



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

Independent Auditor's Report

To the Shareholders of Gallic Energy Ltd.:

We have audited the accompanying financial statements of Gallic Energy Ltd., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended, and the notes to the consolidated financial statements.

Management's responsibility for the 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 Gallic Energy Ltd. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“ Deloitte & Touche LLP ”

Chartered Accountants
April 26, 2011
Calgary, Canada

GALLIC ENERGY LTD.
CONSOLIDATED BALANCE SHEETS

As at	Note	December 31, 2010	December 31, 2009
ASSETS			
Current			
Cash		\$ 1,428,817	\$ 5,942
Accounts receivable		94,931	33,506
Prepaid expenses and deposits		20,154	-
Total current assets		1,543,902	39,448
Property and equipment		22,070	5,995
Petroleum and natural gas assets	3	1,147,361	560,068
Total assets		\$ 2,713,333	\$ 605,511
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 539,951	\$ 751,946
Loan from director	8	-	120,000
Total current liabilities		539,951	871,946
SHAREHOLDERS' EQUITY			
Share capital	4	6,901,929	4,144,515
Warrants	4	1,277,874	-
Contributed surplus	4	2,298,952	1,663,136
Deficit		(8,305,373)	(6,074,086)
Total shareholders' equity (deficiency)		2,173,382	(266,435)
Total liabilities and shareholders' equity		\$ 2,713,333	\$ 605,511

Commitments (note 3)

Subsequent events (note 9)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Signed "Jason Bednar"

Director

Signed "William Smith"

Director

GALLIC ENERGY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS,
COMPREHENSIVE LOSS AND DEFICIT

Year ended	Note	December 31, 2010	December 31, 2009
Revenue			
Realized gain on marketable securities		\$ -	\$ 10,202
Interest income		673	-
		673	10,202
Expenses			
General and administrative		1,219,466	381,425
Impairment of assets	3	372,747	-
Stock based compensation	4	635,816	194,500
Depreciation of property and equipment		3,931	1,930
		2,231,960	577,855
Net loss from continuing operations		(2,231,287)	(567,653)
Net loss from discontinued operations	7	-	(11,296)
Net loss and comprehensive loss		(2,231,287)	(578,949)
Accumulated deficit, beginning of year		(6,074,086)	(5,495,137)
Accumulated deficit, end of year		(8,305,373)	(6,074,086)
Net loss per share - basic and diluted		\$ (0.04)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted		51,434,480	19,227,812

See accompanying notes to the consolidated financial statements.

GALLIC ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended	Note	December 31, 2010	December 31, 2009
Cash flow from operating activities			
Net loss		\$ (2,231,287)	\$ (578,949)
Adjustments:			
Stock based compensation	4	635,816	194,500
Impairment of assets	3	372,747	-
Depreciation of property and equipment		3,931	1,930
Net loss from discontinued operations		-	11,296
Realized gain on marketable securities		-	(10,202)
Change in non-cash working capital			
Accounts receivable		(61,425)	(22,706)
Prepaid expenses and deposits		(20,154)	-
Accounts payable and accrued liabilities		(211,995)	336,268
Cash used by continuing operations		(1,512,367)	(67,863)
Cash provided by discontinued operations		-	75,000
Cash provided (used) by operating activities		(1,512,367)	7,137
Cash flow from financing activities			
Issue of share capital, net of issue costs	4	4,035,288	397,272
Loan from director	8	(120,000)	120,000
Cash provided by financing activities		3,915,288	517,272
Cash flow from investing activities			
Proceeds on disposal of marketable securities		-	19,402
Property and equipment		(20,006)	(7,092)
Petroleum and natural gas assets	3	(960,040)	(560,068)
Cash used by investing activities		(980,046)	(547,758)
Increase (decrease) in cash		1,422,875	(23,349)
Cash, beginning of year		5,942	29,291
Cash, end of year		\$ 1,428,817	\$ 5,942

See accompanying notes to the consolidated financial statements.

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

1. Description of Business

These consolidated financial statements reflect the consolidated activities of Gallic Energy Ltd. (“Gallic” or the “Company”) and its wholly owned subsidiaries.

Gallic is an international exploration company with a portfolio of properties in France and Australia.

2. Significant Accounting Policies

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents include investments in highly liquid instruments with original maturities of three months or less when purchased.

