GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD & A") dated July 24, 2009 should be read in conjunction with the Company's audited consolidated financial statements at March 31, 2009 and 2008, the Company's Form 51-101F1 dated July 24, 2009, and the reference to forward-looking statements within this report. These documents are available at www.gpicanada.net.

The fiscal years ended March 31, 2010, 2009 and 2008 are referred to as "FY-2010", "FY-2009" and "FY-2008", respectively. The three month periods ended March 31, 2009 and 2008 are referred to as "Q4-2009" and "Q4-2008", respectively. The period from April 1, 2009 and up to July 24, 2009 is referred to herein as "YTD-2010".

CORPORATE OVERVIEW

Great Pacific International Inc. is a development stage junior public oil and gas company. Great Pacific commenced operations as an oil and gas company in fiscal 2007.

Great Pacific and its wholly owned subsidiaries, are referred to herein collectively as "the Company", "Great Pacific", "our" or "we".

Great Pacific's oil and gas operations are primarily located in Alberta, Canada, though in FY-2009 we expanded the geographic scope of our operations when GPI Petroleum Inc., a wholly-owned subsidiary of Great Pacific, participated in an exploratory well in the Midland Basin, West Texas. Also in FY-2009, we sought petroleum opportunities further afield when we applied for pre-qualification as a petroleum sector contractor in the Republic of Iraq, and when we evaluated a number of petroleum sector investment opportunities in Iraq, primarily in the southern governorate of Maysan. Details on those undertakings are provided in the *"Overview of Operations*".

Great Pacific is a publicly-traded Canadian corporation. The common shares of Great Pacific International Inc. trade on the TSX Venture Exchange ("TSX-V").

OIL AND GAS PROPERTIES

Great Pacific's capital assets consist primarily of various oil and gas property rights in Alberta, Canada and Texas, U.S.A.

Great Pacific holds the following oil and gas property interests at July 24, 2009:

	Gross area		Net area		Well interests (net)	
	Hectares	Acres	Hectares	Acres	Prod.	Susp.
Canada						
Mistahiya-group properties and 3-20 project	1,620	4,050	430	1,075	2.2	3
Alberta crown leases (undeveloped)	5,960	14,900	5,680	14,200	-	-
U.S.A.						
Arkansas natural gas well	1,280	3,200	20	50	-	0
Midland Basin prospect area, participation rights	2,110	5,275	210	525	-	-
	10,970	27,425	6,340	15,850	2.2	3

(numbers may not add due to rounding)

Details on oil and gas property interests are as follows:

Mistahiya-group properties

In the fourth quarter of fiscal 2007, the Company obtained its initial oil and gas assets by way of a block acquisition from Mistahiya Resources Ltd. (“Mistahiya”). These assets, the “Mistahiya group properties”, comprise the following:

- 36% net revenue interests in 6 producing oil wells and 12% – 36 % interests in 6 suspended oil wells, near Red Earth Village and Peerless Lake, north-central Alberta (the “Red Earth wells”)
- 7% - 18% net revenue interests in 3 developmental oil prospects, near Peerless Lake, Rainbow Lake, and south-central Alberta, respectively (the “Kidney E/33”, “Rainbow Lake” and “Grand Forks” prospects)
- 9% net revenue interest in 1 property with probable undeveloped gas reserves in the Cretaceous Yellow-sand and Ostracod formations, Redwater, Alberta (the “Redwater” prospect)
- 3.8% net revenue interest in 1 property with a stripper stage producing gas well, in south-central Alberta (the “Empress/Acadia Well”)

The Company started participating in oil and gas production from the Mistahiya-group properties on April 1, 2007, the start of FY-2008. All the Company’s Canadian production is from the Mistahiya-group properties.

Further details on the leases comprising the Mistahiya-group properties are presented below, by geographic operating area.

