the liability recorded are recognized in earnings in the period incurred.

e) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The amounts recorded for depletion and amortization of property and equipment and the liability for retirement obligations are based on estimates. The impairment test is based on estimates of proved reserves, production rates, oil prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in estimates in future periods could be significant.

The calculation of stock-based compensation involves using certain estimates and assumptions which are subject to management uncertainty.

The financial statements include accruals based on the terms of existing joint venture agreements. Due to varying interpretations of the definition of terms in these agreements, the accruals made by management in this regard may be significantly different from those determined by the Company's joint venture partners. The effect on the financial statements resulting from such adjustments, if any, will be reflected prospectively.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

f) Income Taxes

The Company follows the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary difference" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the substantively enacted or enacted tax rates and laws expected to apply when these differences are expected to reverse.

g) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

h) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of petroleum and natural gas in the ordinary course of the Company's activities and is recognized in the period that title passes to the purchaser along with the risks and rewards of ownership, amounts to be received are known and collectability is reasonably assured.

i) Earnings (Loss) Per Share

Basic earnings (loss) per share are computed by dividing income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts reflect the potential dilution (if any) that could occur if stock options or warrants to purchase common shares were exercised and converted to common shares. The treasury stock method of calculating diluted loss per share amounts is used whereby any proceeds from the exercise of stock options or warrants are assumed to be used to purchase common shares of the Company at the average market price during the year. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, term deposits and short-term highly liquid investments with the original term to maturity of three months or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

k) Short-term deposits

Short term deposits include term deposits and short-term highly liquid investments with the original term to maturity of greater than three months but less than one year, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value.

l) Financial instruments

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in fair value of held-for-trading financial instruments are recorded in net earnings.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in net earnings. Investments in equity instruments that do not have an active quoted market price are measured at cost.

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

The Company is also required to provide disclosures about the inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value hierarchy are:

- Level 1 – Unadjusted quote prices in active markets for identical asset or liability,
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data

The Company adopted this amended standard for the year ended December 31, 2009 and required disclosures are included in Note 13.

NOTE 3 FUTURE ACCOUNTING PRONOUNCEMENTS

Canadian GAAP for publicly listed companies will be replaced by International Financial Reporting Standards ("IFRS"), effective for interim and annual periods beginning in the first quarter of fiscal 2011. The Company's annual and interim fiscal 2011 consolidated financial statements will include an IFRS opening consolidated balance sheet as at January 1, 2010, fiscal 2011 comparatives, related transitional reconciliation and note disclosures.

NOTE 4 SHORT-TERM DEPOSITS

The Company has $850,000 (2009 - $800,000) invested in a variable rate GIC, based on the Bank of Montreal's prime rate of 1.95%, with a maturity date of August 03, 2011.

NOTE 5 PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization & Depletion	2010 Net Book Value
Computer Equipment	$ 10,504	$ 10,504	$ -
Petroleum properties & equipment	2,053,091	1,016,871	1,036,220
	$2,063,595	$ 1,027,375	$1,036,220

	Cost	Accumulated Amortization & Depletion	2009 Net Book Value
Computer equipment	$ 10,504	$ 9,412	$ 1,092
Petroleum properties & equipment	1,920,466	896,900	1,023,566
	$ 1,930,970	$ 906,312	$ 1,024,658

NOTE 6 ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Asset retirement obligations - beginning of the year	$ 82,729	$ 78,795
Accretion expense	3,934	3,934
Asset retirement obligations - end of the year	$ 86,663	$ 82,729

In addition to the liability, which is indicated in the above table, the Company also has a reclamation bond having a value of $32,506 ($20,000 Well and $12,506 Battery) that is held by the Saskatchewan Industry and Resources in the event that well King 03-27-004-07 W2 becomes orphaned. Interest is paid at 0.85% on the reclamation bond.

The Company has calculated the fair value of the asset retirement obligation using a discount rate of 5% and an inflation rate of 1.5%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are $203,476 (2009 - $203,476) and are expected to be incurred over a period of approximately 7 to 13 years.

