

GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following Management Discussion and Analysis dated July 25, 2007 should be read in conjunction with the Company's consolidated financial statements for the year ended March 31, 2007 and the Statement of Reserves Data and Other Oil and Gas Information dated July 11, 2007, as well as the reference to forward-looking statements within this report.

OVERVIEW OF OPERATIONS

Great Pacific International Inc. (also referred to as "the Company", "Great Pacific" or "we") has in the past three months completed its transition into the oil and gas business and disposed of all its assets related to the discontinued loyalty program business.

The Company since 2000 was focused on the development of a number of strategies connected to the loyalty program business, including the creation of its own private label program and enhancing the mature rewards points programs of third parties. Significant components of the losses recognized with respect to the loyalty program business model comprised website, software and database development expenses. The business model could not be commercialized and the Company decided to discontinue further work in late fiscal 2007. Subsequently, the Company disposed of its subsidiary companies involved in the loyalty program business, GPI Rewards (Canada) Inc. and GPI Rewards (U.S.A.) Inc., for nominal consideration. The Company retains no assets related to the discontinued projects at this date, and has made provision for approximately \$2,300 in liabilities related to discontinued operations.

In the last two completed fiscal years, the Company has experienced operating losses of approximately \$736,000 for 2007 and \$646,000 for 2006, respectively. These losses were financed through the private placement issuance of equity.

In fiscal 2007, management was presented with the opportunity to enter into the oil and gas business by way of a block acquisition from Mistahiya Resources Ltd. ("Mistahiya"), a private Alberta company, of minority interests in 9 producing oil wells and 1 producing gas well in Alberta (gross; net 3 oil wells, 0.04 gas wells), as well as interests in 3 additional non-producing oil and gas property leases. Properties acquired under this acquisition included six properties to which proved developed producing oil reserves are attributed. We acquired net revenue interests in these properties ranging from 3.8% to 36%. The acquisition price was \$362,000 cash, the issuance of 500,000 shares at a value of \$250,000, and the assumption of future asset retirement and site restoration obligations having an estimated net present value of \$165,055. The cash portion of this acquisition was funded from a private placement. The terms of this acquisition were set forth in a letter agreement dated October 27, 2006 between Great Pacific and Mistahya. The acquisition closed in March, 2007, and our right to participate in the operations of these wells was effective April 1, 2007.

Subsequent to the block acquisition from Mistahiya the Company has acquired several land positions comprising non-operated petroleum and natural gas (P & NG) lease interests, operated P & NG lease interests, and operated and non-operated farm-in rights, respectively, in Alberta, non-operated minority interests in gas leases in Arkansas (including one operating well), and operated interests in P & NG leases in a property in Manitoba containing a shut-in gas well.

To date management has focused on identifying, financing and acquiring oil and gas properties. Throughout fiscal 2008 we expect production to resume on ten wells in which we hold a minority non-operated interest. Five of these wells have proven producing reserves, but have been shut-in since we acquired our interest in them in March, 2007 due to seasonal suspension. We expect that production from these five proven wells will generate cash flow to the Company upon

commencing production. The remaining five wells are past producing wells which we will operate on a trial basis. There is no assurance that unproven wells will produce oil and gas or will be found to be economically operable.

We also anticipate drilling several of our property interests in late summer, fall and winter, 2007. However, such drilling is contingent upon receiving adequate proceeds from a best-efforts brokered private placement we are conducting (announced April 18, 2007, as revised July 25, 2007). There is no guarantee we will be successful in raising adequate capital to drill and explore our properties.

An analysis of all of our material existing properties, by separate referenced areas of interest, is as follows:

OIL AND GAS OPERATIONS

Peerless Lake Area Of Interest, Alberta Canada

Management believes that the Peerless Lake region of north-central Alberta offers promising geological potential. We have acquired several property interests in the Peerless Lake region, including the Equisetum, Loon Lake and Red Earth property groups, and we seek to continue to expand our land position in that district. We have non-operated interests in six Peerless Lake wells to which proved developed producing oil reserves have been assigned. In addition, we have planned a drill program in the Peerless Lake region for the winter of fiscal 2008. This drill program is pending the receipt of adequate financing and amenable weather conditions.

We have acquired the following property interests in the Peerless Lake area of Alberta:

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Equisetum Keg River C	Non-operated	36%	Crown	Proven	160	58
Equisetum Keg River AAA	Non-operated	100% BPO/ 36% APO	Crown	Proven	160	58
Equisetum Keg River KK	Non-operated	36%	Crown	Proven	160	58
Equisetum Kidney	Non-operated	36%	Crown	Probable	160	58
Equisetum Keg River A	Non-operated	36%	Crown	Unproven	160	58
Red Earth I	Non-operated	36%	Crown	Proven	320	116
Red Earth Granite Wash	Non-operated	100% BPO/ 36% APO	Crown	Probable	160	58
Loon Slave Point E	Non-operated	36%	Crown	Proven	160	58
Loon Granite O	Non-operated	36%	Crown	Unproven	160	58
Loon Granite Q	Non-operated	36%	Crown	Unproven	160	58
Loon Granite N	Non-operated	36%	Crown	Unproven	160	58
Loon Granite Wash S2S	Non-operated	12%	Crown	Unproven	160	58
Devon/Paramount farm-in	Non-operated	32-36% BPO/ 16-18% APO	Crown + 5-15% GORR	Unproven	160	56 BPO/ 28 APO
Devon/Paramount farm-in	Non-operated	64-72% BPO/ 32-36% APO	Crown + GORR	Unproven	320	217 BPO/ 108 APO
Peerless I	Operated	100%	Crown	Unproven	160	160
Peerless II	Operated	100%	Crown	Unproven	160	160

Equisetum Property Group

We acquired non-operated interests in several Peerless Lake P & NG leases collectively known as the "Equisetum property group" pursuant to our block acquisition agreement. This property includes three wells to which proven developed producing reserves have been assigned (Keg River C, Keg River AAA and Keg River KK), and several suspended wells with no reserves assigned. In addition, we acquired an interest in an undrilled lease (Kidney) holding probable and possible reserves.

The Equisetum Keg River C, Keg River KK and Keg River AAA leases contain proved producing oil wells. Since we acquired our interest in these properties, the Keg River C and Keg River KK wells have been suspended due to normal environmental factors. Specifically, these wells are located in muskeg environment that cannot be economically accessed when the ground is not frozen.

Based on historical production results and our analysis of proved reserves, we expect production from the Keg River C to re-commence in November, 2007, at an average rate of 3.3 barrels per day of oil to GPI's interest. The expected remaining economic life of this well, based on proved reserves, is four years, with production expected to occur six months per year during the winter months. These estimates do not give effect to the probable reserves attributed to this property.

Based on historical production results and our analysis of proved reserves data, we expect production from the Keg River KK well to resume in November, 2007 at an aggregate rate of 7 barrels per day to Great Pacific's interest while producing. The expected remaining well life of this well, based on proved reserves, is three years, and production is expected to occur four months per year. We expect production will take place for four to six months per year, during the winter months.

The reader is cautioned that though the expected production disclosure for the Keg River C and Keg River KK wells is based on analysis of proved reserves data, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. For reserves data please refer to our Form 51-101 report dated July 11, 2007 available on www.sedar.com.