Red Earth wells

Our “Red Earth wells” include producing and suspended oil wells in the area of Peerless Lake – Red Earth village of north-central Alberta (Twp 86-89, Rge5-10W5). The Red Earth wells forming part of the Mistahiya-group properties are summarized as follows:

- 2.2 net (6 gross) producing oil wells assigned proven reserves
- 18% interest in the undrilled Kidney E/33 prospect, which holds two developmental locations prospective principally for Devonian oil (the “Kidney E/33 prospect”)
- 12% – 36% interests in 4 suspended oil wells with possible re-work potential, having no reserves assigned
- 36% interest in 2 suspended oil wells requiring abandonment due to reserve exhaustion

In FY-2008, the Company carried out a successful re-work program on 3 of the 6 producing wells, replacing certain down-hole and pumping equipment.

In the first quarter of FY-2009, the Company entered into advanced negotiations to acquire the outstanding 64% interest in the Red Earth oil wells. However, the Company did not proceed with that acquisition and is longer in negotiations in respect of that interest.

<u>Other:</u> The other Mistahiya-group properties are summarized as follows:

"Grand Forks"	7.2% working interest in a 48 hectare oil re-entry target (prospective from the Sawtooth formation)
"Rainbow Lake"	18% working interest in 256 ha oil re-entry target, (prospective from the Muskeg formation)
"Redwater"	9% working interest in 240 ha natural gas target, (prospective from the Yellow Sand and Ostracod formations)
"Empress/Acadia"	3.28% working interest in a producing 256 ha gas lease

The Grand Forks, Rainbow Lake and Redwater leases are undeveloped. The Empress/Acadia is a mature gas well, and has no further reserves assigned.

Our ability to develop these prospects to production may require, among other factors, the participation of one or more joint participants. In general, as we have a minority interest in all of the Mistahiya-group properties, our ability to further develop these properties, whether through drilling, workover or other investments, may be impacted by the participation (or lack thereof) of our joint interest-holders.

Alberta crown leases

We hold a number of undeveloped petroleum and natural gas leases throughout Alberta. These were acquired through purchase at Crown land sale. These leases are primarily located in northern Alberta, and include a 1,024 ha tract of leases near Manning, Alberta, and a 1,024 ha tract of leases near Otter Lake.

These are exploration-grade properties, and in the coming months, the Company intends to commence trade seismic acquisition on those lands. In the second quarter of FY-2009 ("Q2-2009"), the Company commenced geological evaluation of certain of these leases.

The Alberta crown leases expire between the fiscal years ended 2012 and 2013 unless sooner held by production.

3-20 project lands

In the first quarter of FY-2008 ("Q1-2008") the Company purchased certain leasehold and seismic option interests, referred to herein as the "3-20 project and the "Devon/Paramount seismic option", respectively. This land package originally included leaseheld and option-held rights. At March 31, 2009, Great Pacific retained certain leasehold working interests to the 3-20 project, as follows:

- A 37.5% working interest (32-36% net revenue interest) in the "3-20" well (shut-in)
- A 75% working interest (subject to a 5-15% lessor over-riding royalty convertible at payout) in 108 hectares of P & NG leases adjoining the 3-20 well (the "3-20 lands")

The interests acquired were purchased for approximately $309,000. The working interests purchased gave Great Pacific participation rights to the production testing of two Devonian formations in the 3-20 well. These formations were considered prospective for light oil. Unfortunately, this production testing, conducted in FY-2008, indicated these zones were sub-economic, due to excessive water-cut.

Pursuant to this acquisition, we also obtained a 75% interest in the "Devon/Paramount seismic option", granting us the right to participate, to a 75% interest, in a 2-D seismic program (totalling 6.4km) on certain P & NG leases held by Devon ARL Corporation and Paramount Resources Ltd. We participated in that seismic shoot in Q4-2008, which earned us drilling rights on the seismic option lands. However, we

elected to not exercise our drilling option, and as a result all such drilling rights to those seismic option lands lapsed by March 31, 2008.

The operator of the 3-20 project and the earned-lands is Mistahiya Resources Ltd. At the time of our participation in the 3-20 production testing and the 2-D seismic survey, Great Pacific had an officer in common with Mistahiya.

