

Pacific Roder Energy Inc.

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Calgary, Alberta
T2P 0S2

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have 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 auditors.

Balance Sheets

Assets	March 31, 2008	December 31, 2007
	<i>(unaudited)</i>	<i>(audited)</i>
Current Assets		
Cash and short-term investments (Note 4)	\$ 22,390,278	\$ 23,626,946
Accounts receivable	276,102	179,836
Prepaid expenses	135,699	108,087
	22,802,079	23,914,869
Refundable term deposits (Note 5)	944,740	1,002,672
Equipment	57,050	49,194
Petroleum and natural gas properties (Note 6)	15,373,947	16,794,866
	\$ 39,177,816	\$ 41,761,601
Liabilities		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 2,122,271	\$ 563,692
	2,122,271	563,692
Asset retirement obligation (Note 7)	17,828	17,472
Future income taxes (Note 8)	136,639	1,450,936
	2,276,738	2,032,100
Shareholders' equity		
Share capital (Note 9)	50,169,683	50,159,446
Warrant equity (Note 9)	8,605,313	8,608,550
Contributed surplus	4,929,321	4,805,858
Deficit	(26,803,239)	(23,844,353)
	36,901,078	39,729,501
	\$ 39,177,816	\$ 41,761,601

See accompanying notes to the financial statements

Contingencies and commitments Note 11

Subsequent events Note 12

Approved by the Board

(signed) "Michael G. Greenwood"

Michael G. Greenwood

Director

(signed) "David J.L. Williams"

David J.L. Williams

Director

Statements of Operations, Comprehensive Loss and Deficit

	Three months ended March 31, 2008	Three months ended February 28, 2007
Revenue		
Oil and gas	\$ 247,515	\$ 341,124
Royalties net of royalty tax credit	(24,103)	(55,780)
	223,412	285,344
Expenses		
Production and operating	53,556	136,164
General and administration	343,528	143,101
Interest	4,469	71
Depletion, amortization and accretion	95,217	132,115
Impairment of petroleum & natural gas properties	4,109,470	-
Stock based compensation	123,463	48,862
	4,729,703	460,313
Loss from (used in) operations	(4,506,291)	(174,969)
Interest and other income	233,107	8,122
Loss before income taxes	(4,273,184)	(166,847)
Future income tax (expense) recovery (Note 8)	1,314,298	59,775
Net loss and other comprehensive loss	(2,958,886)	(107,072)
Deficit, beginning of period	(23,844,353)	(23,186,017)
Deficit, end of period	\$ (26,803,239)	\$ (23,293,089)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.00)
Weighted average shares outstanding	109,396,223	109,391,058

See accompanying notes to the financial statements

Statements of Cash Flows

	Three months ended March 31, 2008	Three months ended February 28, 2007
Cash provided by (used in):		
Operations		
Net loss	\$ (2,958,886)	\$ (107,072)
<i>Items not involving cash</i>		
Depletion, amortization and accretion	95,217	132,115
Stock based compensation	123,463	48,862
Future income tax	(1,314,298)	(59,775)
Impairment loss on petroleum & natural gas properties	4,109,470	-
Asset retirement expenditures	356	-
Funds from operations	55,322	14,130
Change in non cash working capital related to operations	1,434,701	(718,714)
	1,490,023	(704,584)
Financing		
Issue of shares	10,238	3,634,142
Warrants issued with shares	(3,237)	-
Redemption of security deposits	57,932	61,250
	64,933	3,752,892
Investing activities		
Exploration and development expenditures	(2,783,768)	(848,317)
Equipment	(7,856)	(3,652)
	(2,791,624)	(851,969)
Increase (decrease) in cash	(1,236,668)	2,196,339
Cash and short term investments, beginning of period	23,626,946	874,508
Cash and short term investments, end of period	\$ 23,390,278	\$ 3,070,847
Interest paid during the period	\$ 4,469	\$ -
Taxes paid during the period	\$ -	\$ -

See accompanying notes to the financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

Pacific Roder Energy Inc. ("the Company") was formed in the Province of British Columbia, Canada, by the amalgamation on March 1, 1999, of two predecessor companies. The Company changed its name from Pacific Roder Ventures Inc. to Pacific Roder Energy Inc. on June 21, 2004 and trades on the TSX Venture Exchange under the symbol PRD.

