



**CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**GALLIC ENERGY LTD.**

For the three and nine months ended September 30, 2010

**Unaudited interim consolidated financial statements**

**In accordance with National Instrument 51-102 released by the Canadian Securities administrators, the Company discloses that its auditors have not reviewed these interim consolidated financial statements for the nine months ended September 30, 2010 and 2009.**

**GALLIC ENERGY LTD.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

As at	Note	September 30, 2010	December 31, 2009
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 1,610,417	\$ 5,942
Accounts receivable	4	53,232	33,506
Prepaid expenses and deposits		23,394	-
<b>Total current assets</b>		<b>1,687,043</b>	39,448
Property, plant and equipment		16,696	5,995
Petroleum and natural gas assets	5	711,836	560,068
<b>Total assets</b>		<b>2,415,575</b>	605,511
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Accounts payable and accrued liabilities		225,351	751,946
Loan from director	8	-	120,000
<b>Total current liabilities</b>		<b>225,351</b>	871,946
Share capital	2, 6	6,449,709	4,144,515
Warrants	2, 6	1,379,184	-
Contributed Surplus	6	1,849,385	1,663,136
Deficit	2	(7,488,054)	(6,074,086)
<b>Total Shareholders' equity (deficiency)</b>		<b>2,190,224</b>	(266,435)
<b>Total Liabilities &amp; Shareholders' equity</b>		<b>\$ 2,415,575</b>	\$ 605,511

Going concern (note 1)

Commitments (note 9)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Signed "Jason Bednar"

Director

Signed "John Garden"

Director

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

(Unaudited)

PERIOD ENDED,	Note	THREE MONTHS		NINE MONTHS	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Revenue					
Unrealized gain on marketable securities		\$ -	\$ -	\$ -	\$ 13,625
Realized loss on marketable securities		-	(3,423)	-	(3,423)
Interest income		147		147	
		147	(3,423)	147	10,202
Expenses					
General and administrative		157,076	112,836	751,336	447,075
New venture expenditures	5	101,093	-	101,093	-
Impairment of assets	5	-	-	372,747	-
Stock based compensation	6	136,919	92,894	186,249	165,668
Depreciation	5	1,034	440	2,690	1,320
		396,122	206,170	1,414,115	614,063
Net loss and comprehensive loss		(395,975)	(209,593)	(1,413,968)	(603,861)
Accumulated deficit, beginning of period					
	2	(7,092,078)	(5,889,405)	(6,074,086)	(5,495,137)
Accumulated deficit, end of period		\$ (7,488,054)	\$ (6,098,998)	\$ (7,488,054)	\$ (6,098,998)
Net loss per share - basic and diluted					
		\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted					
		46,489,861	19,716,154	41,483,715	19,063,243

See accompanying notes to the consolidated financial statements.

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**GALLIC ENERGY LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

<b>Period ended,</b>	<b>Note</b>	<b>THREE MONTHS</b>		<b>NINE MONTHS</b>	
		<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
		<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Cash flow from operating activities</b>					
Net loss		\$ (395,975)	\$ (209,593)	\$ (1,413,968)	\$ (603,861)
Adjustments:					
Stock based compensation	6	136,919	92,894	186,249	165,668
Share issuance costs	6	-	-	-	-
Unrealized (gain) loss on marketable securities		-	-	-	(13,625)
Realized loss on marketable securities		-	3,423	-	3,423
Depreciation	5	1,034	440	2,690	1,320
Impairment of assets	5	-	-	372,747	-
Change in non-cash working capital					
Accounts receivable		93,000	(9,040)	(19,726)	(6,910)
Prepaid expenses and deposits		(1,271)	-	(23,394)	-
Accounts payable and accrued liabilities		(382,691)	243,049	(526,595)	37,922
Cash used by continuing operation		(548,984)	121,173	(1,421,997)	(416,063)
Cash provided by discontinued operations		-	-	-	75,000
Cash used by operating activities		(548,984)	121,173	(1,421,997)	(341,063)
<b>Cash flow from financing activities</b>					
Issue of share capital, net of issue costs	6	2,249,400	(22,998)	3,684,378	397,270
Loan from director		-	-	(120,000)	120,000
Cash provided by financing activities		2,249,400	(22,998)	3,564,378	517,270
<b>Cash flow from investing activities</b>					
Proceeds on disposal of marketable securities		-	19,402	-	19,402
Acquisition of property, plant and equipment		-	-	(13,391)	-
Acquisition of evaluation and exploration assets	5	(148,136)	(190,687)	(524,515)	(195,136)
Cash used by investing activities		(148,136)	(171,285)	(537,906)	(175,734)
Effect of exchange rate changes on cash		(2)	-	-	-
Increase (decrease) in cash and cash equivalents		1,552,278	(73,110)	1,604,475	473
Cash and cash equivalents, beginning of period		58,139	102,874	5,942	29,291
<b>Cash and cash equivalents, end of period</b>		<b>\$ 1,610,417</b>	<b>\$ 29,764</b>	<b>\$ 1,610,417</b>	<b>\$ 29,764</b>