The Keg River AAA well was suspended at the time of acquisition due to mechanical deficiencies in the downhole lift equipment. In our March 31, 2007 reserves evaluation contained in our Form 51-101 report dated July 11, 2007 (available on www.sedar.com), we had estimated that to resume production on this well we would have to incur gross well workover expenditures of \$45,000. We completed this well re-work in July, 2007 for approximately \$45,000, after which production resumed.

Great Pacific financed 100% of the costs of re-working Keg River AAA, in addition to 100% of the costs of re-working the Red Earth Granite Wash M well, in return for a 100% net revenue interest (subject to Crown royalties) in both wells until Great Pacific has earned net revenue from production of those wells equalling 125% of the aggregate re-working costs.

The Equisetum Kidney property has no operating wells. However, we feel that this property has considerable oil exploration potential, based on our hypothesized geological model for the region. We plan to drill an oil well on this property in the winter of 2007, subject to entering into an economically satisfactory arrangement with Mistahiya, as Mistahiya is not expected to contribute its 64% working interest in costs of the new well. This would necessitate a re-negotiation of net revenue interests. Drilling this lease is also conditional on obtaining adequate financing and the continued receipt in the interim of exploration and drilling results from elsewhere in the region that are consistent with our geological hypothesis for the property. The likelihood of these outcomes is indeterminate, and there is no assurance we will be able to drill

this property, and if so, whether this property will contain economic hydrocarbon reserves. At March 31, 2007, we estimated that the capital costs of drilling, completing and equipping this well will be \$850,000. Our share of these costs, proportionate to our 36% working interest, was included in our estimate of future net revenue disclosed in our Form 51-101 dated July 11, 2007.

The Equisetum Keg River A property contains two suspended oil wells which, based on current reserve estimates, have negligible remaining oil and gas reserves. However, we intend to re-work a suspended well on the Keg River A property in the current fiscal year, as management believes that we may be able to achieve economic production once that well is re-worked. Such a re-work would entail servicing and repairing deficient and inoperable components of the well and pumping equipment. We feel that such a re-work may allow us to continue with economic production, though the likelihood of this cannot be determined at this time. We expect that the gross cost of the re-work to be \$132,000, of which Great Pacific will be liable for \$48,000, to our 36% interest. This re-work expenditure should be considered as exploratory in nature, as no reserves have been attributed to this well.

Loon Lake Property Group

The Loon Lake property group within the Peerless Lake area comprises 12-36% interests in five P & NG leases, of which one holds an active oil well to which proved and probable reserves have been assigned, and four hold producing wells of marginal economics containing no assigned reserves.

Historical results suggest that the Slave Point E well will produce for substantially the entire year, excepting a brief suspension of production during winter break-up in early spring. Based upon immediate past production history, we expect the well to be recommenced at a flow rate of 1.8 barrels of oil per day to the Company's 36% interest.

While there are no reportable reserves in the remaining Loon wells, we do intend to resume production from those wells on a test basis in fiscal 2008. Though these wells are mature, we believe we may be able to obtain some economic level of production from one or more of these wells. Towards this, we intend to spend approximately \$8,500 (12% of a gross expenditure of \$72,000) installing a new pumpjack driver on Granite Wash S2S, as we expect this will increase recoveries. This expenditure should be considered exploratory in nature, given that no economic reserves have been assigned to this well.

We do not intend to pursue any exploration or incur any material development expenditures on the Loon Lake property group in the next twelve months, excepting the aforementioned re-working of the Slave Point E and Granite Wash S2S wells as discussed above.

Red Earth Property Group

The Red Earth property group within the Peerless Lake area comprises an interest in two P & NG leases acquired pursuant to our block acquisition agreement.

The Red Earth I property contains two proven oil wells, the Bluesky and the Slave Point EE, that are currently suspended due to normal seasonal factors. We hold a 36% non-operated interest in both wells, pursuant to our interest in the underlying P & NG lease. Based on our analysis of the proved developed producing reserves attributed to this property, (please see our Form 51-101 report), we expect the Slave Point EE well to economically produce oil for nine years, during the approximately three months of the year when the ground is sufficiently frozen to permit access to the muskeg-bound well site. We expect the well to be recommenced at a flow rate of 4.5 barrels per oil per day to the Company's 36% interest. These values do not give effect to probable reserves located on the property.

A second well on the Red Earth I property, the Bluesky, is also currently suspended due to normal seasonal factors. Based on our analysis of proved developed producing reserves attributed to this property, we expect this well to economically produce oil for another six years. The well will only produce for approximately three months per year, roughly from January to March, when the ground is sufficiently frozen to permit access to the muskeg-bound well site. We expect the well to be recommenced at a flow rate of 4.5 barrels per day to the Company's 36% interest. These values do not give effect to probable reserves located on the property.

The Red Earth Granite Wash site contains an oil well, the Granite Wash M, holding probable developed but unproven reserves, that was shut-in at March 31, 2007 due to pump problems. Our reserves evaluation contained in our Form 51-101 report dated July 11, 2007 estimated the gross cost of repairing this well so as to resume production to be \$65,000, comprising \$45,000 of re-working costs and an allocation of \$20,000 of the cost of a new motor to that well site. Subsequent to March 31, 2007, we entered into an agreement with the operating interest holder to finance 100% of the costs of re-working this well and purchasing a new motor, as well as 100% of the costs of re-working the Keg River AAA well, in return for a 100% net revenue interest (subject to Crown royalties) in both properties until 125% of our aggregate re-work and motor purchase costs have been repaid from the joint net operating revenues of both wells.

Production at this well is expected to recommence at 1.25 barrels per day to our 36% interest, or 3.5 barrels per day to our 100% before payout net revenue interest, based on our analysis of probable reserves data. Historical production results suggest that we will be able to produce from that well over ten months per year, with a seasonal shut-down in early spring. The reader is cautioned that there is significantly less certainty in regards to an estimate of reserves classified as probable as compared to reserves classified as proven.

Our 36% owned oil and gas property interests acquired via block acquisition from Mistahiya include proportionate ownership interests in well tubing and equipment located on the well sites. Management estimates that the present value of our proportionate share of the estimated abandonment date salvage value of this equipment is \$150,000. However, there is a substantial degree of uncertainty in this estimate, given the illiquid nature of the asset and the time to abandonment.

Devon/Paramount Farm-in

As described in our April 26, 2007 news release, we have earned (by farm-in agreement) a non-operated 37.5% before payout (18.75% after payout) working interest in a test well in the area. This equates to a net revenue interest of 35.625% to 31.875% before payout, and 17.8125% to 15.9375% after payout. In addition, under this agreement, we have also acquired an additional 75% before payout working interest (37.5% after payout working interest) in 320 gross acres ("the farm-in lands") surrounding the 160 acre test well spacing unit. This equates to a 64-71% before payout/31-35% after payout net revenue interest in the farm-in lands.

We earned our interest in this property by the reimbursement of 37.5% of the cost of re-entering a test well on the farm-in lands. The test well was successfully re-entered to the depth of the Pre-Cambrian formation by the farmor in December 2006 – January 2007. The test well was originally drilled by a non-related party in 1988, and was abandoned by the time of re-entry. This well is expected to be equipped and rendered operational in summer, 2007. We earned our interest by the payment of \$240,000 of the re-entry costs, commensurate with our 37.5% working interest, and we maintained our interest by paying our proportionate share of completion and equipping costs, being \$65,000. These costs were paid from the proceeds of a private placement share subscription conducted in fiscal 2007.