In YTD-2010, the Company's before pay-out working interest in the 3-20 project increased to 60%, as a result of an unremedied default of the operating agreement governing that property by a third-party joint owner. The Company was required to fund its proportionate share of the amount in default, being approximately $8,700.

The 3-20 project expires in FY-2010 unless the underlying lease is sooner continued by a successful demonstration of economic potential. The Company believes that one to two additional light oil drill targets remain on the property. Should the 3-20 lease expire in FY-2010 (i.e. unless the partners are able to demonstrate the economic potential of the property, either by a successful reservoir enhancement project reducing the water-cut of the produced fluids, a salt-water disposal program, or the drilling of a successful well on the lease), the Company will have to participate in the abandonment of the well in FY-2010. The estimated abandonment cost, net of expected salvage, is $20,000 to our interest.

Midland Basin prospect area

The Midland Basin prospect area participation rights entitle us to participate to a 13% working interest (9.75% net revenue interest) in the exploration and development of certain leased and option-held petroleum properties (held by the project operator) located within a 2,110 ha prospect area in Texas, USA. We must participate to our working interest in each drilled well within that prospect area in order to retain our participation rights to the entire exploration block. This prospect area is located in Scurry County, on the southeastern flank of the Canyon Reef of the Horseshoe Atoll. It holds several Strawn-age and Ellenburger-age light oil drill targets.

The Company participated in the drilling of an initial exploration well on this property in FY-2009. Though recovering strong hydrocarbon oil shows in several Strawn horizons, including a significant oil recovery from a drill-stem test on the most prospective Strawn formation, the co-venturers assessed the formation as uneconomic in light of equipping costs, and the decision was made not to complete this well. In light of the results of the initial well, the co-venturers have not determined whether additional drilling will be conducted. Please see our news releases dated May 26, 2008, August 26, 2008, and October 14, 2008 (available on www.Sedar.com) for more information on this well.

OVERVIEW OF OPERATIONS – Fiscal year ended March 31, 2009

An overview of the operations of the Company is presented by the following functional areas:

1.) FY-2009 Petroleum operations – Canada
2.) FY-2009 Petroleum operations – USA
3.) Other corporate activities – International investment evaluation
4.) FY-2009 Financing
5.) FY-2009 Net loss

1. FY-2009 Petroleum operations: Canada

Alberta land acquisitions

In FY-2009, the Company expanded its Canadian petroleum lease portfolio by acquiring certain undeveloped Crown petroleum and natural gas ("P & NG") leases in Alberta, Canada, totalling 4,900 net hectares. These properties are held 100%, except for 1 section of P & NG rights to which we hold a 65% operated interest.

Production

Canadian oil and gas production for FY-2009 and Q4-2009 and the comparative periods is as follows:

	FY-2009		FY-2008	
	Production Volumes	Producing Wells (net)	Production Volumes	Producing Wells (net)
Oil (bbls/d)	11	2.5	13	3.2
Gas (mcf/d)	2	0	4	0
Total (boe/d)	11	2.5	14	3.2
Realized oil price, CDN$ per bbl	$71		$89	
Realized gas price, CDN$ per mcf	$7.5		$6.2	
Operating cost, per boe	$29		$30	
Royalties, per boe	$1.4		$1.2	

	Q4-2009		Q4-2008	
	Production Volumes	Producing Wells (net)	Production Volumes	Producing Wells (net)
Oil (bbls/d)	20	2.5	28	2.5
Gas (mcf/d)	0	0	5	0
Total (boe/d)	20	2.5	29	2.5
Realized oil price, CDN$ per bbl	$49		$97	
Realized gas price, CDN$ per mcf	$4.5		$7.4	
Operating cost, per boe	$26		$22	
Royalties, per boe	$1.2		$1.0	

Stated production volumes do not equate directly to monthly well flow-rates, as sales revenues (and thus sales volumes) are recognized by the Company when net revenue statements are provided by the property Operator.

