

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 twelve months period ended November 30, 2007 and the twelve month period ended November 30, 2006 and the Auditors' Report thereon. Information included in this MD&A has been presented in Canadian Dollars and prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") unless otherwise stated.

This MD&A is dated March 28, 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 BOE 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 holds, 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.

Additional information relating to Pacific Rodera Energy Inc. is available on SEDAR at www.sedar.com.

SELECTED ANNUAL INFORMATION

Years ended November 30	2007	2006	2005
Total assets	\$ 41,952,077	\$ 14,249,747	\$ 12,346,450
Revenue	1,189,786	423,347	-
Net income (loss)	(501,620)	(3,362,951)	(899,230)
Revenue per share (basic and diluted)	0.01	0.01	-
Net loss per share (basic and diluted)	\$ (0.01)	\$ (0.07)	\$ (0.02)

NET INCOME AND CASH FLOW FROM OPERATIONS

Three months ended November 30	(\$ per BOE)					
	2007	2006	% change	2007	2006	% change
Gross revenue	\$ 219,300	\$ 256,186	(14)	\$ 39.35	\$ 55.98	(30)
Royalties	18,553	48,095	(61)	3.33	10.51	(68)
Production and operating expenses	137,501	161,120	(15)	24.67	35.21	(30)
Operating Netback	63,246	46,971	35	11.35	10.26	11
General and administrative expenses	192,759	88,707	117	34.59	19.38	78
Interest expense	1	(63,262)	(100)	0.00	(13.82)	(100)
Asset retirement obligation	4,206	(23,042)	(118)	0.75	(5.03)	(115)
Interest income	(287,247)	(20,227)	1,320	(51.55)	(4.42)	1,056
Funds from Operations	153,527	64,795	137	27.55	14.16	95
Depletion and amortization	147,570	232,792	(37)	26.48	50.87	(48)
Asset write down	411,248	2,112,109	(81)	73.80	461.52	(84)
Future income tax (recovery)	(131,691)	(782,671)	(83)	(23.63)	(171.02)	(86)
Stock compensation expense	118,072	313,633	(62)	21.19	68.53	(69)
Net income (loss)	\$ (391,672)	\$(1,811,068)	(78)	\$ (70.28)	\$ (395.74)	(82)

Year ended November 30	(\$ per BOE)					
	2007	2006	% change	2007	2006	% change
Gross revenue	\$ 1,189,786	\$ 423,343	181	\$ 42.83	\$ 39.55	8
Royalties	168,756	80,647	109	6.07	7.53	(19)
Production and operating expenses	466,971	222,685	110	16.81	20.80	(19)
Operating Netback	554,059	120,015	362	19.95	11.21	78
General and administrative expenses	720,517	335,876	115	25.94	31.37	(17)
Interest expense	1,872	19,106	(90)	0.07	1.78	(96)
Asset retirement obligation	6,648	(23,042)	(129)	0.24	(2.15)	(111)
Interest income	(835,035)	(62,471)	1,237	(149.84)	(5.84)	2,468
Funds from Operations	660,057	(149,454)	(542)	23.76	(13.96)	(270)
Depletion and amortization	624,883	234,535	166	22.49	21.91	3
Asset write down	411,248	2,112,109	(81)	14.80	197.29	(92)
Future income tax (recovery)	(139,112)	(782,672)	(82)	(5.01)	(73.11)	(93)
Stock compensation expense	264,658	1,649,524	(84)	9.53	154.08	(94)
Net income (loss)	\$ (501,620)	\$(3,362,951)	(85)	\$ (18.06)	\$ (314.14)	(94)

During the fourth quarter the Company recorded a net loss of \$391,672 (0.00 loss per share) down from a net loss of \$1,811,068 for the same period in 2006. For the year ended November 30 2007 the Company recorded a net loss of \$501,620 (\$0.01 per share) from a net loss of \$3,362,951 (\$0.07 per share) recorded in 2006. The largest difference was the large impairment loss of \$2,112,109 in 2006. Although an impairment also was incurred in 2007 it was significantly smaller, at 411,248 than the \$2,112,109 incurred in 2006.

Funds from operations were \$153,527 for the fourth quarter of 2007 compared to \$64,795 in the fourth quarter of 2006. The fourth quarter of 2006 had an adjustment of interest expense of \$63,262 and 2007 has interest earned on the funds raised during the year which resulted in the increase. Funds from operations for the year improved to \$660,057 from a loss of \$149,454 recorded in 2006. The increase was a result of the additional interest income and a full year of operations at Trutch that was somewhat offset by an increase in general and administration charges. In September 2007 the Company increased the management team, as discussed below, and with that came associated increased G&A costs including salaries, office lease costs, office supplies and similar charges.

MANAGEMENT APPOINTMENTS

During the year the Company significantly changed their management and board of directors.

