AMENDED AND RESTATED

Abenteuer Resources Corp.

Interim Consolidated Financial Statements

Three Months Ended March 31, 2011

(Expressed in Canadian Dollars)

AMENDED AND RESTATED

NOTICE TO READER

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

The accompanying unaudited interim consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Abenteuer Resources Corp.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars – unaudited)

AMENDED AND RESTATED

	Notes	March 31, 2011	December 31, 2010 (Note 15)	January 1, 2010 (Note 15)
ASSETS				
Current assets				
Cash		$ 316,544	$ 495,569	$ 462,514
Short-term investments	4	850,000	850,000	800,000
Prepayments		-	3,685	2,504
Receivables	5	119,446	133,612	127,235
		1,285,990	1,482,866	1,392,253
Non-current assets				
Reclamation deposits	9	32,506	32,506	32,506
Property, plant and equipment	6	-	-	1,092
Oil and gas properties	7	1,026,837	1,057,838	1,045,184
		1,059,343	1,090,344	1,078,782
TOTAL ASSETS		**$ 2,345,333**	**$ 2,573,210**	**$ 2,471,035**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	8	$ 130,767	$ 418,690	66,471
		130,767	418,690	66,471
Non-current liabilities				
Deferred tax liabilities		-	-	29,987
Restoration provisions	9	108,812	107,895	104,347
		108,812	107,895	134,334
TOTAL LIABILIITES		**239,579**	**526,585**	**200,805**
SHAREHOLDERS' EQUITY				
Share capital	10	2,791,625	2,618,653	2,105,559
Reserves	11	219,530	241,752	341,346
Deficit		(905,401)	(813,780)	(176,675)
TOTAL EQUITY		**2,105,754**	**2,046,625**	**2,270,230**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 2,345,333**	**$ 2,573,210**	**$ 2,471,035**

Approved by:

"*Lewis Dillman*", Director

"David Parry", Director

See accompanying notes to the interim consolidated financial statements

Abenteuer Resources Corp. AMENDED AND RESTATED
Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars – unaudited)

	Notes	Three month periods ended March 31, 2011	March 31, 2010 (Note 15)
Revenue			
Petroleum and natural gas sales		$ 149,775	$ 126,897
Less Royalties and free hold mineral tax		(34,075)	(21,508)
		115,700	105,389
Expenses			
Production and operating expenses		30,702	18,661
Depletion, accretion and amortization		31,918	25,544
General and administrative		61,578	55,764
		124,198	99,969
Other items			
Property investigations		83,163	-
Other income		(40)	(170)
		83,123	(170)
Net income (loss) and comprehensive income (loss) for the period		**$ (91,621)**	**$ 5,590**
Income (Loss) per share – basic and diluted	10	**$ (0.01)**	**$ 0.00**

See accompanying notes to the interim consolidated financial statements

Abenteuer Resource Corp.
Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars – unaudited)

AMENDED AND RESTATED

		Share capital		Reserves			
	Notes	Number of Shares	Amount	Option Reserve	Warrant Reserve	Deficit	Total
Balance at January 1, 2010	15	**14,583,266**	**$ 2,105,559**	**$ 244,213**	**$ 97,133**	**$ (176,675)**	**$ 2,270,230**
Income for the period		-	-	-	-	5,590	5,590
Shares issued for cash – warrant exercise		25,000	4,381	-	(631)	-	3,750
Balance at March 31, 2010		**14,608,266**	**$ 2,109,940**	**$ 244,213**	**$ 96,502**	**$ (171,085)**	**$ 2,279,570**
Loss for the period		-	-	-	-	(642,695)	(642,695)
Shares issued for cash – option exercise		750,000	185,819	(51,319)	-	-	134,500
Shares issued for cash – warrant exercise		1,835,000	322,894	-	(47,644)	-	275,250
Balance at December 31, 2010		**17,193,266**	**$ 2,618,653**	**$ 192,894**	**$ 48,858**	**$ (813,780)**	**$ 2,046,625**
Loss for the period		-	-	-	-	(91,621)	(91,621)
Shares issued for cash – option exercise		200,000	35,418	(2,418)	-	-	33,000
Shares issued for cash – warrant exercise		785,000	137,554	-	(19,804)	-	117,750
Balance at March 31, 2011		**18,178,266**	**$ 2,791,625**	**$ 190,476**	**$ 29,054**	**$ (905,401)**	**$ (2,105,754)**