In order to be comparable with industry peers the Company changed its year end, during 2007, from November 30 to December 31. Accordingly these financial statements reflect result of operations for the three month period ended March 31, 2008 in comparison to the three month period ended February 28, 2007. As a result, readers are cautioned that this comparative information is not illustrative of changes in the Company's financial condition, results of operations and cash flows for comparative purposes. Canada Revenue Agency has approved this change in year end.

The financial statements are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, they have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Note 2: Significant Accounting Policies

a) Cash and short-term investments - Cash and short-term investments consist of balances with banks and investments in highly liquid short-term deposits with a maturity date of less than ninety days.

b) Petroleum and Natural Gas Properties and Equipment – Pacific Roder Energy Inc. is engaged in the acquisition, exploration, development and production of oil and gas in Canada. The Company follows the full-cost method of accounting for oil and gas operations whereby all costs relating to the acquisition of, exploration for and development of oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and nonproductive wells, costs of production equipment and overhead charges related to acquisition, exploration and development activities.

The costs are amortized using the unit-of-production method based upon the estimated proved oil and gas reserves, before royalties, as determined by the Company's independent engineers. The relative volumes of oil and natural gas reserves and production are converted to equivalent barrels of oil based on the relative energy content of each product on a one barrel to six thousand cubic feet basis.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion

calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

The Company performs a ceiling test in a two-stage test performed at least annually:

- i) Impairment is recognized if the carrying value of the oil and gas assets less accumulated depletion and amortization and the lesser of cost and fair value of unproven properties exceeds the estimated future cash flows from proved oil and gas reserves, on an undiscounted basis, using forecast prices and costs.
- ii) If impairment is indicated by applying the calculations described in i) above, the Company will measure the amount of the impairment by comparing the carrying value of the oil and gas assets less accumulated depletion and amortization and the lesser of cost and fair value of unproven properties to the estimated future cash flows from the proved and probable oil and gas reserves, discounted at the Company's credit-adjusted risk-free rate of interest, using forecast prices and costs. Any impairment is included in earnings for the year.

Proceeds received from disposals of properties and equipment are credited against capitalized costs unless the disposal would alter the rate of depletion and depreciation by more than 20%, in which case a gain or loss on disposal is recorded. Amortization of other equipment is provided on a diminishing balance basis at rates ranging from 20% to 100% per annum. Gains and losses from disposals are included in income.

- c) Asset Retirement Obligation – The Company follows the recommendations for asset retirement obligations as set out in the CICA Handbook section 3110. This standard requires the recognition and measurement of liabilities related to the legal obligation to abandon and reclaim property, plant and equipment incurred upon acquisition, construction, development and/or normal use of the asset. The initial liability must be measured at fair value and subsequently adjusted for the accretion of discount and changes in fair value. The asset retirement cost is capitalized as part of property and equipment and depleted into earnings based on units of production. Actual costs incurred upon settlement of the obligations are charged against the liability.
- d) Joint Ventures - The Company's exploration and development activities related to oil and gas are conducted jointly with others. The accounts reflect only the Company's proportionate interest in such activities.
- e) Income Taxes - The Company follows the liability method of accounting for income taxes. Temporary differences arising from the differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future

income tax assets or liabilities are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