January 8, 2007 the Company announced the appointment of Mr. Michael G. Greenwood as Chairman, CEO and director of the Company. Mr. Greenwood served as President, Chief Operating Officer and director of Canaccord Capital Company from 1997 to 2006 and its predecessor company from 1994 to 1997 and as the President and Chief Operating Officer and director of Canaccord Capital Inc. from 1997 to 2006. Mr. Greenwood recently resigned from these positions and agreed to act as a consultant with Canaccord Capital Inc. for a 12-month period to facilitate the transition in the management of the company. Mr. Greenwood participated in the December 8, 2006, the January 8, 2007 and the March 21, 2007 private placements and upon completion of them Mr. Greenwood holds a total of 20,500,649 shares representing approximately 18.7 per cent of the shares of the company. Mr. Greenwood has the right to participate in future financings of the company to maintain the interest he holds in the Company on such terms and conditions as are being offered to the other subscribers for such other securities.

On September 5, 2007, the Company announced the following appointments Mr. Mark Hornett as director, president and chief operating officer, Mr. Roger Harman as chief financial officer, Andrew Arthur as vice-president exploration and Mr. Doug Crawford as vice-president production.

PRODUCTION, PRICING AND REVENUE

	Three Months Ended		Year Ended	
	November 30		November 30	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Natural Gas				
Average Daily Production (mcf/d)	329.4	275.6	412.1	162.1
Average Sales Price (\$/mcf)	\$ 5.94	\$ 6.40	\$ 6.78	\$ 6.27
Natural Gas Revenue (\$000's)	\$ 178.1	\$ 162.0	\$ 1,019.9	\$ 371.1
Oil & NGLs				
Average Daily Production (bbl/d)	6.3	3.9	7.4	3.1
Average Net Sales Price (\$/bbl)	\$ 71.40	\$ 52.67	\$ 62.69	\$ 61.75
Oil & NGLs Revenue (\$000's)	\$ 41.2	\$ 18.7	\$ 169.9	\$ 52.2

Barrels of Oil Equivalent (6:1)

Average Daily Production (BOE/d)	61.2	49.7	76.1	39.2
Average Sales Price (\$/BOE)	\$ 39.35	\$ 39.50	\$ 42.83	\$ 39.55
Total Oil & Gas Revenue (\$000's)	\$ 219.3	\$ 180.8	\$ 1,189.8	\$ 423.3

Daily production for the fourth quarter of 2007 averaged 61.2 BOE/d which was up 23% from 2006 production of 49.7 BOE/d. The increased production is mainly the result of new well tie-ins. Average daily production for the year, increased to 76.1 BOE/d, up from 39.2 BOE/d recorded in 2006 also as a result of new wells being brought on production.

Oil and gas revenue during the fourth quarter of 2007 increased 21% to \$219,300 as compared to \$180,800 in 2006. For the year, oil and gas revenues, were \$1,189,800, up 181% from 2006 revenues of \$423,300. The revenue increases are due to mainly to the substantially higher volumes. The average sales price for the fourth quarter of 2007 was \$39.35/BOE (\$5.94/mcf for natural gas and \$71.40/bbl for oil and NGLs) basically flat with the \$39.50/BOE in 2006 (\$6.40/mcf for natural gas and \$52.67/bbl for oil and NGLs). Average sales for the year averaged \$42.83/BOE (\$6.78/mcf for natural gas and \$62.99/bbl for oil and NGLs) up 8% from \$39.55/BOE recorded in 2006 (\$6.27/mcf for natural gas and \$61.75/bbl for oil and NGLs). Gas volumes of 329.4 mcf/d during the fourth quarter increased 18% compared to 275.6 mcf/d in the same period in 2006, while oil and liquids volumes were up to 6.3 bbls per day an from an average of 3.9 bbls per day produced in 2006. 2007 average gas volumes of 412.1 mcf/d were up 154% from 162.1 mcf/day recorded over the same period in 2006. The main change in the revenues was the increased volumes with pricing changes impacting very little.

HEDGING

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

ROYALTIES

Royalties for the quarter ended November 30, 2007 were \$14,408 down 70% from the \$48,095 recorded in 2006. The high initial rates from the start up production in 2006 compared with stabilized rates from more wells accounts for the quarter over quarter decrease. Royalties for the year were up to \$168,756 from \$80,647 the increased volumes was the major contributor to the increased royalties. The average royalty rate for 2007 was 14.2% of total revenues, compared to 2006 royalty rate of 19.0%. The royalty rate is higher for higher production and during 2006 there were a number of new wells with high initial rates which incurred the higher royalty rate. Although there were also some in 2007 there effect was lessened with more wells at a stabilized production rate.