Reported production amounts for the periods presented reflect the seasonality inherent in our Alberta oil assets. Our Red Earth wells are not tied into a gathering system, and thus all product is shipped from the well-site by truck. Accordingly these wells do not produce for a significant part of our first quarter as spring break-up makes product transport prohibitive. Further, two of the six producing wells only produce during the winter months, as access requires frozen ground.

The Company's Canadian oil and gas revenues and production volumes were significantly lower in FY-2009 than in FY-2008. Significant components of the 43% decrease in Canadian oil and gas revenue from $507,000 in FY-2008 to $288,000 in FY-2009 are as follows:

- *The decrease in the global price of oil:* All else held equal, this factor accounted for an approximately $68,000 decrease in year over year Canadian oil and gas revenue. Great Pacific did not realize the full benefit of the run-up in oil prices in spring and summer of FY-2009, as the Company's Red Earth/Peerless Lake area wells do not produce during spring break-up, and production is limited through the summer as muskeg conditions make trucking from several wells prohibitive.

- *The loss of the re-work penalty on two wells:* For most of FY-2008, production was from 1.28 additional net wells compared to FY-2009, as the Company held a temporarily enhanced interest in two gross wells in FY-2008 due to a participation penalty on a re-work program. This re-work penalty added 5.1 bpd to Great Pacific's production rate in FY-2008. The re-work penalty was fully earned by the end of FY-2008.

- *Natural reservoir decline:* Our Red Earth area wells have a projected average decline rate of over 11% per year. As was the case in FY-2009, a significant amount of production revenue is lost each year due to natural reservoir depletion.

- *Partially offsetting factors:*

  - *Longer producing season:* A shorter "spring-break-up" period in FY-2009 compared to FY-2008 contributed to a production rate of 7.1 bpd in Q1-2009, compared to negligible production in Q1-2008.

  - *Less down-time:* 3 of our 6 producing wells were down for substantial periods in FY-2008 due to equipment failure, whereas no significant downtime due to equipment failures occurred during productive periods in FY-2009.

The Company is involved in a dispute with the incumbent operator of its Mistahiya-group properties. (See *Legal Proceedings*). The Company has in the past had difficulty in obtaining timely accounting and payment for its share of production revenue, and at March 31, 2009 was owed approximately $82,500 on account of disputed expenses deducted from past production. The Company filed a statement of claim in the Court of Queen's Bench of Alberta, in Calgary, Alberta to attempt to collect this amount, to remedy our operator's refusal to provide certain operations data, and to assert our rights to "take-in-kind" our share of future production at the point of sale. No trial date has been set.

Alberta farm-in lands – Haro East and RLE Red Earth farm-out agreements (lapsed unexercised)

In FY-2008, Great Pacific acquired option rights to certain petroleum and natural gas leases in Alberta, namely our "Haro East" and "RLE Red Earth" farm-in lands. These acquisitions were as described in our press release dated January 11, 2008.

The Haro East and RLE Red Earth farm-out agreements required us to drill three wells on those farm-out lands by Q3-2009 (two Bluesky targets on the "Haro East" farm-out lands and a Devonian test on the Red Earth farm-out) in order to earn working interests in those properties. To that end, through Q2-2009, we conducted a significant amount of pre-drill work on the Haro East targets, including surface surveying, well, pipeline and gathering system engineering, and negotiating for access to surface and marketing infrastructure. We also conducted engineering, well design and preliminary procurement work on the RLE Red Earth earn-in target, and obtained a drilling permit on that property.

However, early in Q3-2009 the Company decided not to drill these earn-in wells. This decision reflected a number of factors, including: significant declines in oil and gas prices, continued escalation of capital costs, and a lack of acceptably priced equity capital. On the Haro East property, surface right restrictions had a particularly significant negative impact on estimated development costs. A lack of acceptably priced financing, coupled with the dramatic fall in oil and gas prices in Q3-2009, led management to assess the risk-return profiles of the Haro East and RLE Red Earth drilling programs as no longer suitable, and not readily financeable.

Due to our decision not to drill these earn-in wells, we lost all further option rights to our Alberta farm-out lands, and forfeited a $100,000 drilling deposit. We retain a 65% interest in a P & NG lease adjacent to the RLE Red Earth farm-in lands, which we acquired in Q2-2009 pursuant to Area of Mutual Interest rights granted under the option agreement.