NOTE 7 SHARE CAPITAL

Authorized share capital:

Unlimited number of voting common shares without nominal or par value
Unlimited number of preferred shares without nominal or par value

Issued share capital - common shares:

	Number of Shares	Value
Balance December 31, 2008	10,733,266	$1,829,228
Private Placement October 2009	3,850,000	285,000
Issuance costs	-	(8,669)
Balance at December 31, 2009	14,583,266	2,105,559
Exercise of share purchase warrants	1,860,000	279,000
Exercise directors and officer’s options	750,000	134,500
Transfer from warrants and contributed surplus		99,594
Balance at December 31, 2010	17,193,266	$2,618,653

NOTE 7 SHARE CAPITAL – CONTINUED

Warrants

Balance December 31, 2008	Nil	Nil
Private Placement October 2009	3,850,000	$ 100,000
Issuance costs	-	(2,867)
Balance at December 31, 2009	3,850,000	97,133
Exercise of warrants	(1,860,000)	(48,275)
Balance December 31, 2010	1,990,000	$48,858

The value of the warrants, which expire October 7, 2011, was calculated using the Black Scholes option pricing model with risk free interest rate of (1.36%), expected life of (2 years) and expected volatility of (62.3%).

Contributed surplus

Balance December 31, 2008	$ 217,963
Stock-based compensation (Note 8)	26,250
Balance December 31, 2009	244,213
Exercise of options during 2010	(51,319)
Balance December 31, 2010	$ 192,894

Stock Options

The following tables summarize information about stock options outstanding at December 31, 2010:

Number of Stock Options	Exercise Price	Expiry Date
100,000	$0.10	Dec. 2011
100,000	$0.23	Oct. 2012

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Grant Date Fair Value	Weighted Average Time to Expiry
Balance Dec. 31, 2008	1,000,000	$0.17	$0.07	2.30 yrs.
Granted	250,000	$0.23	$0.11	3.00 yrs.
Balance Dec. 31, 2009	1,250,000	$0.18	$0.08	1.58 yrs.
Exercised	(600,000)	$0.17	$0.07	
Expired	(300,000)	$0.20	$0.07	
Exercised	(150,000)	$0.23	$0.11	
Balance Dec 31, 2010	200,000	$0.16	$0.09	1.83 yrs.

NOTE 8 STOCK-BASED COMPENSATION

The Company has used the Black-Scholes option pricing model to determine a fair value for stock options in order to determine the stock option compensation expense. No options were issued during the current Year. During the prior year, the Company recorded $26,250 of compensation expense in relation to the 250,000 options issued on October 16, 2009, with a corresponding increase to contributed surplus on the balance sheet.

The fair value of each option granted in 2009 was estimated using the following assumptions:

- Risk-free interest rate (1.46%)
- Expected life (3 years)
- Expected volatility (68.29%)
- Expected dividend yield (0.00%)

NOTE 9 RELATED PARTY TRANSACTIONS

During the year ended, December 31st, the Company

a) paid management fees of $30,000 (2009 - $30,000) to a company controlled by an officer and director of the Company;
b) paid legal fees of $ Nil (2009 - $12,987) to an advisor who is an officer of the Company;
c) paid accounting services of $23,674 (2009 - $22,535) to a proprietorship owned by a director of the Company;
d) paid $60,000 (2009 - $60,000) in directors' fees.
e) paid $3,662 in mineral royalties to an officer and director of the Company.