(c) Measurement uncertainty

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant accounts that require estimates as the basis for determining the stated amounts include petroleum and natural gas assets and stock based compensation. Actual results could differ from those estimates and affect the results reported in these consolidated financial statements.

(d) Financial instruments

Cash and cash equivalents have been classified as held for trading and is recorded at fair value with changes in fair value included in income. Accounts receivable are classified as loans and receivables and are initially recognized at fair value and subsequently are measured at amortized cost. Accounts payable and accrued liabilities and the loan from director are classified as other financial liabilities and are initially recorded at fair value and subsequently measured at amortized cost. The carrying value of the cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short terms to maturity. The Company does not have significant exposure to market risk.

(e) Property and equipment and petroleum and natural gas assets

The Company follows the full cost method of accounting for exploration and development expenditures, wherein all costs related to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized in country-by-country cost centres. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on non-producing properties, costs of drilling both productive and non-productive wells and related production equipment costs, and that portion of general and administrative expenses directly attributable to exploration and development activities.

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

Repairs and maintenance and operational costs that do not extend or enhance the recoverable reserves are charged to earnings. Financing and administrative costs directly attributable to specific new exploration and development projects are capitalized until commercial production has commenced.

Proceeds from the disposition of petroleum and natural gas properties are applied to reduce the capitalized costs and no gain or loss is recognized on the disposal of petroleum and natural gas properties unless such disposition would alter the depletion rate by 20 percent or more.

Depletion of oil and gas properties and equipment is computed using the unit-of-production method where the ratio of production to proved reserves, before royalties determines the proportion of depletable costs to be expensed. Oil and gas reserves and production are converted into equivalent units of six thousand cubic feet of natural gas to one barrel of oil. Undeveloped properties are excluded from the depletion calculation until quantities of proved reserves are found or impairment occurs.

Petroleum and natural gas interests are evaluated annually or more often if events trigger an impairment assessment, to determine whether the costs capitalized are impaired. The costs are impaired if the carrying value of the assets exceeds the sum of the undiscounted cash flows expected from the production of proved reserves and the cost, less any impairment, of unproved properties. If the carrying value is assessed as impaired, an impairment loss is recognized to the extent that the carrying value of assets exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves and the cost, less any impairment, of unproved properties. The cash flows are estimated using expected future product prices and costs, discounted using a risk-free rate. Unproved properties are assessed for impairment on a regular basis and when circumstances arise that indicate an unproven property is impaired such as expiration of lease rights or unsuccessful exploration results. The impairment of unproven properties is calculated as the difference between the estimated recoverable amount and the carrying value of the unproven properties. Impairments of unproven properties are transferred to the related full cost pool.

Depreciation is provided on office equipment on a straight-line basis using estimated useful lives of between one and five years.

(f) Foreign exchange and reporting currency

The accounts of the Company's operations and the integrated operations of its foreign subsidiaries are translated into Canadian dollars using the temporal method whereby monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at the average exchange rate for the year. Depreciation, depletion and amortization are translated at the exchange rate used for those assets giving rise to the depreciation, depletion or amortization. Exchange gains and losses on translation of foreign subsidiaries are included in income in the current period.

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

(g) Revenue recognition

Oil and gas revenue is recognized at the time sales volumes are delivered to the purchasers.

(h) Income taxes

The Company uses the liability method of accounting for income taxes. Temporary differences between the tax basis of an asset or liability and the carrying amount on the balance sheet are used to calculate income tax assets and liabilities. Future income tax assets or liabilities are calculated using enacted or substantively enacted tax rates anticipated to apply in the periods in which the temporary differences are expected to reverse. Future tax assets are recognized if it is considered more likely than not that the assets will be realized.

(i) Stock-based compensation

Options granted to employees, directors, consultants and others are recorded at their estimated fair value using a Black-Scholes option pricing model. The compensation cost is recognized over the vesting period of the options. When the options are exercised, share capital is adjusted to recognize the proceeds received and the associated non-cash compensation costs.

The fair value of restricted share units (“RSU’s”) is expensed into income evenly over the same period that the units vest at each balance sheet date between grant date and settlement with a corresponding addition to contributed surplus. On settlement date, share capital is adjusted to recognize previously expensed amounts.

(j) Net loss per share

Basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the effect of dilutive instruments. For the current year, outstanding stock options to purchase common shares were excluded from the diluted loss per share calculation as the instruments were anti-dilutive.