- f) Revenue recognition - Revenue from the sale of oil and gas is recognized based on volumes delivered to customers at contractual delivery points and rates. The costs associated with the delivery, including operating and maintenance costs, transportation, and production-based royalty expenses are recognized in the same period in which the related revenue is earned and recorded.
- g) Flow-through shares - The Company, from time to time, issues flow-through shares to finance a portion of its oil and gas exploration activities. The exploration and development expenditures funded by flow-through shares are renounced to subscribers in accordance with the Income Tax Act (Canada). The estimated value of the tax pools foregone is reflected as a reduction in share capital with a corresponding increase in the future income tax liability at the time the relevant expenditures are renounced.
- h) Measurement Uncertainty - The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, royalties and expenses during the reporting period. Actual results could differ materially from those estimates. The amounts recorded for depletion and depreciation of petroleum and natural gas properties, the provision for asset retirement obligations and the ceiling test are based on estimates of proven reserves, production rates, oil and gas prices and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates, in future periods, could be significant.
- i) Stock Based Compensation – The Company follows the accounting standard on stock based compensation as presented in the CICA handbook section 3870. This standard requires the recognition of stock-based compensation expense for “awards to” or “grants to” employees and non-employees using the fair value method. The standard requires the fair value of all stock based compensation awards to be expensed over the vesting period of the award with an offsetting credit to contributed surplus. The Black-Scholes option pricing model has been used to calculate the fair value of the options granted. Consideration paid by the optionees on exercise of the stock option is credited to share capital together with any amounts previously included in contributed surplus. Stock based compensation amounts are determined using certain assumptions. (see note 9)
- j) Per share amounts – The Company follows the treasury stock method for the computation of diluted per share amounts. This method assumes the proceeds from the exercise of dilutive options and warrants are used to purchase common shares at the weighted average market price during the period.

- k) Financial Instruments – Recognition and Measurement - The Financial Instruments standard, Section 3855 establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods is dependent on whether the financial instrument has been classified as “held-for-trading”, “available-for-sale”, “held-to-maturity”, “loans and receivables”, or “other financial liabilities” as defined by the standard. Financial assets and financial liabilities “held-for-trading” are measured at fair value with changes in those fair values recognized in net earnings. Financial assets “available-for-sale” are measured at fair value, with changes in those fair values measured in OCI. Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are measured at amortized cost using the effective interest method of amortization. Cash is designated as “held-for-trading” and is measured at carrying value, which approximates fair value due to the short-term nature of this instrument. Accounts receivable are designated as “loans and receivables” and are subsequently measured at amortized cost. Accounts payable, and accrued liabilities are designated as “other liabilities” and are also subsequently measured at amortized cost.
- l) Effective December 1, 2007, the Company adopted the recommendations of the CICA Handbook Section 1535, “Capital Disclosures”, which requires disclosure of information related to the objectives, policies and processes for managing capital. In addition, the disclosures include whether externally imposed capital requirements have been complied with. The new standard is effective for fiscal years beginning on or after October 1, 2007 and as this standard only addresses disclosure requirements, there is no impact on the Company's operating results.
- m) Effective December 1, 2007, the Company adopted the recommendations of the CICA Handbook Section 3862, “Financial Instruments Disclosures” and Section 3863, “Financial Instruments – Presentation”, which replaces Section 3861 “Financial Instruments – Disclosure and Presentation”. The new disclosure standards increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements and are effective for fiscal years beginning on or after October 1, 2007. As these standards only address presentation and disclosure requirements, there is no impact on the Company's operating results.

Note 3: Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board has now confirmed that the use of IFRS will be required in 2011 for publicly accountable, profit oriented enterprises. IFRS will replace current Canadian GAAP followed by the Company. The Company will be required to begin reporting under IFRS effective January 1, 2011 and will be required to provide information for IFRS for the comparative period in 2010. The Company is currently evaluating the impact of adopting IFRS.

Note 4: Cash and Short Term Deposits

The Company has cash and short term investments of \$22,390,278 (December 2007 - \$23,626,946) available to fund future opportunities and operations.

Note 5: Northwest Territories Licenses and Related Term Deposits

Under the terms of the licenses listed below the Company has assigned term deposits totaling \$944,740 (December 2007 - \$1,002,672) to cover the work commitments made by the Company on the licenses and accordingly, the deposits have been classified as a non-current asset. To the extent eligible expenditures are incurred by the Company the term deposits will be released on the basis of 25% of the expenditures. If they are not incurred within the period allowed, the Company would forfeit its proportionate share of any remaining deposits relating to the unexpended work commitment. To meet the conditions of the licenses the Company, along with partners, is required to drill a well on the license before the expiry of period 1 and before the end of period 2, apply for a Significant discovery license. The funds relating to the work deposit must be expended in period 1. As long as a well is drilling before the end of period 1, period 1 is extended until the well has been completed. Period 1 can also be extended by posting a drilling deposit and paying annual lease rentals. The Company, in conjunction with partners, has drilled two wells on EL 423 which completes the work commitment on EL 423. The Company expects the application for the release of the term deposits to be completed later in 2008.