See accompanying notes to the consolidated financial statements.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For three and nine months ended September 30, 2010

### Unaudited

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#### 1. Description of Business and Going Concern

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

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

The financial statements of Gallic have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2009. The disclosures which follow do not include all disclosures required for annual financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

These financial statements have been prepared on a going concern basis which presumes the realization of assets and liabilities in the normal course of business. Gallic had no operating revenues and incurred a net loss of \$1,413,968 and \$603,861 for the nine month periods ended September 30, 2010 and 2009 respectively. Gallic had a working capital surplus of \$2,190,224 for the nine months ended September 30, 2010, compared to a working capital deficit of \$832,498 at December 31, 2009. Total assets at September 30, 2010 were \$2,415,575 compared to \$605,511 at December 31, 2009. Gallic’s principle source of liquidity as at September 30, 2010 was cash amounting to \$1,610,417 compared to \$5,942 at December 31, 2009.

The Company’s ability to continue its operations and to realize its assets at their carrying values and fund its commitments (note 9) is dependent upon the continued support of its shareholders and obtaining additional financing. The Company intends to meet its commitments from its treasury and by accessing the capital markets through the issuance of securities, as required and as available. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

#### 2. Correction of an Error

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects. In the first quarter of 2010, share issue costs, including amounts relating to warrants issued in conjunction with unit offerings, were expensed. The relative fair value of the warrant component of units offered has been re-determined in accordance with the methodology outlined in note 5. The Company has restated the classification of share issue costs which resulted in the following adjustments:

Summary of Effects of Restatement	March 31, 2010	
	Previously reported	Restated
<i>Statement of operations items</i>		
Warrant compensation expense	664,711	-
Net loss and comprehensive loss	(1,286,074)	(788,291)
Loss per share, basic and diluted	(0.04)	(0.02)

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For three and nine months ended September 30, 2010

#### Unaudited

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#### *Balance sheet items*

Share capital	5,579,494	5,194,614
Warrants	664,711	384,880
Contributed surplus	1,706,138	1,706,138
Deficit	(7,360,159)	(6,695,451)

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For the six-month period ended June 30, 2010, this restatement reduced the loss from 1,682,703 to 1,017,992, and accordingly decreased the accumulated deficit from \$7,756,788 to \$7,092,078. Loss per share for the six-month period decreased from (\$0.05) to (\$0.03).

### 3. Significant Accounting Policies

#### (a) Basis of consolidation

These 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 includes 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 property, plant and equipment 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 has been classified as held for trading and 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 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 and cash equivalents 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) 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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For three and nine months ended September 30, 2010

#### Unaudited

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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.

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 depreciation rate by 20 percent or more.

Depreciation 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 depreciable 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.

For each cost centre, the Company applies an annual impairment test ("ceiling test") to determine if capitalized costs are not recoverable and exceed their fair value. The recoverability of a cost centre is assessed by comparing the carrying value of the costs centre to the sum of the undiscounted cash flows expected from the proved oil and gas reserves. If the carrying value is unrecoverable, the cost centre is written down to its fair value using the expected present value approach. This approach incorporates risk and uncertainties on the expected future cash flows from proved and probable reserves, which are 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 prolonged negative exploration activities, impairments of unproven properties are transferred to the income statement.

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 period. Depreciation and amortization are translated at the exchange rate used for those assets giving rise to the depreciation or amortization. Exchange gains and losses on translation of foreign subsidiaries are included in income in the current period.