Three months ended November 30	2007	2006	% Change
Crown	\$ 14,408	\$ 48,095	(70)
Freehold & overriding	4,145	-	100
Total Royalties	\$ 18,553	\$ 48,095	(61)
Per BOE	\$ 3.33	\$ 10.51	(68)
Percent of total revenue	8.0%	18.7	n/a

Years Ended November 30	2007	2006	% Change
Crown	\$ 164,611	\$ 80,647	104
Freehold & overriding	4,145	-	100
Total Royalties	\$ 168,756	\$ 80,647	109
Per BOE	\$ 6.07	\$ 7.53	(19)
Percent of total revenue	14.2%	19.0%	n/a

PRODUCTION AND OPERATING EXPENSES

Production and operating expenses for the quarter ended November 30, 2007 were \$137,501 down 15% over 2006 expenses of \$161,120, with the year costs at \$466,971 compared to \$222,685 in 2006. The main contributor is the full year of operation during 2007 as opposed to 9 months during 2006 resulting in more costs in total, and getting into stabilized operations reducing the quarter over quarter costs for the fourth quarter. The Company is not the operator of the property so has limited control over the expenses however management has started a detailed review of the operating costs and is working with the operator to reduce the ongoing operating costs. On a BOE basis the production and operating expenses for the quarter were \$24.67/BOE down 30% from the \$35.21/BOE recorded in 2006, while the year ended costs were \$16.81/BOE down 19% from the 2006 rate of \$20.80/BOE. The main reason for the reduced costs per BOE is the increased production in 2007.

GENERAL AND ADMINISTRATIVE EXPENSES

During the fourth quarter of 2007, G&A charges of \$192,759 were up 117% from the \$88,707 recorded in 2006. For the year, G&A charges of \$720,517 were up 115% from \$335,876 recorded in 2006. On a unit of production basis, G&A expenses for the quarter were up 78% to \$34.59 per BOE for 2007 from \$19.38 per BOE recorded in 2006, while yearly expenses increased to \$25.94 per BOE down 17% from \$31.37 recorded in 2006. The main reason for the increase in G&A is the increase in the management team. The Company has increased the team in order to substantially grow the Company into the future. This has resulted in a larger 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 \$118,072 in stock based compensation expense in the fourth quarter of 2007, down from \$313,633 in 2006. Stock based compensation for the year was \$264,658 which was down from \$1,649,524 reported in 2006.

INTEREST INCOME

During the fourth quarter of 2007 the Company made \$287,247 in interest income compared to \$20,277 in 2006. For the year, the Company made \$835,035 in interest, up from \$62,471 in 2006. 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 this cash 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 the year the Company had \$24.6 million in cash on hand to fund future operations or acquisitions.

The Company also holds term deposits in the amount of \$738,875 as security for the work commitments in the North West Territories on which it also earns interest

DEPLETION AND AMORTIZATION

Depletion and amortization expense for the fourth quarter of 2007 totaled \$147,570, down 37% from \$232,792 recorded in 2006. For the year, depletion and amortization expense totaled \$631,531, up 198% from \$211,493 recorded in 2006. Depletion has increased during 2007 due to the full year of production during 2007.

TAXES

The Company has a future tax liability of \$1,075,512 at November 30, 2007 compared to \$913,242 at November 30, 2006. Bringing on production, interest income and renouncing credits for the flow through shares are the main reasons for the changes in the future tax account. The Company does not expect to be cash taxable in 2008.

CAPITAL EXPENDITURES

November 30

Petroleum and natural gas properties	2006	additions	impairment	2007
North West Territories prospects	\$ 6,817,268	2,663,225	-	\$ 9,480,493
Tulita prospects	3,739,158	125,247	-	3,864,405
Western Canada	2,098,999	2,021,389	(411,248)	3,709,140
Total	\$12,655,425	4,809,861	(411,248)	\$ 17,054,038
Accumulate depletion				
Western Canada	\$ 207,961	612,144	-	\$ 820,105
Total	\$ 207,961	612,144		\$ 820,105
Net carrying values P&NG properties	\$12,447,464			\$16,233,933

During the year the Company invested in the pre drilling costs of the Dahadinni B-20 well (formerly named Haywood B-20) in the North West Territories which was spudded after the end of the period. The Company has drilled in four wells, completed three, re completed one, all in the Trutch area. The Company has also been accumulating land in a new core area in east central Alberta.

North West Territories Term Deposits

Under the terms of the licenses listed below the Company has assigned term deposits totaling \$738,875 (2006 - \$800,125) 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 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, is drilling two wells on EL 423 this winter which will complete the work commitment on EL 423 and has until May 10, 2010 to fulfill its obligations on EL441.

