Management’s Discussion and Analysis

This Management’s Discussion and Analysis (”MD&A”) should be read in conjunction with the financial statements of Pacific Rodera Energy Inc. (“Pacific Rodera” or the “Company”) as at and for the three months ended March 31, 2008 and the three month period ended February 28, 2007. Information in this MD&A has been presented in Canadian Dollars and in accordance with Canadian generally accepted accounting principles (“GAAP”), unless otherwise stated.

This MD&A is dated May 30, 2008.

The calculation of barrels of oil equivalent (“BOE”) is based on a conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that BOEs may be misleading, particularly if used in isolation.

This MD&A contains the term “cash flow from operations”, which is determined before changes in non-cash working capital and should not be considered an alternative to, or more meaningful than, “cash flow from operating activities” as determined in accordance with GAAP. Pacific Rodera’s determination of cash flow from operations may not be comparable to that reported by its peers. The Company also presents cash flow from operations on a per share basis whereby per share amounts are calculated using weighted average shares outstanding in a manner consistent with the calculation of earnings per share on a fully diluted basis.

Forward-Looking Information Disclaimer

Certain information included in this MD&A constitutes forward-looking statements under applicable securities legislation. Forward-looking statements or information typically contain or can be identified by statements that include words such as "anticipate", "assume", "based", "believe", "can", "continue", "depend", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "project", "propose", "result", "upon", "will", "within" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this document include but are not limited to estimates of future capital expenditures, capital raising, business strategy and objectives, exploration, development and production plans and the timing thereof, operating and other costs.

Such forward-looking statements or information are based on a number of assumptions that may prove to be incorrect. Assumptions have been made regarding, among other things: the ability of the Company to obtain required capital to finance its exploration, development and operations; the ability of the Company to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities; the ability of the Company to market its oil and natural gas successfully to current and new customers; the ability of the Company to transport its oil and natural gas successfully to market; the timing and costs of the

Mackenzie Valley pipeline and facility construction and expansion and the ability of the Company to secure adequate product transportation; the ability of the Company to enjoy drilling success consistent with expectations; the timely receipt of required regulatory approvals; and future oil and gas prices.

Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information.

Basis of Presentation

The Company was formed by the amalgamation in British Columbia of Pacific Royal Ventures Ltd. ("Pacific") and Rodera Diamond Corp. ("Rodera") (collectively the "Amalgamating Companies"), pursuant to an Amalgamation Agreement dated effective as of March 1, 1999, under the name "Pacific Rodera Ventures Inc." Each of the Amalgamating Companies were involved in the acquisition, exploration and development of resource properties. The common shares of Pacific and Rodera were exchanged for common shares of the Company on the basis of five (5) Pacific common shares for each Company common share and eight (8) Rodera common shares for each Company common share. On June 21, 2004, Pacific Rodera Ventures Inc. changed its name to Pacific Rodera Energy Inc.

The Company is a natural resource exploration Company, with a focus is to create a culture (i) that seeks rewards from exploration success, (ii) that is cost conscious and (iii) where the management and employees are at risk to the outcome of the Company so that they are aligned as closely as possible to the shareholders. In this regard, the Company intends to encourage the maintenance of high levels of employee ownership of the Company. The management team has invested a significant portion of its net worth in the Company. To date, directors and officers of the Company have invested approximately $12 million in Pacific Rodera and hold, directly or indirectly, approximately 25% of the common shares.

The Company is looking for acquisition candidates in the 500 to 5,000 BOE range with significant exploration and development upside and development dollars already expended for infrastructure that the Company can then leverage its assets with its capital. Management believes that many public and private oil and gas companies are not currently well capitalized, and that access to capital will be very difficult for most companies in the near to mid-term. The Company's business plan is to seek acquisitions and farm-ins that represent large working interests as operators in a limited number of core areas with large contiguous land positions. The Company expects to attract companies and partners who are of like mind to build a mid-size exploration and development Company.

In December 2007, the board of directors of the Company resolved to change the financial year-end of the Company from November 30 to December 31 in order to have a financial year-end consistent with that of the majority of other issuers in the oil and gas industry and facilitate third party analysis by having the Company's financial results reported in the same periods as most of its peers. Accordingly, this MD&A contains disclosure concerning the financial condition, results of operations and cash flows for the three months ended March 31, 2008 compared to the three months 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. Readers are referred to the Company's Financial Statements for the one month period ended December 31, 2007, and the twelve month periods ended November 30, 2007 and 2006 available at www.sedar.com.