See accompanying notes to the interim consolidated financial statements

Abenteuer Resources Corp.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars – unaudited)

AMENDED AND RESTATED

	Three month periods ended	
	March 31, 2011	**March 31, 2010 (Note 15)**
Operating activities		
Income (Loss) for the period	$ (91,621)	$ 5,590
Adjustments for non-cash items:		
Depletion, accretion and amortization	31,918	25,544
Changes in non-cash working capital items:		
Accounts receivable	14,166	16,980
Prepaid	3,685	(20,000)
Trade payables and accrued liabilities	(287,923)	(48,984)
Net cash flows used in operating activities	(329,775)	(20,870)
Financing activities		
Proceeds on issuance of common shares	150,750	3,750
Net cash flows from financing activities	150,750	3,750
Increase (decrease) in cash	(179,025)	(17,120)
Cash, beginning of period	495,569	462,514
Cash, end of period	**$ 316,544**	**$ 445,394**

See accompanying notes to the interim consolidated financial statements

1. Nature and continuance of operations

Abenteuer Resource Corp. (the "Company") was incorporated under the laws of the province of Alberta, Canada and was continued into the province of British Columbia in 2010. The Company is engaged primarily in the exploration for, and the production of, petroleum reserves in Western Canada. The Company, however, continues to consider international opportunities to expand its property portfolio. Abenteuer's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "ABU".

These unaudited consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

2. Basis of preparation and adoption of IFRS

Statement of compliance and conversion to International Financial Reporting Standards

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 and IFRS 1. Subject to certain transition elections disclosed in Note 15, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported balance sheet, statements of income (loss) and comprehensive income (loss) and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010. Comparative figures for 2010 in these financial statements have been restated to give effect to these changes.

Previously, the Company prepared its consolidated interim financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of July 13, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

Basis of preparation

The interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The significant account policies used in the preparation of these interim consolidated financial statements are described below.

3. Significant accounting policies

Basis of consolidation

The interim consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned* March 31, 2011	Percentage owned* March 31, 2010
Roughrider Energy Corp.	Canada	100%	N/A

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination of the useful lives of property, plant and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Foreign currency translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional and presentation currency of the Company and its subsidiary.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow.

3. Significant accounting policies and basis of preparation (cont'd)

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Oil and gas exploration and evaluation expenditures

Oil and natural gas exploration and evaluation expenditures are accounted for using a modified 'successful efforts' method of accounting. Costs are accumulated on a field-by-field basis. Exploration and evaluation expenditures, including license acquisition costs, are capitalised as exploration and evaluation assets when incurred. Expenditure directly associated with an exploration well is capitalised until the determination of reserves is evaluated. If reserves are not identified, these costs are charged to expense. All other associated exploration and evaluation expenditures are carried forward as an asset in the statement of financial position where the rights of tenure of the property are current and it is considered probable that the costs will be recouped through successful development of the property, or alternatively by its sale. Capitalised exploration and evaluation expenditure is written down to its recoverable amount where the above conditions are no longer satisfied.

If it is determined that a commercial discovery has not been achieved in relation to the property, all other associated costs are written down to their recoverable amount. If commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

Oil and gas properties

Oil and gas properties are stated at cost, less accumulated depreciation and accumulated impairment losses. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties, as long as the facts and circumstances indicate that the field has commercially viable reserves.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the asset retirement obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Where commercial production in an area of interest has commenced, oil and gas properties are depleted on a unit-of-production basis over the proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. The unit-of-production rate for the depletion of field development costs takes into account expenditures incurred to date, together with future development expenditure to develop the proved and probable reserves. Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior year financial period adjustments and are dealt with on a prospective basis.

3. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

3. Significant accounting policies and basis of preparation (cont'd)

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include property, plant and equipment and oil and gas properties) is reviewed for impairment when indicators of such impairment exist. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. An impairment loss exists and is recorded as an expense immediately.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Short term investments

Short-term investments are investments which are transitional or current in nature, with an original term to maturity greater than three months but less than one year.

3. Significant accounting policies and basis of preparation (cont'd)

Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Taxes on income in interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies and basis of preparation (cont'd)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to oil and gas properties along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other oil and gas properties.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to oil and gas properties with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for oil and gas properties.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Computers	30%

3. Significant accounting policies and basis of preparation (cont'd)

Accounting standards issued by not yet effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

3. Significant accounting policies and basis of preparation (cont'd)

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

4. Short-term investments

The Company has $850,000 (December 31, 2010 - $850,000) 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.

5. Accounts receivable

	March 31, 2011	December 31, 2010
Value-added tax receivables	$ 81,725	$ 63,440
Sale of crude petroleum	37,721	78,561
	$ 119,446	$ 142,001

6. Property, plant and equipment

	Computers		Computers
Cost:		**Cost:**	
At December 31, 2010	$ 10,504	At January 1, 2010	$ 10,504
Additions	-	Additions	-
Disposals	-	Disposals	-
At March 31, 2011	10,504	At December 31, 2010	10,504
Depreciation:		**Depreciation:**	
At December 31, 2010	10,504	At January 1, 2010	9,412
Charge for the period	-	Charge for the period	1,092
Eliminated on disposal	-	Eliminated on disposal	-
At March 31, 2011	10,504	At December 31, 2010	10,504
Net book value:		**Net book value:**	
At December 31, 2010	-	At January 1, 2010	1,092
At March 31, 2011	**$ -**	**At December 31, 2010**	**$ -**

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7. Oil and gas properties [1]

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
Cost:						
At December 31, 2010	$ 395,909	$ 82,015	$ 732,043	$ 345,786	$ 518,958	$ 2,074,709
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At March 31, 2011	395,909	82,015	732,043	345,786	518,958	2,074,709
Depletion:						
At December 31, 2010	(203,373)	(40,679)	(376,238)	(172,868)	(223,713)	(1,016,871)
Charge for the period	(6,201)	(1,240)	(11,470)	(5,270)	(6,820)	(31,001)
At March 31, 2011	(209,574)	(41,919)	(387,708)	(178,138)	(230,533)	(1,047,872)
Net book value:						
At December 31 2010	192,536	41,336	355,805	172,918	295,245	1,057,838
At March 31, 2011	**$ 186,335**	**$ 40,096**	**344,335**	**$ 167,648**	**$ 288,425**	**$ 1,026,837**

	Well #1	Well #2	Well #3	Well #4	Well #5	Total
Cost:						
At January 1, 2010	$ 393,426	$ 82,015	$ 723,296	$ 335,017	$ 408,332	$ 1,942,084
Additions	2,483	-	8,747	10,769	110,626	132,625
Disposals	-	-	-	-	-	-
At December 31, 2010	395,909	82,015	732,043	345,786	518,958	2,074,709
Depletion:						
At January 1, 2010	(179,379)	(35,875)	(331,852)	(152,476)	(197,318)	(896,900)
Charge for the period	(23,994)	(4,804)	(44,386)	(20,392)	(26,395)	(119,971)
At December 31, 2010	(203,373)	(40,679)	(376,238)	(172,868)	(223,713)	(1,016,871)
Net book value:						
At January 1, 2010	$ 214,047	$ 46,140	$ 391,444	$ 182,541	$ 211,014	$ 1,045,184
At December 31, 2010	**$ 192,536**	**$ 41,336**	**355,805**	**$ 172,918**	**$ 295,245**	**$ 1,057,838**

7. Oil and gas properties (cont'd)

[1] The Company has working interests in five wells in south east Saskatchewan at Kingsford. Two of these are horizontal wells (HZ).