Please see our annual MD & A and audited financial statements for the year ended March 31, 2008 for a more detailed description of the Haro East and RLE Red Earth farm-out agreements.

As announced in our news release dated September 15, 2008 in Q3-2009, the Company also farmed-in on two additional Bluesky gas targets adjacent to our Haro East lands (the "Chinchaga lands"). However, due to unfavourable surface access issues and our decision to drop the adjacent Haro East option lands,

the Company dropped the Chinchaga land options in Q3-2009, and we therefore hold no further interest or option rights to those lands. No significant costs were incurred in respect of the Chinchaga lands, and no further obligations remain in respect of that agreement.

Rainbow Lake property

The Company holds an 18% working interest in a “Muskeg” formation oil target near Rainbow Lake, Alberta. This property was acquired pursuant to the Mistahiya-group block acquisition.

The Rainbow Lake property expires in March, 2010. The Company is assessing a perforation and production testing program of the prospective Muskeg formation for winter FY-2010; however, such a program would be subject to a suitable participation arrangement with the joint operators on this property and equity financing, among other factors.

The wellbore on this property will require remediation by the joint operators should the lease not be proven up by a successful Muskeg-zone test in FY-2010.

Manitoba land expiries

The Company’s Manitoba petroleum leases lapsed due to lease term expiry in FY-2009. The Company is in consultation with the previous owner of certain of those leases in respect of possible asset retirement obligations concerning a well-bore on that property. The Company retains a surface lease associated with that former property.

2. ***FY-2009 Petroleum operations: U.S.A.***

The Company’s U.S.A. petroleum operations consisted of our operations in the Midland Basin prospect area, and production from our Arkansas natural gas well interest. Details on our FY-2009 petroleum operations in the U.S.A. are as follows:

Midland Basin Prospect Area

In FY-2009, we acquired participation rights to an 8.25 square mile oil prospect (the “Midland Basin prospect area”) in Scurry County, West Texas. Our participation rights to the Midland Basin prospect area, held by our wholly-owned subsidiary GPI Petroleum Inc., are to a 13% working interest (9.75% net revenue interest). GPI Petroleum acquired these participation rights by cash payment of $104,765. These initial prospect fees also provided the Company access to proprietary 3-D seismic covering the prospect area.

We participated in the drilling of the initial test well on this property in FY-2009, with the initial test well spudded in September 2008. This well reached total depth of approximately 2,400m sub-surface in mid-October, 2008. Drilling was completed substantially on budget, without incident. Drill-stem testing of the most prospective Strawn-age formations failed to yield commercial quantities of hydrocarbons at economic flow-rates, however, and the well was thus not completed.

We may participate in the drilling of at least one additional well on this property in future periods, subject to financing. Our geophysical and geological consultants have identified several additional drilling targets within this prospect area that may be suitable follow-up targets should a second hole prove economic. As we are not the operator of this project, the timing of well drilling is at the election of the joint participants, subject to the joint operating agreement.

Our investment in the Midland Basin prospect area has increased the size and relative importance of our United States geographic segment. The breakdown of the carrying value of our oil and gas property interests by geographic cost centre is provided in Note 5 to the accompanying consolidated financial statements.

Arkansas gas well

The Company's U.S.A. oil and gas sales revenue from the periods presented were earned pursuant to a minority working interest in a natural gas well in Logan County, Arkansas,

3. *International investment evaluation*

In FY-2009, GPI Oil and Gas Overseas Inc. ("GPI Overseas"), a wholly owned subsidiary of Great Pacific, engaged in an active evaluation of opportunities for investment in the petroleum sector of the Republic of Iraq. We had consultants overseas for much of FY-2009 presenting GPI Overseas to the oil authorities of that country, pursuant to applicable qualifying procedures. Prospect evaluation and due diligence expenses of $95,966 recorded in the year ended March 31, 2009 related to this undertaking.