(g) Joint ventures

Currently the Company's exploration, development and production activities are conducted by Gallic without Joint Venture partners. Gallic has a 100% interest in all properties at this time.

(h) Revenue recognition

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(i) Income taxes

The Company uses the asset and 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 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.

(j) 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, net of an estimated forfeiture rate. When the options are exercised, share capital is adjusted to recognize the proceeds received and the associated non-cash compensation costs.

(k) 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 period, outstanding stock options to purchase common shares were excluded from the diluted loss per share calculation as the instruments were anti-dilutive.

**4. Accounts receivable**

The Company had an accounts receivable balance of \$53,123 as of September 30, 2010 compared to \$33,506 at September 30, 2009. The balance represents monies due from Canada Revenue Agency for GST.

**5. Petroleum and natural gas assets**

	<b>September 30, 2010</b>			
	<b>Closing Balance Dec 31, 2009</b>	<b>Current Period Additions</b>	<b>Impairment</b>	<b>Net book value</b>
France	330,649	168,408	-	499,057
Australia	127,411	85,368	-	212,779
USA – Oklahoma	102,008	196,013	(298,021)	-
Canada – Sahara	-	74,726	(74,726)	-
Petroleum and natural gas assets	560,068	524,515	(372,747)	711,836

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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 due to findings during the due diligence process. On March 18, 2010, the Company entered into a 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 was incurred during the quarter and expensed as new venture expenditures.

**6. Share Capital**

(a) Authorized

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

Unlimited number of non-voting preferred shares, issuable in series

(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 (net of share issue costs of \$75,949)	(i)	2,700,937	376,737
Agents shares	(i)	128,344	20,535
Balance as at December 31, 2009		19,716,154	4,144,515
Issuance of common shares (net of share issue costs of \$99,281)	(ii)	18,750,000	1,025,719
Agents shares	(ii)	473,000	24,380
Issuance of common shares	(iii)	6,000,000	240,000
Issuance of common shares (net of share issue costs of \$1,162,780 (v))	(iv)	38,000,000	737,220
Exercise of warrants		2,177,500	277,875
Balance as at September 30, 2010		85,116,654	\$ 6,449,709

At December 31, 2009, the number of outstanding common shares reported under, "Issued on private placement", was overstated by 128,344 common shares. This correction is reflected in the number of shares outstanding as at September 30, 2010.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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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		(2,177,500)	(21,775)
Balance as at September 30, 2010		62,586,500	\$ 1,379,185

- (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 \$1.5 million proceeds of the offering was allocated between common shares (\$1,125 thousand) and share purchase warrants (\$375 thousand). \$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-Merton option pricing model assuming a volatility of 83%, expected life of 1.5 years and no dividends. \$24,380 has been included in share issue costs relating to an additional 473 thousand 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 thousand proceeds of the offering was allocated between common shares (\$240 thousand) and share purchase warrants (\$60 thousand). The fair value of the warrants was estimated using the Black-Scholes-Merton option pricing model assuming a volatility of 83%, 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 (\$576 thousand). The fair value of the warrants was estimated using the Black-Scholes-Merton option pricing model assuming a volatility of 83%, expected life of 2 years and no dividends.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- (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-Merton option pricing model assuming a volatility of 83%, expected life of 2 years and no dividends. The fair value was determined to be \$0.379 per warrant issued. \$576 thousand has been deducted as share issue costs from the September 20, 2010 share issuance as consideration for this grant of warrants.

Warrants outstanding are convertible into 64,106,500 common shares of the Company with a weighted average exercise price of \$0.11 and a weighted average remaining life of 0.9 years. As of September 30, 2010, 17,066,500 warrants were available for exercise. The remaining warrants were under a four-month holding period. On December 6, 2010, an additional 6,000,000 warrants will be available to exercise and on January 20, the remaining warrants will be available to exercise. 1,632,500 warrants have been exercised subsequent to the end of the period.