#	Well	WI %
1	King 141/08-13-004-07 W2M	45.90
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13.00
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45.90
4	King 4D8-14/2A11-13-004-07 W2	10.50
5	King 01-27-004-07 W2	100.00

8. Trade payables and accrued liabilities

	March 31, 2011	December 31, 2010
Trade payables	$ 70,623	$ 355,746
Accrued liabilities	60,144	62,944
	$ 130,767	$ 418,690

9. Restoration and environmental provisions

	Three month period ended March 31, 2011	Year ended December 31, 2010
Balance, beginning of period	$ 107,895	$ 104,347
Accretion expense	917	3,548
Balance, end of period	$ 108,812	$ 107,895

The Company's provision for restoration and environmental obligations consists of costs accrued based on the current best estimate of reclamation activities that will be required at the completion of petroleum extraction activity. The Company's provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and estimates prepared by a third party specialist. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

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 risk free discount rate of 3.4%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are $203,476 (December 31, 2010 - $203,476) and are expected to be incurred over a period of approximately 20 years.

10. Share capital

Authorized share capital
Unlimited number of common shares without nominal or par value.
Unlimited number of preferred shares without nominal or par value

Issued share capital

	Number of Shares		Amount
Balance as at December 31, 2009	14,583,266	$	2,105,559
Exercise of share purchase warrants	1,860,000		279,000
Exercise of stock options	750,000		134,500
Transfer from warrant and option reserve	-		99,594
Balance as at December 31, 2010	17,193,266		2,618,653
Exercise of share purchase warrants	785,000		117,750
Exercise of stock options	200,000		33,000
Transfer from warrant and option reserve	-		22,222
Balance as at March 31, 2011	18,178,266	$	2,791,625

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three month period ended March 31, 2011 was based on the weighted average number of common shares outstanding of 17,924,877 (2010 – 14,860,764).

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a variable period from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company.

Options granted typically vest fully when granted.

10. Share capital (cont'd)

The changes in options during the three month period ended March 31, 2011 and the year ended December 31, 2010 are as follows:

	March 31, 2011			December 31, 2010		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	200,000	$	0.16	1,000,000	$	0.17
Options granted	-		-	250,000		0.23
Options exercised	(200,000)		0.16	(750,000)		0.18
Options expired	-		-	(300,000)		0.20
Options forfeited	-		-	-		-
Options outstanding, end of period	-	$	-	200,000	$	0.16
Options exercisable, end of period	-	$	-	200,000	$	0.16

Share purchase warrants

The changes in warrants during the three month period ended March 31, 2011 and the year ended December 31, 2010 are as follows:

	March 31, 2011			December 31, 2010		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Warrants outstanding, beginning of period	1,990,000	$	0.15	3,850,000	$	0.15
Warrants exercised	(785,000)		0.15	(1,860,000)		0.15
Warrants outstanding, end of period	1,205,000	$	0.15	1,990,000	$	0.15
Warrants exercisable, end of period	1,205,000	$	0.15	1,990,000	$	0.15

11. Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The warrant reserve records the fair value allocated to warrants issued until such time as the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

12. Related party transactions

The Company incurred the following transactions with companies that are controlled by directors of the Company.

	Three month periods ended	
	March 31, 2011	**March 31, 2010**
Director fees	$ 13,000	$ 15,000
Professional fees	8,295	7,060
	$ 21,295	$ 22,060

Key management personnel compensation

	Three month periods ended	
	March 31, 2011	**March 31, 2010**
Short-term employee benefits – management fees	$ 7,500	$ 7,500

The transactions were in the normal course of business and are measured at the exchange amount which is the amount agreed to by the parties.

13. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

13. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2011:

	Within one year	Between one and five years	More than five years
Trade payables	$ 130,767	$ -	$ -

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of $8,500.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

13. Financial risk management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2011	December 31, 2010
Held-for-trading:		
Cash	$ 316,544	$ 495,569
Short-term investments	850,000	850,000
Loans and receivables:		
Other receivables	119,446	133,612
	$ 1,285,990	$ 1,482,866

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2011	December 31, 2010
Non-derivative financial liabilities:		
Trade payables	130,767	418,690
	$ 130,767	$ 418,690

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- 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 following is an analysis of the Company's financial assets measured at fair value as at March 31, 2011 and December 31, 2010:

	As at March 31, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 316,544	$ -
Short-term investments	-	850,000	-
	$ -	$ 1,166,544	$ -

13. Financial risk management (cont'd)

	As at December 31, 2010		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ -	$ 495,569	$ -
Short-term investments	-	850,000	-
	$ -	$ 1,345,569	$ -

14. Segmented information

The Company operates in a single reportable operating segment – the acquisition, production, exploration and development of oil and gas properties. The Company operates in one geographic segment located in Canada, but considers each operating well to be a single cash generating unit.

15. Transition to IFRS

An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive income (loss) is set out in this note. The accounting policies set out in note 3 have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in the preparation of an opening IFRS Balance Sheet at January 1, 2010 (the Company's date of transition).

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening balance sheet on the transition date of January 1, 2010, and allows certain exemptions on the transition of the transition to IFRS. The elections the Company has chosen to apply and that are considered significant to the Company include:

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- IFRS 2 "Share-based Payment" The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which had been accounted for in accordance with Canadian GAAP.
- IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" has been applied prospectively to all provisions for restoration and environmental obligations that are within the scope of International Financial Reporting Interpretations Committee ("IFRIC") "Changes in Existing Decommissioning, Restoration and Similar Liabilities". The Company has:
    - re-measured the liabilities as at January 1, 2010 in accordance with IAS 37;
    - estimated the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rates that would have applied for that liability over the intervening period; and
    - calculated the accumulated depreciation on that amount, as at January 1, 2010, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity.

15. Transition to IFRS (cont'd)

Reconciliation of assets

		As at January 1, 2010		
	Notes	**Canadian GAAP**	**Effect of Transition**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		$ 462,514	$ -	$ 462,514
Short-term investments		800,000	-	800,000
Prepaid		2,504		2,504
Accounts receivable		127,235	-	127,235
		1,392,253	-	1,392,253
Non-current assets				
Reclamation deposits		32,506	-	32,506
Property plant and equipment		1,092	-	1,092
Oil and gas properties	15 (a)	1,023,566	21,618	1,045,184
		1,057,164	21,618	1,078,782
TOTAL ASSETS		**$ 2,449,417**	**$ 21,618**	**$ 2,471,035**
LIABILITIES				
Current liabilities				
Trade payables		66,471	-	66,471
		66,471	-	66,471
Non-current liabilities				
Deferred tax liabilities		29,987	-	29,987
Provision for restoration and environmental obligations	15(a)	82,729	21,618	104,347
		112,716	21,618	134,334
TOTAL LIABILITIES		**179,187**	**21,618**	**200,805**
SHAREHOLDERS' EQUITY				
Share capital		2,105,559	-	2,105,559
Warrants	15(b)	97,133	(97,133)	-
Contributed surplus	15 (b)	244,213	(244,213)	-
Reserves	15(b)	-	341,346	341,346
Deficit		(176,675)	-	(176,675)
TOTAL EQUITY		**2,270,230**	**-**	**2,270,230**
TOTAL LIABILITIES AND SHARESHOLDERS' EQUITY		**$ 2,449,417**	**$ 21,618**	**$ 2,471,035**

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15. Transition to IFRS (cont'd)