In order to be in a position to pursue any opportunities, GPI Overseas submitted to the Iraq Ministry of Oil a formal application for pre-qualification as an approved petroleum-sector contractor, pursuant to the Ministry's pre-qualification process. Successfully being pre-qualified and approved was a pre-condition for making direct investments in the Iraqi upstream oil and gas sector. GPI Overseas was not successful in obtaining such approval, however.

Great Pacific is no longer incurring consulting or other costs in respect of this undertaking, and is not pursuing pre-qualification further at this time.

4. *FY-2009 Financing*

Private placement

In Q1-2009 the Company completed a $1,419,217 (net) equity financing, by private placement of 2,000,000 equity units (the "Q1-2009 Equity Financing") at $0.75 per unit. Each unit consisted of one common share and one 2-year, $1.00 warrant. (Please see the section "*Liquidity and Capital Resources*" within this document). This financing was announced in FY-2008 and closed in Q1-2009.

Exercise of warrants and options

In FY-2009, the Company issued shares pursuant to warrant and option exercises as follows:
- 48,000 shares at $1.00 per share (warrants – FY-2009 placees)
- 100,000 shares at $0.45 per share (options – director)
- 20,000 shares at $0.35 per share (options – director)

5. *FY-2009 and Q4-2009 net loss*

Net loss in FY-2009 was $1,985,566, or $0.09 per share (FY-2008: $867,784; $0.05 per share). Total cash required to fund operating activities in FY-2009 was $794,353 (FY-2008: $434,922).

Net loss in Q4-2009 was $327,170 (Q4-2008: $349,366).

Details of the net loss for Q4-2009 and FY-2009 are provided in the section "*Results of operations*", and in the accompanying consolidated financial statements.

FUTURE PLANS

FY-2009 marked two years since Great Pacific commenced oil and gas operations. During that time, we have conducted exploration work (including a 2-D seismic program, and a multi-zone re-entry test) and a developmental, 3 well re-work program in the Red Earth area of Alberta, and we participated in the drilling of a new pool wildcat test well in our Midland Basin prospect area.

For the first half of FY-2009 through September, we worked on completing preparation for our planned winter 2008-2009 drill program. Initially, we contemplated drilling 4 earn-in targets (1 Devonian oil, three Bluesky targets) in FY-2009. This was to be our most significant capital program since inception, and it was our first major 100% owned and operated exploration and development undertaking. This project had the potential to generate Great Pacific a self-sufficient level of revenue, though considerable operational and geological risk existed. Permitting, engineering, surface rights acquisition and procurement was substantially advanced in anticipation of drilling by December 1, 2008.

However, as with many companies, macro-economic events in Q3-2009 seriously affected those capital plans. By Q3-2009, we were simultaneously impacted by a nearly 2/3 decrease in commodity prices from July 2008 levels, and a rapid decrease in the availability of risk capital across the resource sector. These factors significantly hurt the economics of our planned drill targets while increasing our cost of capital. Regrettably, our engineering and procurement work quickly made it apparent that these factors were not yet being met by a commensurate decrease in development costs.

Re-assessment of those targets, in light of intervening macro-economic events, led management to cancel the planned drilling on the Haro East and RLE Red Earth targets. In particular, the new pool wildcat RLE Red Earth target had a risk-profile which management considered unsuitable for the current business environment. The Haro East project was effectively impaired by the escalating cost estimates for lease construction and gathering system installation, cost increases which were largely attributable to the restricted surface access characteristics of the area.

Until such time that the availability and cost of capital for the development-stage oil and gas sector considerably improve, management will be focused on more incremental capital investments in target identification and land acquisition. We believe this is a cost-effective period to expand our portfolio of drilling targets, and thus we intend to make investments in land and seismic acquisition and geological and geophysical assessment and evaluation.

To that end, the Company is attempting to source capital to undertake a land acquisition program in Alberta and Texas. We intend, in the coming months, to retain a number of additional consulting geo-science professionals and begin a target identification and acquisition program. We intend to develop in the coming months a portfolio of high impact drill targets suitable for a drilling program in future periods, subject to receipt of adequate financing.