Under the terms of this agreement, earning our interest in the test well and the farm-in lands also granted us the option to acquire a 75% working interest (64-72% net revenue interest) in up to two additional option wells and a 38% working interest (32-36% net revenue interest) in up to an

additional five sections of P & N G leases by the drilling of up to two more option wells. This option will last until 30 days after the completion of a seismic program, which must commence prior to December 1, 2007 subject to access and weather. Along with our joint interest partners, we intend to perform a 3-D seismic survey on this property, and we expect our share of the seismic costs to be \$56,000.

We currently intend to drill two option wells in winter 2007/2008 should we receive acceptable results from this planned 3-D seismic program, and pending receipt of adequate financing. Our share of the costs to drill and complete these wells is estimated at \$1,500,000 (combined). It will cost Great Pacific an additional \$375,000 to pay for our proportionate share of equipping these wells if they are found to be economic.

The test well interest, farm-in interests, and any option well interest that may be acquired subject to this agreement will be non-operated. A principal of the operating joint interest participant is an officer of Great Pacific.

To date we have not received TSX Venture Exchange approval for this acquisition.

The re-entered test well intersected two hydrocarbon-bearing zones, consistent with our hypothesized geological model of the region. The economics of developing and exploiting the lower zone (Granite Wash zone) are being analyzed, in light of the water content of oil recovered. The upper Keg River layer is believed to be economic, based on the geological data obtained from the original well entry. We expect that we will be able to economically exploit the upper Keg River formation notwithstanding the indeterminate economics of the lower strata. NI51-101 compliant reserves estimates have not yet been determined for this well.

100%-owned Peerless Lake properties

We acquired the Peerless I and II properties through a Crown auction in May, 2007 by cash payment of approximately \$31,000. These properties are 160 acres and 560 acres, respectfully.

Currently, we have no plans on drilling these properties. Our geological analysis suggests that the hypothesized oil and gas structures we posit to exist on other Peerless Lake properties may extend to these properties, and as such we may drill these properties in the future.

Peerless Lake farm-in rights (Rocky Layman farm-in)

We have entered into a farm-in agreement which grants us the rights to earn additional acreage in the Peerless Lake area by the drilling of a test well prior to December 1, 2007.

As described in our April 26, 2007 news release, we have entered into a farm-in agreement with an arms' length party to acquire interests in nine additional sections (5,760 gross acres) in the Peerless Lake district (the "RLE farm-in"), with an option to acquire an additional two sections (1,280 gross acres), the "option lands". Under the terms of the farm-in agreement, by completing a test well we will earn an 80% working interest in the well, in addition to a 52% interest in the balance of the nine additional sections (the "RLE farm-in lands"). Our interest in the test well and RLE farm-in lands is subject to a sliding scale 5 – 15% gross over-riding royalty, such that our net revenue interest in the test well will be 68 – 76% and our net revenue interest in the RLE farm-in lands will be 44 – 49%, both subject to Crown royalties. In addition, we will earn an option to earn a 100% working interest in an option well, if drilled, in addition to a 50% working interest in the balance of the option lands. These interests would be subject to 5 to 15% gross over-riding royalties and crown royalties.

Great Pacific will be the operator of this property, pursuant to this agreement.

This agreement constitutes a firm commitment to begin drilling the test well before December 1, 2007. We estimate that to drill this test well to contract depth (1430m sub-surface, to the Pre-Cambrian formation) will cost \$1,100,000. We do not currently have the working capital to drill this test well and we are seeking to raise financing on a private placement basis to do so. This farm-in agreement has not been approved by the TSX Venture Exchange.

As with several other Peerless Lake properties, the length of the drilling and production season for this property is determined by the northern climate and muskeg environment. As a consequence, this property will only be operable during the “winter freeze”, falling generally between November and March of each year.

Property Acquisitions

Management believes that the Peerless Lake region may offer favourable geology. Accordingly, we are considering acquiring additional property interests in that region in the 2008 fiscal year. There can be no certainty that we will be successful in entering into farm-in agreements for the acquisition of additional land.

Exploration:

As discussed elsewhere, we intend to drill several geological targets on our Peerless Lake lands, should we obtain adequate external financing. The drilling season in this region is governed by climatic conditions, with drilling being limited to the winter when the freezing of the terrain makes well-site access feasible. Thus, we expect that our drilling will begin in November or December of 2008, and extend to the following March,

1. Subject to obtaining adequate working capital we intend to drill two additional wells on the land subject to the Devon/Paramount farm-in (the option lands).
2. We intend to drill a test well on the RLE farm-in in fall, 2007 at a cost of \$1,100,000 to drill and a further \$250,000 to complete and equip.
3. We intend to drill a test well on the Kidney property. The gross cost of this well is estimated to be \$2,250,000, with a further gross cost of \$625,000 to equip the well. The share of the drilling and equipping cost to our 18% working interest is \$517,500. This drilling plan is predicated on the assumption that the joint interest partners participate to their proportionate working interest.

Our ability to carry out the above exploration programs, as with other aspects of our business plan, is subject to a number of risk factors. These include, but are not limited to such operational risks as geological conditions, both in terms of realized hydrocarbon reserves and the amenability of lease lands to drilling; the demand for drilling rigs, and the resultant availability and cost of drilling resources; and environmental conditions, such as climate and landscape, and the effect of such factors on well site accessibility and the cost of site maintenance and reclamation. Our ability to execute the above oil and gas business plan is also subject to such economic risks as commodity price risk, capital market conditions and interest rates, and overall economic conditions. These factors may determine our ability to raise adequate financing and obtain adequate resources. These drilling plans are also subject to obtaining adequate licensing, and in certain cases are subject to the participation of other joint interest holders. Please see our Form 51-101 report for a more detailed discussion of risk factors.

Management believes that the Peerless Lake land position we are accumulating provides a number of potentially attractive drilling positions on a hypothesized north-northeasterly trending hydrocarbon-bearing reef structure (present in both the Devonian Keg River and Devonian Watt Mountain time structure maps) that may host Keg River carbonates. Our hypothesized geological model indicates that within our Peerless Lake property portfolio there are several locations where

the anomalous Keg River structures may present favourable “high” features where oil may be encountered above the oil/water interfaces.

There is no oil pipeline in the Peerless Lake area. As a result, all production must be stored at the wellsite, and shipped by truck to the purchaser. Accordingly, production requires regular truck access to the well site, which in the case of many wells in the Peerless Lake region, can only occur when the ground is frozen.

Grand Forks, Alberta

Pursuant to our block P & NG property acquisition, we acquired a 12% net revenue interest in a Crown petroleum and natural gas and private surface lease in southern Alberta, the Sawtooth II. Our interest in this property includes 7.2% working interest and an approximately 5% gross over-riding royalty interest. Details of the property are as follows:

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Grand Forks Sawtooth II	Non-operated	12%	Crown + Surface	Exploration	120	14

There are currently six abandoned wells on this property which we do not believe are economical. However, geological inference indicates that existence of probable and possible crude oil reserves on that property in a hypothesized structural attic to the existing pool, as indicated by 3-D seismic testing. While we do not intend to drill this property in the next twelve months, we do expect, based on the existence of probable and possible reserves, that it may be economic to do so in the future.