Reconciliation of assets

		As at March 31, 2010		
	Notes	Canadian GAAP	Effect of Transition	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		$ 445,394	$ -	$ 445,394
Short-term investments		800,000	-	800,000
Prepaid		22,504		22,504
Accounts receivable		110,255	-	110,255
		1,378,153	-	1,378,153
Non-current assets				
Reclamation deposits		32,506	-	32,506
Property, plant and equipment		-	-	-
Petroleum properties & equipment	15 (a)	999,999	21,618	1,021,617
		1,032,505	21,618	1,054,123
TOTAL ASSETS		**$ 2,410,658**	**$ 21,618**	**$ 2,432,276**
LIABILITIES				
Current liabilities				
Trade payables		17,485	-	17,485
		17,485	-	17,485
Non-current liabilities				
Deferred tax liabilities		29,987	-	29,987
Provision for restoration and environmental obligations	15(a)	82,729	22,505	105,234
		112,716	22,505	135,221
TOTAL LIABILITIES		**130,201**	**22,505**	**152,706**
SHAREHOLDERS' EQUITY				
Share capital		2,109,940	-	2,109,940
Warrants	15(b)	96,502	(96,502)	-
Contributed surplus	15 (b)	244,213	(244,213)	-
Reserves	15(b)	-	340,715	340,715
Deficit	15(b)	(170,198)	(887)	(171,085)
TOTAL EQUITY		**2,280,457**	**(887)**	**2,279,570**
TOTAL LIABILITIES AND SHARESHOLDERS' EQUITY		**$ 2,410,658**	**$ 21,618**	**$ 2,432,276**

15. Transition to IFRS (cont'd)

Reconciliation of assets

		As at December 31, 2010		
	Notes	**Canadian GAAP**	**Effect of Transition**	**IFRS**
ASSETS				
Current assets				
Cash and cash equivalents		$ 495,569	$ -	$ 495,569
Short-term investments		850,000	-	850,000
Prepaid		3,685		3,685
Accounts receivable		133,612	-	133,612
		1,482,866	-	1,482,866
Non-current assets				
Reclamation deposits		32,506	-	32,506
Petroleum properties & equipment	15 (a)	1,036,220	21,618	1,057,838
		1,068,726	21,168	1,090,344
TOTAL ASSETS		**$ 2,551,592**	**$ 21,618**	**$ 2,573,210**
LIABILITIES				
Current liabilities				
Trade payables		418,690	-	418,690
		418,690	-	418,690
Non-current liabilities				
Provision for restoration and environmental obligations	15(a)	86,663	21,232	107,895
		86,663	21,232	107,895
TOTAL LIABILITIES		**505,353**	**21,232**	**526,585**
SHAREHOLDERS' EQUITY				
Share capital		2,618,653	-	2,618,653
Warrants	15(b)	48,858	(48,858)	-
Contributed surplus	15 (b)	192,894	(192,894)	-
Reserves	15(b)	-	241,752	241,752
Deficit	15(b)	(814,166)	386	(813,780)
TOTAL EQUITY		**2,046,239**	**386**	**2,046,625**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 2,551,592**	**$ 21,618**	**$ 2,573,210**

15. Transition to IFRS (cont'd)

Reconciliation of loss and comprehensive loss for the three month period ended March 31, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Revenue				
Oil and gas sales, net of royalties		$ 126,897	$ -	$ 126,897
Less royalties & freehold mineral tax		(21,508)	-	(21,508)
		105,389	-	105,389
Expenses				
Operating		18,661	-	18,661
Depletion, amortization and accretion	15(a)	24,657	887	25,544
General and administrative		55,764	-	55764
		99,082	887	99,969
Other items				
Interest income		170	-	170
		170	-	170
Net income and comprehensive income for the period		**$ 6,477**	**$ (887)**	**$ 5,590**
Loss per share – basic and diluted		**$ 0.00**	**$ -**	**$ 0.00**