License	Work Deposit	Remaining Commitment	Expiry Date Period 1	Expiry Date Period 2
EL 423	\$ 616,615	\$2,466,460	June 8, 2008	June 8, 2012
EL 441	328,125	1,312,500	May 10, 2010	May 10, 2014
Total	\$ 944,740	\$3,778,960		

Note 6: Petroleum and Natural Gas Properties.

	December 31 2007	Additions	Impairment	March 31, 2008
Petroleum and natural gas properties	\$ 17,647,977	2,779,425	(4,109,470)	\$ 16,317,932
Accumulated depletion	\$ 853,111	90,874	-	\$ 943,985
Net carrying values P&NG properties	<u>\$ 16,794,866</u>			<u>\$ 15,373,947</u>

	November 30 2007	Additions	Impairment	December 31 2007
Petroleum and natural gas properties	\$17,054,038	593,939	-	\$ 17,647,977
Accumulated depletion	\$ 820,105	33,006	-	\$ 853,111
Net carrying values P&NG properties	<u>\$16,233,933</u>			<u>\$16,794,866</u>

During the period the Company invested in the drilling costs of the Dahadinni B-20 well and the Keele River L-52 well in the Northwest Territories and one well in central Alberta. The Company impaired the value of Northwest Territories EL-423 due to the disappointing drilling results.

Unproven oil and gas properties excluded from depletion

	Period ended March 31, 2008	One month period ended December 31, 2007
Northwest Territories	\$ 7,190,390	\$ 10,019,491
Tulita	3,864,405	3,864,405
International	-	2,002
Western Canada	2,230,980	777,630
Total	<u>\$ 13,285,775</u>	<u>\$ 14,663,528</u>

Capitalized General and Administrative costs

	Three months ended March 31 2008	One month period ended December 31 2007	Year ended November 30 2007
Western Canada	\$ 221,658	50,722	\$ 298,607
Total	\$ 221,658	50,722	\$ 298,607

The Company started capitalizing the portion of its general and administrative costs that relate to future prospects in 2007.

The benchmark prices, on which the December 31, 2007 ceiling test was based, are as follows:

	WTI Crude Oil	Exchange Rate	Edmonton Light Crude	AECO Natural Gas
Year	US\$/bbl	US\$/CDN\$	CDN\$/bbl	CDN\$/mmbtu
2008	92.00	1.00	91.10	6.75
2009	88.00	1.00	87.10	7.55
2010	84.00	1.00	83.10	7.60
2011	82.00	1.00	81.10	7.60
2012	82.00	1.00	81.10	7.60
2013	82.00	1.00	81.10	7.60
2014	82.00	1.00	81.10	7.80
2015	82.00	1.00	81.10	7.97
2016	82.02	1.00	81.12	8.14
2017	83.66	1.00	82.76	8.31

Benchmark prices increase at a rate of 2.0% per year for both oil and natural gas after 2017. Adjustments were made to the benchmark prices above, for purposes of the ceiling test, to reflect varied delivery points and quality differentials in the products delivered. The ceiling test compares the carrying costs of the developed operations of the Company as compared to the future value of the cash flows expected to be generated by those developed properties. Any costs that exceed the future value of the cash flows must be written down. For the period ended December 31, 2007 the ceiling test write-down was nil (Year ended November 30, 2007 \$550,311).

Note 7: Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties.

	Three months ended March 2008	One month period ended December 2007	Year ended November 2007
Asset retirement obligation, beginning of period	\$ 17,472	17,364	\$ 24,011
Liabilities incurred	330	107	2,481
Revisions	-	-	(9,476)
Accretion expense	26	1	347
Asset retirement obligation, end of period	\$ 17,828	17,472	\$ 17,363

The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligation is approximately \$77,877 (December 2007 – \$77,900) which will be incurred between 2015 and 2054.

A credit adjusted risk free rate of 4.0% and an inflation rate of 1.5% were used to calculate the fair value of the asset retirement obligation.