The estimated gross cost to drill, complete and equip this well is \$475,000, of which we would be liable for our proportionate share, being approximately \$34,000.

South-Central Alberta

Pursuant to our block P & NG property acquisition agreement, we acquired a 3.8% non-operated working interest in a proven and producing natural gas well in the Empress, Alberta area. Details of this property are as follows:

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Empress/Acadia	Non-operated	3.8%	Crown	Production	640	24

This property contains two natural gas wells, of which one is suspended. This well has no remaining proved reserves. The well operator intends to operate this well on a trial basis in fiscal 2008 in order to test for the existence of additional economic reserves.

There are no additional exploration or development plans for this property at present.

Rainbow Lake, Alberta, Canada

Our Rainbow Lake property is our northern-most oil asset, located in the far north-western corner of Alberta. It comprises a single property interest, as follows:

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Rainbow Lake	Non-operated	18%	Crown	Exploration	640	115

We acquired the Rainbow Lake property as part of the block P & NG property acquisition agreement. This property is a possible future exploration target; however, there are currently no plans for exploring or developing this property in the foreseeable future.

The Rainbow Lake property contains a previously drilled oil well which is owned by the Company (as to an 18% working interest) that had been suspended by its prior owner (an arms' length party) due to the water content in the Bluesky formation. However, the results of that well and the results of an offset well on an adjoining property may substantiate the geological inference that probable undeveloped and possible reserves exist on the property (please see our Form 51-101 report). Based on our analysis of the available geological data, including the results of the earlier well, we believe that a re-entry of the well (at an estimated gross cost of \$750,000, including \$150,000 of equipping costs) may be economical. As disclosed in our NI51-101 report, there is geological evidence that in light of the probable and possible reserves, a re-entry may allow 5 years of economical production.

Redwater, Alberta, Canada

Our Redwater property is a single property in central Alberta that was acquired pursuant to our March, 2007 block acquisition from Mistahiya. A summary of the property is as follows:

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Redwater	Non-operated	8.7%	Crown + 3%GORR	Exploration	560	49

Management believes that the Redwater property, which includes seven abandoned oil wells, may provide a natural gas target. This target is believed to intersect two natural-gas bearing zones, each of which has been assigned probable reserves based on existing geological data (please see our NI51-101 report). There are no plans at the present to drill such a well or otherwise explore or develop this property interest in fiscal 2008.

Logan County, Arkansas

We have acquired a non-operated interest in a gas well in Logan County, Arkansas in May, 2007, from an arms' length party. The interest was acquired for cash payment of approximately \$31,000 (CDN).

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Sedna-Nicko #4-4	Non-operated	3.1% BPO; 2.8% APO	30% GORR	Producing	640	20

We are not aware of any material capital costs (including exploration and development) which we will have to participate in pursuant to our interest in this property. The well is currently in production.

In the six months prior to acquisition, our pro forma share of average daily production was 6.5 thousand cubic feet of gas per day. We do not have NI51-101 compliant reserve, depletion, well-life or production information on this property interest, and the reader should be cautioned that past performance of a well is not necessarily a reliable indicator of future performance.

OVERALL PERFORMANCE

Fiscal 2007 was a transition year for Great Pacific, and the fourth quarter marked the first full fiscal quarter as a development stage oil and gas business.

In the first half of fiscal 2007, we were engaged in our legacy operations, namely the development of our loyalty points program. We decided in mid-fiscal 2007 that performance in the loyalty points program was not satisfactory, due to such factors as an observed lack of adequate market demand, a competitive market environment, and inadequate market acceptance for our service among potential points program partners,

Simultaneously, management began assessing new opportunities. As a result of this assessment, our management was made aware of the opportunity to acquire non-operated property interests in several production-stage and exploration-stage petroleum and natural gas properties in Alberta. Management investigated this opportunity in the third quarter, and, satisfied with the economics of the opportunity, received shareholder approval for the change of business. Management acquired a 36% interest in those oil and gas assets in March, 2007 by cash payment (\$362,000) and share issuance (\$250,000). Subsequent to the acquisition, Jon Axford, the controlling shareholder of Mistahiya, joined our management as Vice President, Exploration and Development.

In the fourth quarter of fiscal 2007, and through fiscal 2008, management has been primarily engaged in "laying the groundwork" for our planned oil and gas operations. Accordingly, management was fully engaged in:

- Hiring new managers qualified to implement the new business model, including a VP of Exploration Development and a new Chief Financial Officer.
- Acquiring new oil and gas properties, and property acquisition rights, and continuing in the identification and negotiation of new property interests, especially in the Peerless Lake region of Alberta.
- Seeking equity financing via brokered best-efforts "flow-through" and "non-flow-through" private placements. We have yet to close these private placements, and there can be no assurance as to the amount that we will raise.
- Identifying and developing a drilling and exploration program for the fiscal 2008 exploration season.

Our financial results for fiscal 2007 and for the fourth quarter of 2007 reflect this change of business. While 2006 comparative figures show 12 months of operations in the development of a loyalty points program business, our 2007 results reflect approximately 6 months of loyalty points program development and the write-off of previously deferred development costs related thereto, followed by approximately 6 months of early development stage activities in our oil and gas business. These results of operations are presented below.

Results of Operations for the 12 months ended March 31 2007 and 2006:

For the years ended March 31, 2007 and 2006, Great Pacific did not achieve any revenues.

General and administrative expenses during the fiscal years ended March 31, 2007 and 2006 are summarized as follows:

Expense	Year Ended March 31,		
	2007	2006	Increase (Decrease)
	\$	\$	
Remuneration and staffing	232,992	388,349	(155,357)
Accounting and audit	65,255	27,409	37,846
Finance	7,249	19,678	(12,429)
Regulatory and transfer agent	31,057	26,277	4,780
Corporate communications and shareholder communications	54,110	10,943	43,167
Legal fees	16,566	12,797	3,769
Rent	40,725	40,017	708
Travel and entertainment	83,661	48,742	34,919
Change of business costs	46,167	-	46,167
Other General and administrative expenses	30,643	18,255	12,388
	608,425	592,467	15,958
Gain on settlement of debt and payables	(38,944)	(8,611)	(30,333)
Net loss from continuing operations	569,481	583,856	(14,375)
Loss from discontinued operations			
General and administrative expenses	10,679	62,073	(51,394)
Write-down of assets of discontinued Operations	155,353	-	155,353
Net loss from discontinued operations	166,032	62,073	103,959
Net loss for the year	735,513	645,929	89,584

Material Changes in Operating Items (12 months ended March 31, 2007 and 2006)

Material changes in operating items in fiscal 2007 compared to fiscal 2006 are discussed as follows:

Remuneration and staffing

Our decrease in remuneration and staffing expense was primarily attributable to a lower stock-based compensation expense in 2007 compared to 2006. In 2006, stock based compensation expense was \$293,016 with 925,000 stock options granted, whereas in 2007 the stock based compensation expense was \$87,000 with 200,000 options granted.