15. Transition to IFRS (cont'd)

Reconciliation of loss and comprehensive loss for the year ended December 31, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Revenue				
Oil and gas sales, net of royalties		$ 513,276	$ -	$ 513,276
Less royalties & freehold mineral tax		(81,776)	-	(81,776)
		431,500		431,500
Expenses				
Operating		131,238	-	131,238
Depletion, amortization and accretion	15(a)	124,996	(386)	124,610
General and administrative		276,408	-	276,408
		532,642	(386)	532,256
		-	-	-
Other items				
Property investigations		569,953	-	569,953
Interest income		(3,618)	-	(3,618)
		566,335	-	566,335
Net loss before income tax		**(667,477)**	**386**	**(667,091)**
Income tax recovery		29,986		29,986
Net loss and comprehensive loss for the year		**$ (637,491)**	**$ 386**	**$ (637,105)**
Loss per share – basic and diluted		**$ (0.06)**	**$ -**	**$ (0.06)**

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15. Transition to IFRS (cont'd)

Reconciliation of cash flows for the three month period ended March 31, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Operating activities				
Net income		$ 6,477	$ (887)	$ 5,590
Adjustments for non-cash items:				
Depletion, amortization and accretion	15(a)	24,657	887	25,544
Changes in non-cash working capital items:				
Accounts receivable		16,980	-	16,980
Prepaid		(20,000)	-	(20,000)
Trade payables and accrued liabilities		(48,984)	-	(48,984)
Net cash flows used in operating activities		(20,870)	-	(20,870)
Financing activities				
Exercise of share purchase warrants		3,750	-	3,750
Net cash flows from financing activities		3,750	-	3,750
Increase (decrease) in cash		(17,120)	-	(17,120)
Cash, beginning		462,514	-	462,514
Cash, ending		**$ 445,394**	**$ -**	**$ 445,394**

15. Transition to IFRS (cont'd)

Reconciliation of cash flows for the year ended December 31, 2010

	Notes	Canadian GAAP	Effect of Transition	IFRS
Operating activities				
Net loss		$ (637,491)	$ 386	$ (637,105)
Adjustments for non-cash items:				
Depletion, amortization and accretion	15(a)	124,996	(386)	124,610
Future income tax recovery		(29,986)	-	(29,986)
Changes in non-cash working capital items:				
Accounts receivable		(6,377)	-	(6,377)
Prepaid		(1,181)	-	(1,181)
Trade payables and accrued liabilities		352,219	-	352,219
Net cash flows used in operating activities		(197,820)	-	(197,820)
Investing activities				
Purchase of short term investment		(50,000)		(50,000)
Oil and gas property expenditures		(132,325)		(132,325)
Net cash flows used in investing activities		(182,625)	-	(182,625)
Financing activities				
Exercise of stock options		134,500	-	134,500
Exercise of share purchase warrants		279,000	-	279,000
Net cash flows from financing activities		413,500	-	413,500
Increase (decrease) in cash		33,055	-	33,055
Cash, beginning		462,514	-	462,514
Cash, ending		**$ 495,569**	**$ -**	**$ 495,569**

AMENDED AND RESTATED

15. Transition to IFRS (cont'd)

Notes to reconciliations

(a) Provision for restoration and environmental obligations

Under Canadian GAAP, asset retirement obligations are measured at fair value, incorporating market assumptions and discount rates based on the entity's credit-adjusted risk-free rate. Adjustments are made to asset retirement obligations for changes in the timing or amount of the cash flows and the unwinding of the discount. However, changes in discount rates alone do not result in a re-measurement of the provision. Changes in estimates that decrease the liability are discounted using the discount rate applied upon initial recognition of the liability while changes that increase the liability are discounted using the current discount rate.

IFRS requires decommissioning provisions to be measured based on management's best estimate of the expenditures that will be made and adjustments to the provision are made in each period for changes in the timing or amount of cash flow, changes in the discount rate, and the accretion of the liability to fair value (unwinding of the discount). Furthermore, the estimated future cash flows should be discounted using the current risk-free rates. Management has initially estimated the risk-free rate to be 3.4% which resulted in a revaluation of the restoration provision to $104,347. The revaluation resulted in an accretion adjustment for the three month period ended March 31, 2010 of $887 and a credit of $386 for the year ended December 31, 2010.

(b) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as individual reserve accounts.