The Company is also assessing a production test of its Rainbow Lake property prior to lease expiry in March 2010. This Muskeg-formation test has an estimated gross cost of $350,000 for re-entry workover and perforation ($63,000 to Great Pacific's 18% interest). The Company is also assessing a drill test of its Kidney E/33 lease, subject to financing, though the Company is awaiting the participation of its joint partners on this 18%-owned property prior to proceeding.

Additionally, the Company has recently been notified by the operator of the Red Earth wells that the operator intends to propose a number of workover and re-equipping programs on those wells. These informally proposed work programs have the objective of enhancing production and/or lowering operating costs on the producing wells, and testing the remaining productive potential of certain of the suspended wellbores through a series of workovers. The proposed work program also contemplates further assessment of the productive capacity of the 3-20 well prior to lease abandonment. The abandonment of one to two suspended wells have also been proposed as part of this larger asset enhancement program. Should the operator provide Great Pacific formal "Authorization for Expenditure" notification of this program, Great Pacific will assess such proposals, and may participate in FY-2010.

Furthermore, though our farm-out lands expired this winter, we still retain interests in a number of oil and gas targets. Accordingly, these locations may provide initial drill targets when that time comes that we are in a position to conduct an aggressive drilling program. Our Alberta oil and gas leases also have several years remaining on their primary lease terms, and are potential seismic-exploration targets. We also

retain our Midland Basin prospect area targets for future development, subject to co-venturer participation.

Great Pacific also expects to participate in the necessary workovers in FY-2010 required to re-start production from 2 of the Company's Red Earth wells. These 2 wells (0.7 net wells) ceased production due to equipment failure in April 2009 and re-works having an estimated cost of $50,000 ($18,000 net to Great Pacific) will be required to re-start production.

Overall, junior resource sector financing is, at this time, an expensive proposition. Cognizant of this, we are opting for an incremental, less capital intensive exploration and development program for the coming winter season.

Our future plans are subject to financing. In YTD-2010, our business development has been substantially limited by our working capital deficiency. Recently, our target acquisition and exploration and development plans have been deferred from FY-2009 on account of the working capital deficiency, and we in general will be unable to substantially proceed with our future plans until we conduct a significant equity financing in excess of our corporate working capital needs.

In general, our ability to carry out oil and gas exploration projects in future periods, as with other aspects of our business plan, is subject to a number of risk factors. These include, but are not limited, to such risks as geological conditions, both in terms of realized hydrocarbon reserves and the amenability of lease lands to drilling; the availability and cost of drilling resources; 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 conduct our business is also subject to such economic risks as commodity price risk, capital market conditions and interest and inflation rates, and overall economic factors. These factors may impact our ability to raise adequate financing and obtain adequate resources. *Please see our Form 51-101 report as at March 31, 2009 for a more detailed discussion of risk factors.*

CAPITAL SPENDING:

Capital spending in FY-2009 was as follows:

Canada (Alberta)	
Engineering and management expenditures, Red Earth area producing well interests	25,319
Haro East and RLE Red Earth farm-in lands pre-drill development	105,584
Crown P & NG lease acquisition	60,006
Other exploration expenditures	5,274
Other development expenditures	9,658
	205,841
USA (Midland Basin prospect area)	
Acquisition	104,767
Exploration and development	221,054
	325,821
Non-oil and gas	
Equipment purchase - vehicles	78,184
	$ 609,846

Capital expenditures – Alberta oil and gas

Management expenditures consisted primarily of engineering supervision of our Red Earth operations. The engineering expenditures on the Red Earth area wells also provided the basis for refining our estimate of the expected future asset retirement obligations associated with our producing and suspended Mistahiya-group oil well interests.

Haro East and RLE Red Earth farm-in land pre-drill development was conducted in anticipation of carrying out drilling programs on those properties in December 2008.

Crown P & NG leases acquired in FY-2009 totalled approximately 4,900 net hectares, for an average bonus cost of $5.72/ha. Acquisition costs consisted of bonus payments, lease rentals and fees.