(k) Changes in Accounting Policies

Business combinations (CICA 1582) replaces former CICA 1581 “*Business combinations*”, and requires that the acquisition method (formerly, the purchase method) be applied to most business combinations. The acquirer would have to recognize and measure the acquiree as a whole, and the assets acquired and liabilities assumed, at their fair values as of the acquisition date. CICA 1582 is to be applied prospectively to business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. choosing to early adopt must disclose this fact and must also apply CICA 1601 *Consolidated financial statements* and CICA 1602 *Non-controlling interests*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company does not expect that the adoption of these new Sections will have a material impact on its consolidated financial statements.

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

3. Petroleum and natural gas assets

	Jan 1, 2010	Additions	Impairment	Dec 31, 2010
France (i)	\$ 330,649	\$ 479,838	\$ -	\$ 810,487
Australia (ii)	127,411	209,463	-	336,874
USA – Oklahoma (iii)	102,008	196,013	(298,021)	-
Canada – Sahara (iii)	-	74,726	(74,726)	-
Petroleum and natural gas assets	\$ 560,068	\$ 960,040	\$ (372,747)	\$ 1,147,361

	Jan 1, 2009	Additions	Impairment	Dec 31, 2009
France (i)	-	\$ 330,649	-	\$ 330,649
Australia (ii)	-	127,411	-	127,411
USA – Oklahoma (iii)	-	102,008	-	102,008
Petroleum and natural gas assets	-	\$ 560,068	-	\$ 560,068

(i) FRANCE

On April 8, 2008, the Company received approval for exploration rights to 514 square kilometres in the Aquitaine Basin of France (the ‘Ger Permit’). The exploration rights to the Ger Permit are associated with a commitment to incur €1,349,000 of qualifying expenditures over a 5-year term beginning on April 3, 2008. At December 31, 2010, approximately €440,000 had been incurred against the Ger commitment.

On August 8, 2008, the Company received approval for exploration rights to 781 square kilometres, also in the Aquitaine Basin of France (the ‘Ledeux Permit’). The exploration rights to the Ledeux Permit has a commitment to incur an estimated €1,700,000 of qualifying expenditures over a 5 year term beginning on August 8, 2008. At December 31, 2010, approximately €185,000 had been spent against the Ledeux commitment.

(ii) AUSTRALIA

In early 2009, the Company was awarded the exploration rights for its Block EP 464 in the Canning Basin, in Western Australia. The Company is committed to spend AUD \$6.1 million over a period of six years. As of December 31, 2010, the Company had spent approximately AUD\$340,000 in qualifying expenditures in Australia.

(iii) USA and CANADA

On October 14, 2009 Gallic announced that it had entered into a letter of intent with Energy Invest Group Ltd. to acquire a 75% working interest in two oilfields in Creek County Oklahoma. On April 1, 2010, the Company terminated the acquisition. On March 18, 2010, the Company entered into a

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

letter of intent with Sahara Energy Ltd. for the acquisition of Sahara's Alberta and Saskatchewan properties. An impairment charge of \$372,747 was incurred during the second quarter of 2010 relating to the write off of \$298,021 capitalized with respect to the Oklahoma transaction and \$74,726 capitalized relating to the Canadian transaction. \$270,739 of the costs had been incurred in 2010. An additional \$101,093 relating to these transactions were expensed as incurred.

4. Share Capital

(a) Authorized

Unlimited number of Class A, B and C common shares.

Unlimited number of non-voting preferred shares, issuable in series, without nominal or par value.

(b) Issued

Class A Common Shares		Number of Shares	Amount
Balance as at January 1, 2009		16,886,873	\$ 3,747,243
Issuance of common shares	(i)	2,700,937	376,737
(net of share issue costs of \$55,412)			
Agents shares	(i)	128,344	20,535
Balance as at December 31, 2009		19,716,154	\$ 4,144,515
Issuance of common shares	(ii)	18,750,000	1,025,719
(net of share issue costs of \$99,281)			
Agents shares	(ii)	473,000	24,380
Issuance of common shares	(iii)	6,000,000	240,000
Issuance of common shares	(iv)	38,000,000	747,389
(net of share issue costs of \$1,152,611 (v))			
Exercise of warrants		5,052,700	719,926
Balance as at December 31, 2010		87,991,854	\$ 6,901,929

Warrants		Number of Warrants	Amount
Warrant issuance	(ii)	19,244,000	\$ 384,880
Warrant issuance	(iii)	6,000,000	60,000
Warrant issuance	(iv)	38,000,000	380,000
Warrant issuance	(v)	1,520,000	576,080
Exercise of warrants		(5,052,700)	(123,086)
Balance as at December 31, 2010		59,711,300	\$ 1,277,874

Warrants outstanding at year-end were convertible into 61,231,300 common shares and expire between July 2011 and September 2012. Subsequent to year-end 7,031,750 common shares were issued on exercise of warrants.