(c) Stock options

The Company has a stock option plan (the "old Plan") available to employees, consultants, directors and officers, with grants under the Plan by the Board of Directors. Under the old Plan, the Company was authorized to issue options to purchase in aggregate up to 3,377,370 common shares. On October 5, 2010, at the Company's Annual General Meeting, the Shareholders approved a new stock option plan (the "Plan") for the Company. Under the Plan, the Company is authorized to issue options to purchase in aggregate up to 10% of the issued and outstanding common shares.

	Options Outstanding	Option Price Range	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Balance at Dec 31, 2009	2,131,250	\$0.15 - \$1.16	\$0.67	2.2
Granted - January 8, 2010	750,000	\$0.15	\$0.15	2.0
Granted - January 29, 2010	775,000	\$0.11	\$0.11	3.3
Granted - September 22, 2010	1,200,000	\$0.23	\$0.23	4.4
Forfeited	(1,537,500)	\$0.80 - \$1.16	-	-
Balance at Sep 30, 2010	3,318,750	\$0.11 - \$1.16	\$0.12	3.0

Stock options issued during the period have been valued using the Black Scholes Merton option pricing model assuming a volatility of 83%, a risk free rate of 2% and an expected life of 5 years with no expected dividends or forfeitures for current period grants. The January options had a fair value of \$0.08 per option and the September options had a fair value of \$0.12 per option. The fair value of the options issued is being expensed over the vesting period of the options.

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Stock options granted on January 8 vested a third immediately and a third every six-months thereafter. Stock options granted on January 29 and September 22 vested half on grant and half on the six month anniversary of grant date.

#### 7. Risk Management

##### *Credit risk*

The Company's accounts receivable is comprised of monies due from the Canada Revenue Agency (GST) and is considered 100% collectible.

A 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.

##### *Commodity price risk*

The Company's operations and financial results may be affected by fluctuations in commodity prices and exchange rates.

##### *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 income statement.

##### *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 Risk*

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.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 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 was repaid in February 2010.

The transaction was in the normal course of operations and was measured at the exchange amount which is the amount of consideration established and agreed to by the related party.

#### 9. Commitments

##### AUSTRALIA

On May 28, 2010 the Department of Mines and Petroleum of the Government of Western Australia approved the following variation to its work commitment:

<b>Year</b>	<b>Minimum Work Requirement</b>	<b>Estimated CAD Expenditures</b>	<b>Estimated AUS Expenditures</b>
2009	100 km 2D seismic reprocessing	198,580	200,000
2010	150 km new 2D seismic reprocessing	496,450	500,000
2011	50km <sup>2</sup> of new 3D seismic survey	1,489,350	1,500,000
2012	One exploration well	1,985,800	2,000,000
2013	20km <sup>2</sup> of new 3D seismic survey	695,030	700,000
2014	One (1) exploration well	1,985,800	2,000,000
<b>Total</b>		<b>\$6,851,010</b>	<b>\$6,900,000</b>

Canadian dollar amounts may change each quarter due to foreign exchange fluctuations.

The Company expects to meet the requirement to reprocess 150 km of 2D seismic by the end of the permit period.

##### FRANCE

The exploration rights to the Ger Permit are associated with a commitment to incur €1,349,000 of qualifying expenditures (no specific work program at this time) over a 5-year term beginning on April 3, 2008. At September 30, 2010, approximately \$240,000 has been incurred against this commitment.

The exploration rights to the Ledoux Permit has a commitment to incur an estimated €1,700,000 (~\$2.4 million) of qualifying expenditures over a 5 year term beginning on August 8, 2008. The commitments at the time of the permit grant were allocated as per the following work program:

<b>Year</b>	<b>Minimum Work Requirement</b>	<b>Estimated CAD Expenditures</b>	<b>Estimated € Expenditure</b>
1	Compile existing data	140,060	100,000
2	Process and interpret existing seismic data	140,060	100,000
3	Acquire up to 40 km 3D or 60 km 2D new seismic data	980,420	700,000
4	Reopen, test and potentially complete existing well	980,420	700,000
5	Evaluate results and prepares second exploration phase	140,060	100,000
<b>Total</b>		<b>\$2,381,020</b>	<b>1,700,000</b>

Canadian dollar amounts may change each quarter due to foreign exchange fluctuations.

At September 30, 2010, approximately \$110 thousand had been incurred against this commitment. An additional 180 Km<sup>2</sup> of 3D data has been recently received and is currently being processed.