SELECTED INFORMATION

Periods ended	Three months ended March 2008	One month ended December 2007	Twelve months ended November 2007	Twelve months ended November 2006
Total assets	$ 39,177,816	$ 41,761,601	$ 41,952,078	$ 14,249,747
Revenue	247,515	74,651	1,189,789	423,347
Revenue per share (basic and diluted)	0.00	0.00	0.01	0.01
Net loss	(2,958,886)	(156,716)	(501,620)	(3,362,951)
Net loss per share (basic and diluted)	$ (0.03)	$ (0.00)	$ (0.01)	$ (0.07)

				($ per BOE)		
Three month periods ended	**Mar 2008**	Feb 2007	% change	**Mar 2008**	Feb 2007	% change
Gross revenue	**$ 247,515**	$ 341,124	(27)	**$ 51.18**	$ 74.54	(31)
Royalties	**24,103**	55,780	(57)	**4.98**	12.19	(59)
Production and operating expenses	**53,556**	136,164	(61)	**11.07**	29.75	(63)
Operating Netback	**169,856**	149,180	14	**35.12**	32.60	8
General and administrative expenses	**343,528**	143,101	140	**71.03**	31.27	127
Interest expense	**4,469**	71	6,194	**0.92**	0.02	5,856
Asset retirement obligation	**(356)**	0	-	**(0.07)**	0	-
Interest income	**(233,107)**	(8,122)	2,770	**(48.20)**	(1.77)	2,616

Funds from Operations		**55,322**	14,130	292	**11.44**	3.09	270
Depletion and amortization		**95,573**	132,115	(28)	**19.76**	28.87	(32)
Asset write down		**4,109,470**	-	-	**849.72**	-	-
Future income tax (recovery)		**(1,314,298)**	(59,775)	2,099	**(271.76)**	(13.06)	1,981
Stock compensation expense		**123,463**	48,862	153	**25.53**	10.68	139
Net income (loss)	**$**	**(2,958,886)**	$(107,072)	2,663	**$ (611.81)**	$ (23.40)	2,515

For the three months ended March 31, 2008 the Company recorded a net loss of 2,958,886 ($0.03 per share) down from a net loss of $107,072 ($0.01 per share) for the three months ended February 28, 2007. The reason for the increase of the loss is the $4,109,470 impairment of the value of Northwest Territories EL-423 due to the disappointing drilling results.

Funds generated from operations were $55,322 for the three months ended March 31, 2008 compared to $14,130 for the three months ended February 28, 2007. The difference was primarily due to decreased gross revenue ($93,609) increased general and administrative charges ($200,427) and increased interest income ($224,985).

PRODUCTION, PRICING AND REVENUE

	Three Months Ended	
	March 31	**February 28**
Natural Gas	2008	2007
Average Daily Production (mcf/d)	282.7	431.5
Average Sales Price ($/mcf)	$ 8.07	$ 7.65
Natural Gas Revenue ($000's)	$ 207.5	$ 303.9
Oil & NGLs		
Average Daily Production (bbl/d)	6.0	5.8
Average Net Sales Price ($/bbl)	$ 72.94	$ 69.10
Oil & NGLs Revenue ($000's)	$ 40.0	$ 36.7
Barrels of Oil Equivalent (6:1)		
Average Daily Production (BOE/d)	53.1	77.7
Average Sales Price ($/BOE)	$ 51.18	$ 47.65
Total Oil & Gas Revenue ($000's)	$ 247.5	$ 340.5

Daily production for the quarter ended March 31, 2008 averaged 53.1 BOE/d which is down 32% from the quarter ended February 28, 2007 production of 77.7 BOE/d. The decreased production is mainly the result of new wells leveling off to stable production with no new wells brought on in the three months ended March 31, 2008.

Oil and gas revenue for the quarter ended March 31, 2008 decreased 27% to $247,500 as compared to $340,500 for the three months ended February 28, 2007. The drop in production was partially offset by an increase in the oil and gas prices. The average sales price for the three months ended March 31, 2008 was $51.18/BOE ($8.07/mcf for natural gas and $72.94/bbl for oil and NGLs) up 7.4% from the $47.65/BOE recorded in the three months ended February 28, 2007 ($7.65/mcf for natural gas and $69.10/bbl for oil and NGLs).