Consulting expenses increased materially in 2007, partially offsetting the effects of the decrease in stock-based compensation expense. A significant portion of the increase in consulting fees was due to a change in the accounting treatment of such fees. In 2006, \$38,500 of consulting fees payable to a consultant who is still providing services to Great Pacific were recorded as business development expenses for our loyalty points program and deferred. In 2007, only \$15,750 of that consultant's fees were deferred to business development expenses, and accordingly a larger portion of that consultant's fees were expensed as remuneration and staffing costs. This has

contributed to an increase in consulting expenses. In 2008, it is expected that the entirety of the consultant's expected total annual fees of \$42,000 will be recorded as consulting fees (a portion of remuneration and staffing expenses).

Towards the end of fiscal 2007 we also hired a part-time information technology consultant. Consulting fees paid to this consultant in 2007 immaterially increased consulting fees expense in 2007 compared to 2006; however, we expect that the continued use of this consultant on a part-time basis for, among other things, overseeing the implementation of oil and gas accounting software in advance of our planned drill program, will contribute to a material increase in consulting fees in fiscal 2008 compared to 2007.

We expect an overall increase in remuneration expense in fiscal 2008 compared to fiscal 2007. This relates to our hiring of a Vice-President of Exploration and Development and Chief Financial Officer, as well as an expected increase in the managerial and administrative time required to implement and supervise our planned drill program, provide geological services, manage our oil and gas operations, pursue financing, and comply with the more complex financial reporting requirements related to active oil and gas operations.

Accounting and audit

The increase in accounting and audit fees was primarily attributable to the following factors:

- An approximately 50% increase in staff accounting expense
- A year-over-year decrease in the amount of staff accounting time that was directly attributable to loyalty points program business development. Accordingly, a higher proportion of accounting fees were expensed rather than deferred in 2007 compared to 2006.

Moving forward, we expect that due to an expected higher transaction volume and more complex accounting and control requirements arising from our oil and gas operations we will have a material increase in accounting expenses in fiscal 2008 compared to the fiscal years 2007 and 2006. Subsequent to March 31, 2007 the company hired a staff accountant.

Corporate communications, shareholder communications and travel and entertainment

The increase in Corporate communications, shareholder communications and travel and entertainment expenses were related to the on-going management focus on raising capital to fund our planned drill programs, as outlined in our oil and gas business plan. Communicating our change of business to existing shareholders also contributed to the increase in this operating item in 2007.

Given the on-going capital-intensity of our oil and gas business model, we expect corporate communications, shareholder communications and promotion expenses to remain higher than was experienced in 2006.

Travel and entertainment

The increase in travel and entertainment costs related to several operational activities, primarily:

- Negotiating the property acquisition agreement with an out-of-province vendor; and
- Corporate communications and shareholder communications related to the pursuit of financing for our planned oil and gas activities.

We expect travel and entertainment expenses in 2008 will remain higher than 2007 levels due to costs arising from the management of our out-of-province oil and gas investments, and the costs of the investor relations and shareholder communications activities arising from capital-raising activities.

Change of business costs

Change of business costs comprised financial fees required to perform due diligence and analysis on our accrued oil and gas assets, including obtaining of geological reports, cash flow information and similar evaluative data, and the professional fees associated with complying with securities and exchange regulations governing the change of business of a public company. This is expected to be a one time cost.

Gain on settlement of debts and payable

The significant portion of the amount so classified comprises the gain on the settlement of our convertible debentures. In fiscal 2007 we had a dispute with the two holders of our outstanding convertible debentures (face value of \$80,000, earning interest at 8% per year) regarding the convertibility provision of the debenture. We had accrued interest on the debentures until the time of settlement. The settlement of the debentures was for an amount less than the total of the face value of the debentures and the book value of the accrued interest, however, and a gain of \$36,623 resulted.

Net loss from Continuing Operations

Net loss from continuing operations for the year ended March 31, 2007 was \$ 569,481 (\$0.04 per share) compared with \$583,856 for 2006 (\$0.06 per share), a decrease of \$14,375. The decrease in net loss from continuing operations is due primarily to the reasons described above, which include both decreases and offsetting increases in expenses.

Loss from Discontinued Operations

Loss from discontinued operations comprises the charge to operations with respect to the disposal of the company's loyalty program development operations. The project assets were sold and liabilities assumed by a third party after the year end for \$2,000. The charge to operations represents the difference between the net book value of the net assets sold (being primarily deferred business development, data base system, and website costs incurred in 2006 and 2007) and the proceeds realized. In addition, general and administrative expenses specifically identified with the loyalty program business have been reclassified to discontinued operations for comparative and consistency purposes. Losses from discontinued operations were \$166,032 for the year ended March 31, 2007 compared with \$ 62,073 for 2006, an increase of \$103,959

Net loss for the year ended March 31, 2007 was \$ 735,513 (\$0.05 per share) compared with \$645,929 for 2006 (\$0.06 per share), an increase of \$89,584. The increase in net loss for the year is due primarily to the reasons described above, which include both decreases and offsetting increases in expenses.

Results of Operations for the 3 months ended March 31 2007 and 2006:

For the quarters March 31, 2007 and 2006, Great Pacific did not achieve any revenues.

General and administrative expenses during the quarters ended March 31, 2007 and 2006 are summarized as follows:

Expense	Quarter ended March 31		
	2007	2006	Increase (Decrease)
	\$	\$	\$
Remuneration and staffing	40,919	321,616	(280,697)
Accounting and audit	36,813	12,715	24,098
Finance	87	1,097	(1,010)
Regulatory and transfer agent	16,392	6,835	9,557
Corporate communications and shareholder communications	34,377	1,147	33,230
Legal fees	9,000	-	9,000
Rent	12,000	10,202	1,798
Travel and entertainment	35,779	22,628	13,151
Change of business costs	31,389	-	31,389
Other general and administrative expenses	10,277	4,734	5,543
	227,033	380,974	(153,941)
Gain on settlement of debts and payables	-	(8,611)	8,611
Net loss from continuing operations	227,033	372,363	(145,330)
Loss from discontinued operations			
General and administrative expenses	7,202	8,096	(894)
Write-down of assets of discontinued Operations	155,353	-	155,353
Net loss from discontinued operations	162,555	8,096	154,459
Net loss for the quarter	389,588	380,459	9,129

The Company recorded a loss of \$389,588 for the 3 month period ended March 31, 2007 (Q4-2007) compared with a loss of \$380,459 for the comparable period in fiscal 2006 (Q4-2006). There were significant differences in the nature of the expenses comprising the loss in each of the comparative quarterly results. For Q4-2007 the Company recognized the write-off of previously deferred costs with respect to its loyalty program development business of \$155,353. (Q4-2006: Nil) and expenses of \$31,389 (Q4-2006:Nil) related to its Change of Business filings with the regulatory authorities, In Q4-2006 the Company recognized stock based compensation expense of \$293,016 , whereas there was no stock based compensation expense in Q4-2007.

An analysis of material changes between the fourth quarter of 2007 and the fourth quarter of 2006 is substantially similar to the analysis of the changes between the fiscal year ended 2007 and the fiscal year ended 2006. The increase in accounting and audit fees in the fourth quarter of 2007, relative to those incurred in the fourth quarter of 2006, largely reflects the increase in staff accounting time incurred and expensed. The increase in corporate communications and shareholder communications expenses reflected an increase in managerial travel, capital-raising efforts and shareholder communication activities pursuant to our change of business. Similarly, change of business costs were one-time expenditures primarily related to due diligence, corporate governance and regulatory activities required to effect our investment into our development stage oil and gas business.