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

- (i) The Company issued 2,700,937 common shares by way of a private placement on March 4, 2009 at \$0.16 per share. \$20,535 has been included in share issue costs for 128,344 common shares that were issued to Agents as a commission for the issuance.
 - (ii) On January 28, 2010, the Company issued 18.75 million units at \$0.08 per unit, each consisting of 1 common share and 1 common share purchase warrant. Each warrant entitles the holder to acquire a common share for \$0.12 per share until July 28, 2011. The \$1,500,000 gross proceeds of the offering was allocated between common shares, \$1,125,000, and share purchase warrants \$375,000. \$9,880 has been included in share issue costs relating to an additional 494,000 warrants issued to Agents involved in the financing as commission. The fair value of the warrants was estimated using the Black-Scholes option pricing model assuming a volatility of 80%, expected life of 1.5 years and no dividends. \$24,380 has been included in share issue costs relating to an additional 473,000 shares issued as commission to Agents involved in the financing
 - (iii) On August 6, 2010, the Company issued 6 million units at \$0.05 per unit, each consisting of 1 common share and 1 common share purchase warrant. Each warrant entitles the holder to acquire a common share for \$0.10 per share until August 6, 2012. The \$300,000 proceeds of the offering was allocated between common shares (\$240,000) and share purchase warrants (\$60,000). The fair value of the warrants was estimated using the Black-Scholes option pricing model assuming a volatility of 80%, expected life of 2 years and no dividends.
 - (iv) On September 20, 2010, the Company issued 38 million units at \$0.05 per unit, each consisting of 1 common share and 1 common share purchase warrant, by way of a brokered private placement. Each warrant entitles the holder to acquire a common share for \$0.10 per share until September 20, 2012. The \$1.9 million proceeds of the offering were allocated between common shares (\$1.52 million) and share purchase warrants (\$380 thousand). The fair value of the warrants was estimated using the Black-Scholes-Merton option pricing model assuming a volatility of 80%, expected life of 2 years and no dividends
 - (v) The Company issued 1,520,000 warrants to the brokers involved in the September 20, 2010 unit issuance as commission for services rendered. Each broker's warrant is exercisable into one unit until September 20, 2012 at an exercise price of \$0.05 per unit. Each unit is comprised of one common share and one warrant exercisable into one common share at an exercise price of \$0.10 until September 20, 2012. The fair value of the warrants was estimated on closing of the financing using the Black-Scholes option pricing model assuming a volatility of 80%, expected life of 2 years and no dividends. The fair value was determined to be \$0.379 per warrant issued. \$576,000 has been deducted as share issue costs from the September 20, 2010 share issuance as consideration for this grant of warrants.
- (c) Stock options

The Company has a stock option plan available to employees, consultants, directors and officers. Under the Plan, the Company is authorized to issue options to purchase in aggregate up to 10% of the outstanding common shares.

The compensation expense relating to stock options that has been recognized in net income for the year is \$544,670 (2009 - \$194,500). The corresponding amount has been recognized in contributed surplus. The fair value of the stock options was estimated on the date of each grant using the Black-Scholes option pricing model assuming a volatility of 80% (2009 – 83%), an expected life of 5 years (2009 – 5 years), a risk free interest rate of 2% (2009 – 2%).