Note 8: Income Taxes

a) Summary of temporary differences giving rise to future income tax liability:

	March 31, 2008	December 31, 2007	November 30, 2007
Future tax liabilities			
Oil and gas assets in excess of tax balances	\$ 1,288,038	\$ 2,227,895	\$ 1,916,797
Future tax assets			
Share issue costs and other	(658,775)	(351,150)	(360,561)
Asset retirement obligation	(5,904)	(5,329)	(5,296)
Loss carry forward	(486,720)	(420,480)	(475,428)
	(1,151,399)	(776,959)	(841,285)
Net future income tax liability	\$ (136,639)	\$ (1,450,936)	\$ (1,075,512)

- b) Reconciliation of income taxes calculated at the Canadian statutory rate of 34.0% with actual income taxes:

	Three months ended March 31 2008	One month period ended December 2007	Year ended November 2007
Loss before income taxes	\$ (4,273,184)	\$ (87,532)	\$ (640,732)
Combined federal and provincial income tax rate	33.12%	33.12%	33.12%
Computed income tax recovery	\$ (1,415,278)	\$ (28,991)	\$ (212,210)
Increase (decrease) in expense resulting from:			
Stock based compensation	40,891	13,433	89,984
Tax adjustment from rate change		(9,829)	(78,880)
Other adjustments	60,089	94,571	61,994
Future income tax expense	\$ 1,314,298	\$ 69,184	\$ (139,112)

Note 9: Share Capital

- a) Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

- b) Voting common shares issued:

	Number	Amount
Balance, November 30, 2006	48,957,898	\$ 28,153,471
Issued - private placements	60,433,160	24,038,346
Issue costs net of future tax reduction of \$393,991		(970,800)
Issue costs net of future tax reduction of \$19,186		(40,771)
Tax benefit renounced to subscribers		(714,560)
Balance, November 30, 2007	109,391,058	50,465,686
Tax benefits renounced to subscribers		(306,240)
Balance December 31, 2007		50,159,446
Purchase warrants exercised	10,000	10,237
Balance March 31, 2008	109,401,058	\$ 50,169,683
Purchase warrants issued:		
Balance, November 30, 2006	-	-
Issued – private placements	30,125,000	\$ 8,608,550
Balance, November 30, 2007 and December 31, 2007	30,125,000	\$ 8,608,550
Purchase warrants exercised	(10,000)	(3,237)
	30,115,000	8,605,313
Share capital, March 31, 2007		\$ 58,774,996

c) Stock options:

The Company has a stock option plan for its directors, officers, employees and key consultants. The exercise price for stock options granted is no less than the quoted market price on the grant date. Options have vesting periods that range from the date of grant up to three years. An option's maximum term is five years.

	Number of Options	Weighted Average price
Balance, November 30, 2006	3,306,200	\$ 0.39
Granted	3,010,000	0.50
Balance, November 30, 2007 and December 31, 2007	6,316,200	0.44
Cancelled	(600,000)	0.50
Granted	400,000	0.65
Balance March 31, 2008	6,116,200	0.45

The following table summarizes information about the stock options outstanding at March 31, 2008:

Options Outstanding				Options Exercisable		
Exercise Price	Number of options	Weighted Average of Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	
\$ 0.24	81,200	0.84	\$ 0.24	81,200	\$ 0.24	
0.39	3,225,000	3.67	0.39	2,580,000	0.39	
0.50	2,400,000	4.44	0.50	-	0.50	
0.60	10,000	4.57	0.60	-	0.60	
0.65	400,000	4.97	0.65	-	0.65	
\$ 0.24-0.65	6,116,200	4.02	\$ 0.45	2,661,200	\$ 0.39	

A Black-Scholes option pricing model, with the following weighted average assumptions for the Quarter ended March 31, 2008, was used to estimate the fair value of options on the date of the grant, for the inclusion as stock based compensation expense:

Risk free interest rate (%)	3.8
Expected lives (years)	5.0
Expected volatility (%)	75
Dividend per share	0.00

The grant date weighted average fair value of options issued in the quarter ended March 30, 2008 was \$0.33 per option.

On December 1, 2006, the Corporation completed a non-brokered private placement of 7,700,000 flow-through units and 131,250 non flow-through units at a price of \$0.32 per unit for gross proceeds of \$2,506,000. Each unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder upon exercise to purchase an additional non flow-through common share at \$0.40 on or before December 1, 2008.