HEDGING

The Company has not entered into any commodity sales agreements or any derivative financial instruments.

ROYALTIES

Royalties for the three months ended March 31, 2008 were $24,103 down 57% from the $55,780 recorded in the three months ended February 28, 2007. The royalties were lower due to the lower production volumes somewhat offset by the higher prices. The average royalty rate for the quarter ended March 31, 2008 was 9.7% of total revenues, compared 13.4% for the three months ended February 28, 2007. The royalty rate is lower as the lower production is from more wells at a stabilized rate, rather than the initial high rates recorded in 2007.

Quarter ended	**March 2008**	February 2007	% Change
Crown	**$ 23,001**	$ 55,780	(59)
Freehold & overriding	**1,101**	-	-
Total Royalties	**$ 24,102**	$ 55,780	(57)
Per BOE	**$ 4.98**	$ 7.81	(36)
Percent of total revenue	**9.7%**	13.4%	n/a

PRODUCTION AND OPERATING EXPENSES

Production and operating expenses for the three months ended March 31, 2008 were $53,556 down 61% from the three months ended February 28, 2007 expenses of $136,164. The Company's major property has good winter access and as there were no access issues in the three months ended March 31, 2008 the operating costs were substantially lower. The Company is not the operator of the property so has limited control over the expenses however management continues the detailed review of the operating costs as well as

working closely with the operator to reduce the ongoing operating costs. On a BOE basis the production and operating expenses for the quarter were $11.07/BOE down 63% from the $29.75/BOE recorded in the three months ended February 28, 2007

GENERAL AND ADMINISTRATIVE EXPENSES

During the three months ended March 31, 2008, G&A charges were $343,528 up 140% from $143,101 incurred in the three months ended February 28, 2007. The increases costs are a result of the increased staffing and related office costs as well as a number of one-time travel costs incurred in evaluating an international opportunity that did not meet the Companies objectives. The Company continues to analyze and evaluate potential opportunities. This has resulted in an increase in the general and administrative costs with the benefits of these changes yet to appear in the financial results.

STOCK BASED COMPENSATION EXPENSE

In September 2003, the CICA issued an amendment to section 3870 “Stock based compensation and other stock based payments”. The amended section is effective for fiscal years beginning on or after January 1,2004. The amendment requires that companies measure all stock based payments using the fair value method of accounting and recognize the compensation expense in their financial statements. The Company implemented this amended standard in 2004. The Company recorded $123,463 in stock based compensation expense in the three months ended March 31, 2008 up from $48,862 recorded during the three months ended February 28, 2007.

INTEREST INCOME

During the three months ended March 31, 2008 the Company earned $233,107 in interest income compared to $8,122 in the three months ended February 28, 2007. The increase of the interest income due to the substantial increase in the cash the Company is holding. The cash was raised in the private placements December 5, 2006, January 8, 2007, March 2, 2007 and September 5, 2007. The Company holds in secure term deposits, bankers acceptances or T-bills and has never invested in any asset backed commercial paper or any other higher risked securities. At the end of March 2008 the Company had $22.4 million on hand to fund future operations or acquisitions.

The Company also holds term deposits in the amount of $944,740 as security for the work commitments in the Northwest Territories on which it also earns interest.

DEPLETION AND AMORTIZATION

Depletion and amortization expense for the three months ended March 31, 2008 totaled $95,217 down 28% from $132,115 recorded in the three months ended February 28, 2007. Depletion is down as a result of the reduced production and the lower asset base as a result of the impairment taken in November 2007.

TAXES

The Company has a future tax liability of 136,639 at March 31, 2008 compared to $1,450,936 at December 31, 2007. The large drop in the future tax liability is a result of the write off of the costs associated with EL-423. The Company does not expect to be cash taxable in 2008.