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

NOTE 10 INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before taxes. These differences result from the following items:

	2010	2009
Earnings (Loss) before income taxes	$ (667,477)	$ (304,372)
Canadian federal and provincial income tax rates	30.00%	31.00%
Income tax recovery based on the above rates	(200,243)	(94,355)
Increase (decrease) due to:		
Non-deductible items and other	41,736	8,825
Change in long term tax rates	15,851	(7,306)
Change in valuation allowance	112,669	12,699
Income tax expense (recovery)	$ (29,987)	$ (65,526)
Current income tax	-	(30,000)
Future income tax	(29,987)	(35,526)

(29,987)	(65,526)

NOTE 10 INCOME TAXES - CONTINUED

The components of future income taxes are as follows:

	2010	2009
Future income tax assets		
Share issue costs	$ 1,995	$ 6,954
Asset retirement obligation	23,399	22,337
Non capital losses	70,787	12,699
Eligible capital and other	110,892	-
Total future tax assets	207,072	41,989
Valuation allowance	(125,368)	(12,699)
Net future income tax asset	81,704	29,290
Future income tax liabilities (long term)		
Property and equipment	81,704	59,277
Future income tax liabilities	81,704	59,277
Future income tax liability	$ -	$ 29,987

In assigning the realization of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will be realized. The ultimate realization of future assets is depend upon the generation of future taxable income during the periods in which those temporary differences become deductible.

NOTE 11 KINGSFORD SASK. WELLS – REVENUE & OPERATING EXPENSES

	Well #1	**Well #2**	**Well #3**	**Well #4**	**Well #5**	**Total**
Sales	$ 111,687	$ 34,237	$ 114,872	$ 103,878	$ 148,602	$ 513,276
Royalties and Tax Total	18,571	848	15,599	24,515	22,243	81,776
Gross Margin	93,116	33,389	99,273	79,363	126,359	431,500
Operating Expenses Total	19,757	8,434	14,950	16,811	71,286	131,238
Operating Revenue before Depletion and Administration	$ 73,359	$ 24,955	$ 84,323	$ 62,552	$ 55,073	$ 300,262

NOTE 12 COMMITMENTS

The Company has month to month lease commitments for its office premises going forward in 2011 of $2,016 including HST.

NOTE 13 CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of petroleum and natural gas property. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and maintenance and development of future oil producing sites, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended December 31, 2010 as compared to the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

NOTE 14 FINANCIAL INSTRUMENTS

Fair Value

The Company designated its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading;
- Short-term deposits are classified as held-for-trading;
- Accounts receivables are classified as loans and receivables;
- Reclamation performance bond is classified as held-for-trading; and
- Accounts payable and accrued liabilities as other financial liabilities.

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

NOTE 14 FINANCIAL INSTRUMENTS – CONTINUED

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets. The Company's cash and cash equivalents, short term deposits and the reclamation performance bond are classified within Level 2 of the fair value hierarchy.

	Loans and receivables	Held for trading	Other financial liabilities
Financial Assets			
Cash and cash equivalents	$ -	$495,569	$ -
Short term deposits	-	850,000	-
Accounts receivable	133,612	-	-
Reclamation performance bond	-	32,506	-
Financial Liabilities			
Accounts payable	-	-	418,690

NOTE 15 SUBSEQUENT EVENTS

a) Subsequent to year end 200,000 options and 635,000 warrants were exercised for cash in the amount of $ 128,250.

b) On September 22, 2010 the Company signed a letter of intent with SMW Gold Ltd. ("SMW"), a private company incorporated in Cyprus that controls two gold licenses in Egypt, wherein the Company could acquire all of the issued and outstanding shares of SMW in exchange for 25,000,000 units of the Company. The transaction would have constituted a reverse takeover.

In conjunction with this transaction, the Company had previously raised, in escrow, $12,000,000 through the issuance of 15,000,000 subscription receipts on both a brokered and non-brokered basis. The terms of the subscription receipts provided that if the transaction was not completed by February 28, 2011, the proceeds of the financing would be returned to the subscribers and the subscription receipts would be cancelled.

Due to the recent political instability in Egypt, and uncertainty regarding the status of the concession agreements over the gold licenses, the transaction was not completed. In accordance with the terms of the subscription receipts, the proceeds of the financing have been fully returned to the subscribers from escrow, with interest, at March 3, 2011.

As part of the same overall transaction, the Company had incorporated a wholly-owned subsidiary, Roughrider Energy Corp., to act as the intended recipient for a proposed spin-out of the Company's oil and gas assets prior to the SMW reverse takeover transaction being completed. This spin-out has also been suspended.