December 5, 2006, the Corporation completed a non-brokered private placement of 468,750 non flow-through units at a price of \$0.32 per unit for gross proceeds of \$150,000. Each unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder upon exercise, to purchase an additional non flow-through common share at \$0.40 on or before December 5, 2008.

January 4, 2007, the Corporation completed a non-brokered private placement of 3,300,000 flow-through units at a price of \$0.32 per unit for gross proceeds of \$1,056,000. Each unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder upon exercise, to purchase an additional non flow-through common share at \$0.40 on or before January 4, 2009.

March 2, 2007, the Corporation completed the private placement sale of 42,620,082 units at a price of \$0.60 per unit for gross proceeds of \$25,572,049. The Corporation paid an agency fee of \$1,068,816 and 183,160 common shares. Each unit consisted of one common share and one half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder upon exercise, to purchase an additional common share at a price of \$0.70 per share. The Warrants expire on March 2, 2009 unless (i) during the period commencing on the date that is four months following the closing date and ending on the second anniversary of the closing date, the daily volume weighted average trading price of the share on the TSX Venture Exchange exceeds \$1.00 for each a day of a period of 20 consecutive trading days, and (ii) the Corporation gives the holders of the warrants written notice of such occurrence within 30 days of such occurrence, in which case the warrants will expire on the 30th day following the giving of such notice.

March 14, 2007, the Corporation completed the private placement sale of 2,379,918 units at a price of \$0.60 per unit for gross proceeds of \$1,427,951. The Corporation paid an agency fee of \$62,543. Each unit consisted of one common share and one half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder upon exercise, to purchase an additional common share at a price of \$0.70 per share. The Warrants expire on March 14, 2009 unless (i) during the period commencing on the date that is four months following the closing date and ending on the second anniversary of the closing date, the daily volume weighted average trading price of the share on the TSX Venture Exchange exceeds \$1.00 for each day of a period of 20 consecutive trading days.

September 5, 2007 the Corporation completed a private placement of 3.65 million units at a price of \$0.50 per unit for gross proceeds of \$1.825 million. Each unit consisted of one common share of the Corporation to be issued on a flow-through basis and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to subscribe for one additional common share at a price of \$0.70 per common share. The warrants will expire on March 2, 2009, unless: During the period commencing on the date that is four months following the closing date and ending on March 2, 2009, the daily volume-weighted average trading price of the common shares on the TSX Venture Exchange (or such other stock exchange where the majority of the trading volume occurs) exceeds \$1.00 for each day of a period of 20 consecutive trading days; the Corporation gives the holders of the warrants written notice of such occurrence within 30 days of such occurrence, in which case the warrants will expire at 4 p.m. (Calgary time) on the 30th day following the giving of notice.

Additional capital disclosure

The Company continues to optimize its capital structure with a view to ensuring a strong financial position to support its growth strategies. The capital structure of the Company is as follows:

	March 31, 2008	December 31, 2007	Change %	November 30, 2007	Change %
Total shareholders' equity	\$ 36,901,078	\$ 39,729,501	(7.1)	\$40,151,897	(0.1)
Total shareholders' equity as a % of total capital	100%	100%		100%	
Short and long term debt	-	-	0.0	-	0.0
Total debt as a % of total capital	0%	0%		0%	
Total capital	\$ 36,901,078	39,729,501		40,151,897	

Equity is defined as share capital, warrant equity, contributed surplus and deficit. The change in shareholders' equity is as follows:

	March 31, 2008	December 31, 2007
Net loss for period	\$ (2,958,886)	\$ (156,716)
Tax benefits renounced to subscribers	-	(306,240)
Recognition of stock based compensation expense	123,463	40,560
Issue of shares on conversion of warrants	7,000	-
Total change in shareholders' equity	<u>\$ (2,828,423)</u>	<u>\$ 422,396</u>

The Company intends to use its capital to finance future drilling opportunities as well as fund future acquisition opportunities in the oil and gas industry.

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

Commitments exist to issue common shares in connection with existing warrants as well as the established stock option plan with such share issuances to occur from treasury.