License	Work Deposit	Remaining Commitment	Expiry Date Period 1	Expiry Date Period 2
EL 423	\$ 410,750	\$1,643,000	June 8, 2008	June 8, 2012
EL 441	\$ 328,125	\$1,312,500	May 10, 2010	May 10, 2014
Total	\$ 738,875	\$2,955,500		

SUMMARY OF QUARTERLY RESULTS

	<u>30-Nov-07</u>	<u>31-Aug-07</u>	<u>31-May-07</u>	<u>28-Feb-07</u>	<u>30-Nov-06</u>	<u>31-Aug-06</u>	<u>31-May-06</u>
Production							
Oil bbls/d	6.3	8.2	9.3	5.8	3.9	1.8	3.6
Gas mcf/d	329.4	397.9	479.6	441.1	275.3	220.8	147.0
BOE bbls/d	61.2	74.5	89.2	77.7	49.7	38.6	28.0
Revenue	219,300	254,014	375,946	340,523	180,777	140,907	101,664
Net income (loss)	(391,672)	13,649	(16,525)	(107,072)	(1,811,068)	(274,182)	(733,712)
Income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.02)
Funds from operations	153,527	218,231	274,169	14,130	64,795	(35,533)	(123,426)
Cash flow per share	0.00	0.00	0.02	0.01	0.00	.00	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2007 the Company had a working capital of \$24,067,191 (Current assets of \$24,943,505 less current liabilities of \$876,314) as compared to working capital deficit of \$2,852,493 (Current assets of \$991,907 less current liabilities of \$3,844,400) as at November 30, 2006. The Company has \$738,875 (November 2006 - \$800,125) lodged as security against refundable deposits in the Northwest Territories. The Company also has 30,125,000 outstanding warrants that are callable under certain circumstances. Upon conversion of all the warrants the Company will receive \$19,347,500 to fund future prospects. The Company has also been initiating discussions with a number of banks about the Companies potential future cash requirements.

During the year ended November 30, 2007, the Company closed the following private placements:

- (a) On December 1, 2006, the Company 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.

- (b) On December 5, 2006, the Company 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.

- (c) On January 4, 2007, the Company 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.

- (d) On March 2, 2007, the Company 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 Company 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 Company 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.

- (e) On March 14, 2007, the Company 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 Company 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 a day of a period of 20 consecutive trading days, and (ii) the Company 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.

- (f) On September 5, 2007, the Company 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 will consist of one common share of the Company to be issued on a flow-through basis and one-half of one non-transferable common share purchase warrant. Each whole warrant will entitle 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 and the Company 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.

SHARE CAPITAL

	November 2007	November 2006
Common shares outstanding, end of period	109,391,058	48,957,898
Common share purchase warrants	30,125,000	-
Stock options	6,316,200	3,306,200

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements

RELATED PARTY TRANSACTIONS

During the year the Company paid consulting fees of \$85,000 (2006 - \$95,500) to a company controlled by Mr. Williams when he was the President of the Company, and \$22,094 (2006 - \$12,590) for secretarial fees to the spouse of Mr. Williams. The Company also paid \$11,000 (2006 - \$12,000) to a company controlled by the former Secretary of the Company. During the year 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 terminated.

During the year 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 Roderer'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 Roderer, 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. On March 12, 2007, Imperial Oil Limited projected that construction of the pipeline would commence in 2010 at an estimated cost of \$15 billion.

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 North West 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 year the Company has spud the first of the two wells to be drilled this winter on Exploration Licence 423 in the Northwest Territories. The Dahadinni B-20 well (formerly named Haywood B-20) is being drilled into the Devonian and Silurian formations. The Company also has entered into a memorandum of agreement (MOA) with several First Nation bands in Saskatchewan relating to the acquisition, exploration and development of prospective lands located in Saskatchewan. Pursuant to the MOA, these First Nations bands have requested the Saskatchewan government to impose an 18-month moratorium on the sale of the Crown-owned mineral rights associated with approximately 88,000 acres of land located within the Bakken play area of SE Saskatchewan. Under the MOA, the First Nations bands have granted the Company the right to explore and develop all oil and gas reserves located on the lands in which the First Nations acquire rights. One of the requirements for the First Nations to acquire the subsurface rights is that they first acquire the surface rights from the present land owners.

The Company also agreed to sell 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 BOE of production per day. The sale of such a low working interest is consistent with Pacific Rodera's objective of being focused in high working interest, operated properties. Completion of the sale is subject to the approval of the TSX Venture

Exchange and consent of the purchaser's lenders which is expected to be received.

Subsequent to the end of the period the Company also announced that the Keele River L-52 well was drilled to a total depth of 895m and after reviewing the logs, the well was determined to be a dry hole and is being abandoned. In addition, the Dahadinni B-20 has been side tracked and is anticipated to reach a total depth of 2580 meters by the end of the March 2008.

The Company also announced the appointment of John Nesbitt as Vice President, Land. Pacific Roderer 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 quarter ended November 30, 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.