CAPITAL EXPENDITURES

Petroleum and natural gas properties	Dec 31, 2007	additions	impairment	March 31, 2008
Northwest Territories prospects	$ 10,019,493	1,280,367	(4,109,470)	$ 7,190,390
Tulita prospects	3,864,405	-	-	3,864,405
International	2,001	(2,001)	-	-
Western Canada	3,762,078	1,501,059	-	5,263,137
Total	$17,647,977	2,779,425	(4,109,470)	$ 16,317,932
Accumulate depletion				
Western Canada	$ 853,111	90,874	-	$ 943,985
Total	$ 853,111	90,874		$ 943,985
Net carrying values P&NG properties	$16,794,866			$ 15,373,947

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. The Company continued to accumulate land in a new core area in east central Alberta.

Northwest Territories Term Deposits

Under the terms of the licenses listed below the Company has assigned term deposits totaling $944,740 at March 31, 2008 (December 31, 2007 - $1,002,672) to cover the work commitments made by the Company on the license and accordingly, this amount has 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, are 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 finds 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 and has until May 10, 2010 to fulfill its obligations on EL441. The Company expects the work deposit on EL 423 to be released 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	$ 944,741	$3,778,960		

Summary of Quarterly Results

	31-Mar-08	One month 31-Dec-07	30-Nov-07	31-Aug-07	31-May-07	28-Feb-07	30-Nov-06
Production							
Oil bbls/d	6.0	4.7	6.3	8.2	9.3	5.8	3.9
Gas mcf/d	282.7	297.6	329.4	397.9	479.6	441.1	275.3
BOE bbls/d	53.1	54.3	61.2	74.5	89.2	77.7	49.7
Revenue	247,515	74,651	219,300	254,014	375,946	340,523	180,777
Net income (loss)	(2,958,886)	(156,716)	(391,672)	13,649	(16,525)	(107,072)	(1,811,068)
Income (loss) per share	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Funds from operations	55,322	(12,786)	153,527	218,231	274,169	14,130	64,795
Cash flow per share	0.00	(0.00)	0.00	0.00	0.02	0.01	0.00

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2008 the Company had a working capital of $20,679,808 (Current assets of $22,802,079 less current liabilities of $2,122,271) as compared to working capital of $22,351,177 (Current assets of $23,914,869 less current liabilities of $563,692) as at December 31, 2007. The Company has $944,741 (December 2007 - $1,002,672) lodged as security against refundable deposits in the Northwest Territories. The Company also has 30,115,000 outstanding warrants that are callable under certain circumstances. Upon conversion of all the warrants the Company will receive $19,340,500 to fund future prospects.

SHARE CAPITAL

	March 2008	December 2007
Common shares outstanding, end of period	109,401,058	109,391,058
Common share purchase warrants	30,115,000	30,125,000
Stock options	6,116,200	6,316,200

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements

RELATED PARTY TRANSACTIONS

The Company had no related party transactions during the three months ended March 31, 2008 or the one month period ended December 31, 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.

BUSINESS RISKS

Companies engaged in the oil and gas industry are exposed to a number of business risks, which can be described as operational and financial risks, many of which are outside of Pacific Rodera's control.

Oil and Natural Gas Price Volatility

Operational results and financial condition are in part dependent on the prices received for oil and natural gas production. Oil and natural gas prices, which have fluctuated dramatically in recent years, are subject to supply and demand factors, general economic conditions, weather, geo-political issues and conditions in other oil and gas regions. Declines in oil and gas prices could have an adverse effect on our operations, reserves and financial conditions and could result in a reduction in production revenue which could lead to a reduction in our oil and gas acquisition and development activities. Under the full cost accounting principle followed by Pacific Rodera, a decline in prices would also lead to a write down of our asset base if the carrying value of the capitalized costs were to exceed the expected future cash flows from those assets.

MacKenzie Valley Pipeline

One of the Company's major asset is located in the Mackenzie Valley of the Northwest Territories. Although the gas and natural gas liquids have been encountered in the Company's exploration program, these assets are currently stranded. In order to extract these resources, the Mackenzie Valley Pipeline will have to be constructed. Pacific Rodera is encouraged with the recent proposals by TransCanada Pipelines Limited to spearhead the development of the proposed Mackenzie Valley gas pipeline. We believe that TransCanada, as a common carrier with strong motivation to backfill production on its existing pipeline, could provide the necessary impetus required initiating this very important project. All of this augers well for Pacific Rodera and the possibility of bringing to commerciality to our significant gas discoveries.