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

The following table provides a summary of the status of the Company's stock option plan and changes during the years ended:

	Options	Weighted Average Exercise Price
Balance as at January 1, 2009	2,037,500	\$ 0.94
Granted	718,750	0.15
Forfeited	(625,000)	0.78
Balance as at December 31, 2009	2,131,250	\$ 0.67
Granted	5,425,000	0.26
Forfeited	(1,537,500)	-
Balance as at December 31, 2010	6,018,750	\$ 0.25

The following table summarizes information about stock options outstanding at December 31, 2010:

Grant date	Options Outstanding	Exercise Price	Options Exercisable	Weighted Average Remaining Life (years)
August 13, 2009	718,750	\$0.15	718,750	2.2
January 8, 2010	750,000	\$0.15	500,000	3.9
January 29, 2010	650,000	\$0.11	650,000	3.9
September 22, 2010	1,200,000	\$0.23	600,000	4.7
December 1, 2010	2,500,000	\$0.35	833,329	4.9
December 16, 2010	200,000	\$0.43	66,666	4.9
Outstanding - December 31, 2010	6,018,750	\$0.25	3,368,745	4.5

(d) Restricted Share Units

On December 1, 2010, the Company issued 2,500,000 restricted share units ("RSU's") to the Company's Chief Executive Officer. Under the terms of the plan, the RSU's awarded will vest in four equal portions every six-months following the grant date and will be settled in shares. The fair value of the RSU's on grant date is expensed into income evenly over the same period that the units vest. For the year-ended December 31, 2010, \$91,146 was expensed relating to RSU's.

(e) Contributed Surplus

	December 31, 2010	December 31, 2009
Opening balance	\$ 1,663,136	\$ 1,468,636
Stock-based compensation	635,816	194,500
Ending balance	\$ 2,298,952	\$ 1,663,136

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

5. Risk Management

Credit risk

The majority of the Company's cash and cash equivalents are held by one major Canadian banking institution. Deposits held with this bank on occasion exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and bear minimal risk. The Company's accounts receivable is comprised of amounts due from the Canada Revenue Agency (GST) and was collected subsequent to year-end.

Foreign exchange risk

The Company operates internationally and is therefore exposed to foreign exchange risk. Primary exposures are from fluctuations in the Euro, Australian dollar and the US dollar.

The Company holds its cash in Canadian dollars and pays its foreign denominated liabilities by converting Canadian funds to the foreign currency. Approximately 25% of payments are paid in currencies other than the Canadian dollar. The Company's reporting currency is the Canadian dollar. The gain and losses are reported on the statement of operations.

Liquidity Risk

The Company is exposed to liquidity risk, which is the risk that the Company may be unable to generate or obtain sufficient cash to meet its commitments as they come due. The Company intends to mitigate this risk from treasury by accessing the capital markets as in the past through the issuance of securities as required and as available.

Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns to shareholders and benefits for other stakeholders in the future. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company defines capital as total equity plus debt, net of cash. The Company is not subject to any externally imposed cash flow requirements.

6. Income Tax

Income tax recovery differs from the amount that would be computed by applying the Canadian federal and provincial statutory income tax rates to the loss for the years as follows:

	2010	2009
Loss for the year before taxes	\$ (2,140,141)	\$ (578,949)
Statutory tax rate	28.00%	29.00%
Expected income tax reduction	(599,239)	(167,895)
Increase resulting from:		
Non-deductible stock based compensation expense	178,028	56,405
Change in valuation allowance and other	421,211	111,490
Income tax expense	\$ -	\$ -

Gallic Energy Ltd.

Notes to Consolidated Financial Statements

The components of the future tax asset are summarized below:

	2010	2009
Future income tax asset:		
Operating losses (expire between 2027 and 2030)	\$ 1,298,006	\$ 923,147
Share issue costs	84,463	70,882
Future income tax asset	1,382,469	994,029
Less: Valuation allowance	(1,382,469)	(994,029)
	\$ -	\$ -

7. Discontinued operations

In November 2008, the Company formally relinquished all its working interest in the TSEA Cabin well in North eastern British Columbia for proceeds of \$83,000. As of December 31, 2009, \$11,296 remained unpaid and was deemed uncollectible. The account receivable was written off to net income (loss) from discontinued operations in 2009.

8. Related party transactions

Pursuant to a promissory note dated January 30, 2009, a director of Gallic provided an unsecured loan of \$120,000 that bore interest of 7% per annum with no specific date of repayment. The loan plus interest (\$8,400) was repaid in February 2010.

9. Subsequent Events

On April 13, 2011, Gallic issued 57,500,000 units at \$0.40 per unit for gross proceeds of \$23 million by way of a brokered bought deal financing. Each unit consists of one common share and half a share purchase warrant. Each warrant entitles the holder to acquire a common share for \$0.60 over a two year period.