Note 10: Related Party Transactions

There were no related party transactions during the three month period ended March 31, 2008 nor in the one month period December 2007. During the year ended November 30, 2007 the Company paid consulting fees of \$85,000 to a company controlled by Mr. Williams when he was the President of the Company, and \$22,094 for secretarial fees to the spouse of Mr. Williams. The Company also paid \$11,000 to a company controlled by the former Secretary of the Company. During the year ended November 30, 2007 Mr. Williams and his spouse became employees of the Company which terminated the consulting fees, and the services of the company controlled by the former Secretary was also terminated.

During the year ended November 30, 2007 the Company issued:

- 11,000,000 flow-through units at \$0.32 per unit and 443,750 non flow-through units to directors of the Company.
- 9,815,700 units at \$0.60 per unit to directors and companies controlled by directors of the Company
- 3,650,000 units at \$0.50 per unit to management of the Company

These transactions were all in the normal course of operations and undertaken with the same terms and conditions as transactions with unrelated parties.

Note 11: Contingencies and Commitments

- [a] There is a contingent liability in respect of two irrevocable standby letters of credit for \$1,002,672 (November 30, 2007 - \$738,875), given by the Company's bank to Canada Revenue Agency, on behalf of the Company, for its share of refundable work deposits on various prospects in the Northwest Territories (see note 5). The letters of credit are secured by an assignment of cash of equal amounts. The Company is contingently liable under the letters of credit for any portion of the work commitment not fulfilled. The application has been submitted to reduce the contingent liability by \$57,932 and the Company is confident that all requirements of the remaining work commitments will be fulfilled and all the letters of credit will be cancelled.
- [b] The Company and its consortium have an outstanding take or pay contract with Keyera Energy Partnership for a period of 5 years commencing July 1, 2006. The consortium has an obligation to deliver over the term of the contract:

Contract Year	Nomination e3m3/day
1	141.0
2	112.7
3	90.1
4	72.1
5	57.7

In the event the consortium does not meet its entire obligation the Company will be charged the following for its portion:

	\$
June 2008	50,869
June 2009	40,666
June 2010	32,541
June 2011	26,044

- [c] The Company has a lease for office premises for a period of 2 years and 4 months commencing on December 1, 2006 and expiring on March 31, 2009. Under the terms of the lease, the Company is committed to payments of \$21,775 per annum plus operating expenses and property taxes.
- [d] The Chairman and Chief Executive Officer has the right to maintain his percentage ownership in future share issues.
- [e] Subsequent to the end of the quarter the Company entered into a lease for office premises for a period of 2 years and 7 months commencing on May 1, 2008. The lease has early termination clauses that could

terminate the lease as early as June 30, 2009. The company is committed to payments of \$163,416 per annum plus operating costs and taxes.

Note 12: Subsequent Events

Subsequent to the end of the quarter the Company entered into a lease for office premises for a period of 2 years and 7 months commencing on May 1, 2008. The lease has early termination clauses that could terminate the lease as early as June 30, 2009. The company is committed to payments of \$163,416 per annum plus operating costs and taxes.

Subsequent to the end of the Quarter the Company completed a private placement of 372,340 units at a price of \$0.47 per unit for gross proceeds of \$175,000. Each unit consisted of one common share of the Corporation to be issued on a flow-through basis and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to subscribe for one additional common share at a price of \$0.70 per common share. The warrants will expire on March 2, 2009, unless: During the period commencing on the date that is four months following the closing date and ending on March 2, 2009, the daily volume-weighted average trading price of the common shares on the TSX Venture Exchange (or such other stock exchange where the majority of the trading volume occurs) exceeds \$1.00 for each day of a period of 20 consecutive trading days; the Corporation gives the holders of the warrants written notice of such occurrence within 30 days of such occurrence, in which case the warrants will expire at 4 p.m. (Calgary time) on the 30th day following the giving of notice.

Subsequent to the end of the quarter the Company closed the previously announced sale its 8% working interest in its Trutch property for \$2.2 million dollars payable in cash subject to customary price adjustments. The production attributed to Pacific Rodera's working interest in these properties represents approximately 45 barrels of oil equivalent of production per day and the sale of such a low working interest is consistent with Pacific Rodera's objective of being focused in high working interest, operated properties.