Exploration Risks

The exploration of the Company's oil and gas properties involves a high degree of risk that no production will be obtained or that the production obtained will be insufficient to recover drilling and completion costs. The costs of drilling, completing and operating wells are uncertain to a degree. Cost overruns can adversely affect the economics of the Company's exploration programs and projects. In addition, the Company's drilling plans may be curtailed, delayed or cancelled as a result of numerous factors, including, among others,

equipment failures, weather or adverse climate conditions, shortages or delays in obtaining qualified personnel, shortages or delays in the delivery of or access to equipment, necessary regulatory or other third party approvals and compliance with regulatory requirements.

Operational Matters

The ownership and operation of oil and natural gas wells, pipelines and facilities involves a number of operating and natural hazards that may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to the Company's properties and possible liability to third parties. The Company employs prudent risk management practices and maintain suitable liability insurance, where available. The Company may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Costs incurred to repair such damage or pay such liabilities could have a material adverse effect on the Company, its operations and financial condition.

Availability of Equipment and Qualified Personnel and Related Costs

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment and qualified personnel in the particular areas where such activities will be conducted. Demand for such limited equipment and qualified personnel may affect the availability of such equipment and qualified personnel to the Company and may delay the Company's exploration and development activities. In addition, the costs of qualified personnel and equipment in the Northwest Territories where the Company's assets are located are very high due to the availability of, and demands for, such qualified personnel and equipment in the area.

Economics of Reserves

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive, but do not produce sufficient net operating income to return a profit after incurring drilling, completion and equipping costs. Completion of a well does not assure a profit or even the recovery of the capital investment made in that well. In addition, drilling hazards or environmental damage could greatly increase the costs of operations and field operation conditions may adversely affect the production from successful wells. Operating conditions include delays in obtaining government approvals or consents, shut-in of producing wells due to weather conditions, insufficient storage and transportation capacity or other mechanical conditions. While diligent well supervision and maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operations cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In order to mitigate these risks, the Company has an experienced base of qualified personnel, both technical and financial, and maintains an insurance program that is consistent with industry standards.

At November 30, 2007, the Company had $738,875 of term deposits posted as security against its remaining Northwest Territories work expenditure bids. To the extent that expenditures are not incurred within the periods allowed, the Company would forfeit its proportionate share of any remaining deposits relating to the unexpended work commitment. Subsequent to the end of the period the Company has started to drill a well on one of the exploration licenses and is confident that it will meet the requirements of the other license.

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.

The Company also announced the appointment of John Nesbitt as Vice President, Land. Pacific Rodera has now assembled a complete management team to enable the Company to rigorously evaluate and operate properties as they become available.

INTERNAL DISCLOSURE CONTROLS

In accordance with Multilateral Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings, the Company’s Chairman and Chief Executive Officer and Chief Financial Officer (Officers) have designed, or have caused to be designed under their supervision, disclosure controls and procedures. The Company’s Officers are responsible for establishing and maintaining internal

controls and procedures for the Company, designed to provide reasonable assurance that material information relating to the Company and its subsidiary is made known to the Officers by others within the organization, particularly during the period in which the Company's quarterly and year-end financial statements and MD&A are being prepared. The Officers have evaluated the effectiveness of the Company's internal controls and procedures as defined in Multilateral Instrument 52-109 for the one month period ended December 31, 2007. Based on this evaluation, they have concluded that such controls and procedures are effective in conveying the required information to the Officers, particularly in light of the Company's size, structure and stage of development. Management is currently in the process of formalizing the internal controls and procedures. These internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, not absolute assurance, that the objectives are met. Management is aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The Company utilizes outside assistance and advice on complex financial, taxation and reporting issues, which is common with companies of a similar size. We have assessed the design of our internal control over financial reporting and during this process we identified potential weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff at the Company it is not feasible to achieve complete segregation of incompatible duties. The Company has mitigated this weakness in controls by adding management review procedures over the areas where segregation is an issue.

- The Company does not retain staff with specialized and current income tax, financial reporting and complex accounting expertise. The Company reports current and future income tax expenses and liabilities and other complex accounting calculations based on management's estimates and relies on reviews by management, external consultants and on the audit committee for quality assurance.

As a result of our assessment of the design of our internal control over financial reporting, we conclude that there is only a remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.