EIGHT QUARTER REVIEW

	Fiscal Year 2007			
	March 31	December 31	September 30	June 30
Sales	-	-	-	-
Loss from continuing operations	227,033	82,870	182,816	76,764
Loss from discontinued operations	162,555	1,209	1,035	1,231
Net Loss for the quarter	389,588	84,079	183,851	77,995
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.02	\$0.01	\$0.01	\$0.00
Loss per share – discontinued operations	0.01	0.00	0.00	0.00
Net loss per share	\$0.03	\$0.01	\$0.01	\$0.01

	Fiscal Year 2006			
	March 31	December 31	September 30	June 30
Sales	-	-	-	-
Loss from continuing operations	362,349	12,754	95,159	113,594
Loss from discontinued operations	18,111	9,770	4,650	29,542
Net Loss	380,460	22,524	99,809	143,136
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.03	\$0.00	\$0.01	\$0.02
Loss per share – discontinued operations	0.00	0.00	0.00	0.00
Net loss per share	\$0.03	\$0.00	\$0.01	\$0.02

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same period. The substantial increase in loss from discontinued operations in the fourth quarter of 2007 can be largely attributed to the effect of the write-off of deferred business development costs in that quarter. The loss from continuing operations in the quarter ended September 30, 2007 reflects the effect of the stock option grant in that period, while the relatively smaller loss from continuing operations in the third quarter of 2007 reflects, among other factors, the effect of the one time gain on the settlement of the convertible debenture. This event cannot be expected to occur in the future, due to its nature.

The large increase in loss from continuing operations in the fourth quarter of 2006 compared to immediately prior periods is largely attributable to the stock option grant and re-pricing recorded in that quarter.

SELECTED ANNUAL INFORMATION

	Fiscal Year Ended, March 31		
	2007	2006	2005
	\$	\$	\$
Net revenue	-	-	6,819
Loss before discontinued operations	569,481	583,856	446,750
Loss before discontinued operations, per share	\$0.04	\$0.06	\$0.06
Loss on discontinued operations	166,032	62,073	59,977
Loss on discontinued operations, per share	\$0.01	\$0.00	\$0.01
Net loss	735,513	645,929	506,727
Net loss, per share	\$0.05	\$0.06	\$0.07
Total assets	1,346,615	362,918	40,674
Total long-term financial liabilities	-	-	-

The comparative figures in the above table for 2006 and 2005 are based upon the audited financial statements for those years as originally filed but reclassified to reflect certain of the operating expenses to discontinued operations, in accordance with generally accepted accounting principles. The net sales achieved in 2005 related to the discontinued loyalty points program business.

During this period our organizational chart has remained fairly constant, with remuneration and staffing expense for each position also remaining quite stable, excepting the large stock option grants in 2006 and to a lesser extent, 2007. Primary sources of variation in the loss before discontinued operations are discussed as follows

Accounting and audit fees: In 2006 and 2007 staff accounting hours allocated to accounting and audit fees increased over prior years. This trend is expected to continue, in light of a larger asset value and higher transaction volume and the increased managerial accounting and financial reporting complexity inherent in our oil and gas operations.

Finance fees decreased in 2007 compared to 2006 and 2005 due to the reduction of corporate debt as a source of corporate financing. In 2007 and 2006 the company reduced its debt, both on a face value basis and as a proportion of the firm's equity. Financing charges decreased accordingly.

We experienced a significant growth in transfer agent and regulatory fees. This primarily relates to an increase in filing and regulatory requirements in light of on-going financing efforts and our change of business.

Our travel and entertainment expenses were not materially increased in 2007 compared to 2005; however, a significant drop was incurred in 2006. This expense is closely related to the level of business development and financing activities.

Overall, our major general and administrative costs have historically been variable in nature. However, given the sustained increase in the level of business operations and the increase in operational complexity due to our change of business to oil and gas exploration, development and production, we expect an increase in most general and administrative accounts in the upcoming year.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2007, the Company had positive net working capital of \$97,008. At July 25, 2007, the company had positive net working capital of approximately \$120,000. (comprising \$280,000 of current assets and \$160,000 in current liabilities). However, these figures do not give effect to the commitment of \$1,100,000 in connection with the RLE farm-in. The RLE commitment relates

to the drilling of a test well on the lands subject to the farm-in agreement, in the Peerless Lake area of Alberta, as described in the section "Oil and gas operations".

Currently, Great Pacific lacks the liquidity and capital resources to meet its financial commitments and implement its business plan in the next twelve months

The Company's cash flow from operations is expected to be negative for the balance of fiscal 2008. Our anticipated level of oil and gas production from our existing producing properties is not expected to provide sufficient cash flow to cover our general and administrative expenses or to finance our planned capital spending. Therefore, we anticipate that we will require external equity financing to both cover the operating shortfall, and to fund our substantial exploration and development program.

We anticipate that over the next months, general and administrative expenditures will average \$65,000 per month. This estimate presupposes that we will incur the volume of drilling, exploration and development expenditures contemplated in our above discussion of our oil and gas properties. Our present plans anticipate incurring exploration and development expenditures of approximately \$7,000,000 in the next twelve months. We intend to fund both operating shortfalls and capital spending through the private placement sale of "flow-through" and "non-flow through" common shares. We have retained the services of Pope & Company, a Toronto, Ontario based investment banker, to secure private placements of our shares on a best efforts basis at a price of \$1.05 per flow through unit and \$0.95 per non-flow through unit. Each flow through unit comprises 1 flow through common share and ½ a share purchase warrant, and each non-flow through unit includes 1 flow through common share and ½ a share purchase warrant. Each one whole share purchase warrant grants the holder to purchase one common share of the Company at \$1.25 per share for the first twelve months after issuance, and for \$1.45 per share for the subsequent 12 months, subject to acceleration rights discussed in our April 18, 2007 news release (www.sedar.com). To date we have not closed this financing.

Unless we are successful in obtaining outside financing in a timely manner on favourable terms, we will not be able to carry out our normal operations, discharge our liabilities in the normal course of business, or carry out our development stage activities (namely, oil and gas exploration and development). There is no guarantee that we will be able to obtain adequate financing (if any) to meet operating costs or to fund capital spending. Further, as is typical of many development stage enterprises, we do not expect to obtain significant levels of debt financing, and we expect that substantially all external financing will be provided by the sale of common shares and share purchase warrants.

There is also a seasonal element to our expected operating cash flows that will bear on our liquidity position going forward. As the bulk of our proven and producing oil and gas reserves are located in the muskeg landscape of north-central Alberta, exploration, development and production are largely limited to the winter months, when the ground is frozen sufficiently solid to permit truck and rig access to the well site. Therefore, we do not expect production from all proved developed producing wells until November, 2007. Similarly, the bulk of our planned drilling will occur in the winter portion of fiscal 2008.

Our interests in our oil and gas assets are sensitive to our liquidity, as failing to participate in the operations of non-operated, jointly-owned properties due to a lack of adequate capital could result in a dilution or loss of interest.

Our ability to obtain liquidity is sensitive to economic factors beyond the control of management. Declines in the Canadian-dollar price of oil and gas, changes in interest rates and economic recession or disruption could significantly and plausibly affect our ability to obtain adequate private placement financing.

The company had no long-term debt outstanding at July 25, 2007 or March 31, 2007 (March 31, 2006: \$135,000).

The only material financial instruments that Great Pacific held at July 25, 2007 and March 31, 2007 and 2006 other than cash were investments in 2,500,000 common shares of OG International Inc., having a book value of \$29,517.

As there is no active market for the exchange of these securities, management considers them to be significantly illiquid, and their realized values may differ from their book value.

CONTRACTUAL OBLIGATIONS

Material contractual obligations are as follows:

1. The Company is required to drill a well of up to 1,430 metres pursuant to the RLE farm-in agreement. Drilling must commence on or before December 1, 2007. Management expects that both the gross and the net cost of drilling this well will be approximately \$1,100,000. However, this obligation is not a financial liability, but is rather a performance liability - our obligation is to drill to depth. Should the market for drilling resources experience a supply shortage, or should the drilling or climatic conditions prove more adverse than expected, the cost of the well could materially increase beyond the forecast level.
2. The company is required to pay its proportionate share of gross asset retirement costs having a future value of approximately \$800,000. The present value of Great Pacific's share of these costs is estimated at approximately \$230,000. Management's estimate of future asset retirement obligations includes estimates of asset retirement obligations on the Devon/Paramount farm-in lands, Arkansas property interest, and our interest in a non-producing property in Manitoba. This is a non-financial commitment, and our obligation is performance-based (i.e. we must reclaim and remediate well sites to the satisfaction of regulatory, statutory and contractual standards).
3. The company has a consulting agreement with a private company controlled by the spouse of the Director for the services of the President that pays \$5,000 per month. The contract expires in September, 2009, and is terminable on twelve months notice.
4. The Company has on-going, monthly lease payments (to both the Crown and several private leaseholders) for P & NG property rights, in addition to other fees that may be billed from time to time. While these lease payments are individually immaterial, failure by the Company (or the Company's operator, in the case of non-operated property interests) to pay these fees in a timely manner would result in a loss of property rights.

Under the terms of the Company's oil and gas property interests, Great Pacific faces dilution of its interest in its oil and gas properties should it not pay its share of expenditures authorized by the project operator and the other joint interest participants. Great Pacific is contractually bound to make such payments as they arise if we are to maintain our oil and gas property interests.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable and prepaid expenses, and accounts payable and accrued liabilities. It is management's opinion that the fair value of these financial instruments corresponds to their carrying value due to their short-term nature.

Concentration of credit risk

The Company is not subject to material credit risk with respect to the carrying value of its accounts and advances receivable.

Interest rate risk

The Company has no short or long term interest bearing debt.

Foreign exchange rate risk

Oil and gas is typically denominated in US dollars, whereas our development and operating costs will be almost entirely incurred in Canadian dollars. The Company is therefore subject to risk due to fluctuations in currency exchange rates. The Company does not use derivative instruments to manage its exposure to foreign exchange rate risk.

The company has also acquired a 3.05% net revenue interest (2.8% after payout) in a natural gas well in Arkansas, U.S. This well is an additional source of foreign exchange risk, as the Canadian dollar value of the asset and the realized, Canadian dollar revenue and operating expenses of that well are exposed to Canadian/U.S. dollar exchange rate volatility.

RELATED PARTY TRANSACTIONS

In fiscal 2007, Consulting fees of \$124,250 (2006: \$68,500) and business development consulting expenditures of \$15,750 (2006: \$48,500) were paid to directors, their spouses and their private companies. This includes management fees for the services of our President of \$60,000 (2006: \$75,000), consulting fees of \$42,000 (2006: \$42,000) to the spouse of a director for office management and human resources management services, and consulting fees for investor relations services of \$38,000 to a director.

Accounts payables (and, in 2006, loans payable) owing to directors and officers reflect the frequent working capital shortages that we face, due to our reliance on external financing, and the favourable trade credit and borrowing terms which several related parties have provided, and continue to provide. Trade credit and loans payable from related parties have proven to be a low-cost source of working capital financing relative to the terms available to a start-up firm in public markets. Accounts payable to related parties include both billings for consulting fees, and any amounts owing for expense reimbursements as may arise from time to time in the normal course of business.

Since acquiring a number of oil and gas property interests from Mistahiya pursuant to our block acquisition, we named the principal of Mistahiya as our vice-president of oil and gas operations. At the time of the block acquisition, Mistahiya and GPI were arms length parties. However, at this time they are related by way of a common officer. Mistahiya holds an operating 25% before payout/12.5% after payout working interest in the test well and farm-in lands acquired pursuant to the Devon/Paramount farm-in. Mistahiya is also the operator of the wells acquired pursuant to the block acquisition.

OUTSTANDING SHARE DATA

At July 25, 2007, there are 17,091,933 common shares of Great Pacific issued and outstanding. The company is authorized to issue an unlimited number of common shares without par value.

At July 25, 2007 there are nil preferred shares of Great Pacific issued and outstanding. The company is authorized to issue an unlimited number of preferred shares without par value. The company has no additional equity securities authorized, issued or outstanding.

The company has no debt securities outstanding.

A reconciliation of the number of common shares outstanding at March 31, 2007 (the last financial statement date) and July 25, 2007 is as follows:

	<u>Shares Outstanding</u>	<u>Price per share received</u>
Common shares outstanding, March 31, 2007:	16,291,933	
Issued pursuant to non-brokered private placement	500,000	\$0.50
Issued pursuant to exercise of warrants	300,000	\$0.24
	<u>17,091,933</u>	

The Company has share purchase warrants and employee stock options ("ESO") outstanding for the purchase of 6,063,500 common shares, as follows:

Instrument	Number of underlying shares	Exercise Price	Expiry Date
Warrant	2,858,500	\$0.24	September 16, 2007
Warrant	2,000,000	\$0.60	March 9, 2009
ESO	280,000	\$0.35	May 21, 2009
ESO	725,000	\$0.35	October 3, 2010
ESO	200,000	\$0.45	September 8, 2011
	<u>6,063,500</u>		

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company in late fiscal 2007 changed its business to oil and gas exploration, development and production. The following are the new accounting policies adopted with respect to the new business:

Oil and gas properties

The Company follows the full cost method of accounting for oil and gas operations and assets whereby all costs related to the acquisition of, exploration for, and development of oil and gas reserves in a single country are capitalized into a single cost centre. Under the full cost method, such capitalized costs may include leasehold acquisition costs, geological and geophysical costs, lease rentals on non-producing properties, drilling, plant and equipment costs and related overhead. Government incentives are credited to the cost of the oil and gas properties at the time the qualifying expenditures are incurred. Proceeds from the disposal of properties are applied as a reduction of the cost of the remaining assets with no gain or loss recognized, unless such a sale would result in a change of more than 20% in the depletion rate.

Costs of acquiring unproved properties are initially excluded from the full cost pool and are assessed yearly to determine whether impairment has occurred. When proved reserves are assigned to a previously unproven property or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to the full cost pool. Impairment is

considered to have occurred when the carrying value of an oil or gas property exceeds its fair value.

Depletion of oil and gas properties and depreciation of production equipment is calculated using the unit of production method based upon estimated proven reserves, before royalties, as determined by an independent engineer. For purposes of the calculation, natural gas reserves and production will be converted to equivalent volumes of oil based upon relative energy content.

The Company places a limit on the carrying value of property, plant and equipment and other assets, which may be depleted against revenues of future periods (the "ceiling test"). The carrying value is assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves using forecasted future prices, the lower of the cost and the market value of unproved properties, and the cost of major development projects, exceeds the carrying value of the assets. When the carrying value is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying value of assets exceeds the fair value of proved and probable reserves, and the cost, less any impairment, of unproved properties that contain no probable reserves.

Any amounts recorded for depletion and depreciation of oil and gas properties and equipment and any provision for future site restoration and abandonment costs are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs 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.

We chose the full cost method of accounting for oil and gas assets and operations because it is the most prevalent among similar sized oil and gas companies, and thus is more usable and understandable than alternative accounting methods.

Future asset retirement obligations

The amounts classified as the future asset retirement obligations comprise the present value of the estimated future costs that the Company must incur upon the future retirement or abandonment of oil and gas properties. Such costs are the Company's proportionate share of the well site reclamation and remediation work currently required to satisfy all statutory, regulatory or contractual conditions and requirements governing the retirement or abandonment of the oil and gas properties, including, but not limited to, removal of oil and gas production equipment and gathering installations, capping of wells, and the remediation of any alternations to the terrain, soil and flora that may have occurred in the normal course of oil and gas operations.

Future asset retirement obligations are measured at their fair value. The estimated cash flows required to settle asset retirement obligations are discounted to the reporting date using a risk-adjusted discount rate, with such risk-adjustment reflecting credit adjustments and the uncertainty of the estimated asset retirement cash flows.

At each reporting date, changes in the value of the asset retirement obligation due to the passage of time are recognized by the Company by charging an "accretion expense" against net income in the reporting period. The accretion expense is measured as the increase in the present value of the asset retirement obligation in the accounting period that is attributable to the passage of time.

Changes in the estimated future asset retirement obligations arising due to revisions in the estimates of the timing or amounts of future asset retirement cash flows are recognized by an increase or decrease in the carrying amount of the future asset retirement obligations liability and a corresponding increase or decrease in the related capitalized future asset retirement cost presented as a portion of the oil and gas properties asset value. Any change in the amount

reported as the future asset retirement obligations is recognized by a charge to earnings in the period affected by the change.

Future asset retirement obligations only include those expected retirement and abandonment expenditures arising from the normal and planned course of operations and proper use of the underlying long-lived asset. Asset retirement obligations relating to environmental remediation or reclamation obligations necessitated by improper operation of the long-term assets are recognized and expensed in the period in which the improper operation occurred.

RECENT CANADIAN ACCOUNTING DEVELOPMENTS

Recently issued Canadian accounting pronouncements from the Canadian Institute of Chartered Accountants (“CICA”) are outlined below:

In April 2005, the CICA issued Section 1530 of the CICA Handbook on “Comprehensive Income”. This Section applies to fiscal years beginning on or after October 1, 2006. It describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in shareholders’ equity that results from transactions and events from sources other than the Company’s shareholders. These transactions and events include changes in the currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses resulting from changes in fair value of certain financial instruments. The adoption of this section on April 1, 2007 implies that the Company will in future present comprehensive income and its components in a separate financial statement.

In April 2005, the CICA issued Section 3855 of the CICA Handbook on “Financial Instruments – Recognition and Measurement Income”. This Section applies to fiscal years beginning on or after October 1, 2006. It describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value. The Company does not believe that the adoption of this pronouncement on April 1, 2007 will have a material impact on its financial reporting and disclosures.

In April 2005, the CICA issued Section 3865 of the CICA Handbook on “Hedges”. This Section applies to fiscal years beginning on or after October 1, 2006. The recommendations expand the guidelines exposed in Accounting Guideline 13 (AcG-13), Hedging Relationships. This Section describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from the derivative financial instruments in the same period as for those related to the hedged item. The Company does not believe that the adoption of this pronouncement on April 1, 2007 will have a material impact on its financial reporting and disclosures.

In July 2007 the CICA amended Section 1400 of the CICA Handbook on “General Standards of Financial Statement Presentation” to include the requirement to assess and disclose the entity’s ability to continue as a going concern. The new requirements are effective for fiscal years beginning on or after January 1, 2008. The Company’s current assessment and disclosure practices meet the requirements of new Section 1400 amendments requiring disclosure of events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, accordingly the Company does not believe that the adoption of this pronouncement on April 1, 2008 will have a material impact on its financial reporting and disclosures.

In July 2007 the CICA issued new Section 3031 “Inventories” which replaces the former Section 3030. New Section 3031 is effective for fiscal periods beginning on or after January 1, 2008, establishes standards for the measurement and disclosure of inventories, and provides the

Canadian equivalent of International Financial Reporting Standard IAS 2. The main features of new Section 3031 are to provide guidelines on the allocation of overheads and other costs to inventory, specific identification of individual costs to inventories that are not ordinarily interchangeable, consistent use of the first in- first out or weighted cost formulae for other inventories, and the reversal of previous write downs to net realizable value for subsequent increases in value. The Company does not believe that the adoption of this new CICA Section 3031 on April 1, 2008 will have a material impact on its financial reporting and disclosures.

LEGAL PROCEEDINGS

Ordinary course business proceedings

The Company is subject from time to time to various legal proceedings and claims that arise in the ordinary course of business. Management is of the opinion that such claims are not likely to have a material adverse effect on the Company's future operations or financial position. The Company is not subject to any material claims at this time.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. The Company's management has concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2007, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company subject to the reportable weakness identified below regarding segregation of duties. However, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control Risks

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers Annual and Interim Filings". Our ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principals (GAAP). ICFR includes those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and disposition of our assets:
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP:
- receipts and expenditures only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized collection, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, the effectiveness of ICFR is subject to the risk that controls may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate. Management carried out the design of the Company's internal controls over financial reporting and concluded, subject to the inherent limitations noted above, the Company has

sufficient controls to meet the requirements as stated above and that one reportable weakness existed at March 31, 2007, as detailed below.

Segregation of Duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to limited resources, a complete segregation of duties within the Company's operating and accounting groups can not be fully achieved. The result is that the Company is highly reliant on the qualifications, experience and integrity of its staff and on the performance of mitigating procedures during its financial close processes in order to ensure the financial statements are presented fairly in all material respects. Any changes in the current control process will be dependant upon the growth of the Company's operations and the number of its staff to allow further segregation of duties. Management will continue to review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

OTHER MATTERS

Stock Exchange

The shares of the Company trade in Canada on the TSX-Venture Exchange under the trading symbol "GPI-V".

Corporate Governance

Management believes that quality corporate governance is essential to ensuring effective management of our Company. The Company's corporate governance policy is substantially aligned with the guidelines set out in the report of The Toronto Stock Exchange Committee on Corporate Governance in Canada.

Oil and gas production estimates

Oil and gas production disclosures contained herein reflect the reserves attributed to particular properties as disclosed in our Form 51-101 report. This document is to be read in conjunction with that report, dated July 11, 2007, and available at www.sedar.com. The reader is cautioned that the estimates of reserves (and, by extension, estimates of well life and production rates derived from reserves estimates) and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Note Regarding Forward-Looking Statements

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements and the Company's oil and gas reserves. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of oil and gas properties, oil and gas industry conditions, the Company's ability to generate

sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company. Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com

APPROVAL AND CERTIFICATION

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED: July 25, 2007

“Thal S. Poonian”

Thal S. Poonian
President, Director