Capital expenditures – Midland Basin prospect area

As discussed elsewhere in this document, acquisition costs were paid to the vendor and property operator of the Midland Basin prospect area. Exploration and development expenditures consisted of geological and geophysical evaluation, and our share of the costs of drilling the initial test well on that exploration block.

RESULTS OF OPERATIONS

	FY-2009 $	FY-2008 $	*Variance* *$*	Q4-2009 $	Q4-2008 $	*Variance* *$*
Oil and natural gas sales, net of royalties	(299,598)	(517,413)	*217,815*	(84,133)	(245,193)	*161,060*
Costs of oil and gas operations	1,147,798	564,308	*583,490*	51,370	323,174	*(271,804)*
Loss (gain) on oil and gas operations	**848,200**	**46,895**	*801,305*	**(32,763)**	**77,981**	*(110,744)*
General and administrative expenses						
Remuneration and staffing	484,774	260,852	*223,922*	173,185	68,859	*104,326*
Accounting, audit and professional fees	234,512	204,908	*29,604*	118,813	84,858	*33,955*
Financing	-	25,000	*(25,000)*	-	(1,508)	*1,508*
Regulatory and transfer agent	22,135	37,635	*(15,500)*	7,762	16,235	*(8,473)*
Insurance	34,209	7,696	*26,513*	8,222	4,121	*4,101*
Prospect evaluation and due diligence	134,315	5,901	*128,414*	24,186	5,901	*18,285*
Corporate communications, shareholder communications, travel and entertainment	136,137	136,712	*(575)*	16,544	29,906	*(13,362)*
Office, rent, and miscellaneous	120,913	105,574	*15,339*	32,090	29,368	*2,722*
Amortization	28,822	7,095	*21,727*	24,560	4,129	*20,431*
Impairment charges and loss provisions, net of reversal gains	232	29,516	*(29,284)*	(17,904)	29,516	*(47,420)*
Vehicle cost recoveries, net of expenses	(47,357)	-	*(47,357)*	(16,276)	-	*(16,276)*
Other (income) expenses	(11,326)	-	*(11,326)*	(11,249)	-	*(11,249)*
Net loss for the period	**(1,985,566)**	**(867,784)**	*1,117,782*	**327,170**	**349,366**	*(22,196)*

Significant Variances in Operating Items

Significant variances in operating items for the three and twelve month periods ended March 31, 2009 and 2008 are discussed below:

Oil and natural gas sales and costs of sales

Oil and natural gas volumes and revenues were significantly lower in FY-2009 and Q4-2009 than in the comparative 2008 periods. The reasons for the decline in volumes and revenue are as discussed in the section *FY-2009 Petroleum Operations – Canada*.

Depletion charges, the major component of "Costs of oil and gas operations" significantly increased in FY-2009. This was a result of a larger pool of oil and gas expenditures which were subject to depletion, and the recording of certain impairment charges. The following factors contributed significantly to the year-over-year increase in per-unit depletion charges:

- Impairment charges on the Midland Basin test well were recorded to depletion expense in FY-2009 upon the uneconomic Strawn-formation test.

- Impairment charges were recorded on the 3-20 project, as a provision for the diminished value due to forthcoming lease expiry.

- The decline in the fair value of Company's reserves due to the fall of forecast-case oil revenues in FY-2009 and a downgrading of certain "probable oil reserves" to the "possible category" as a result of technical revisions triggered an impairment charge which was recorded to depletion expense in Q3-2009 and Q4-2009.

- Pre-drill expenditures on the Haro East and RLE Red Earth farm-in projects initially became subject to depletion in FY-2009.

Per-unit field operating costs increased in the latter period as a result of the impact of lower production on fixed costs, and normal variances in well operations.

Costs of oil and gas operations are broken down as follows:

	FY-2009	FY-2008	Q4-2009	Q4-2008
Canada				
Field operating costs	117,144	175,311	46,998	62,788
Depletion and accretion	756,418	372,840	(5,044)	254,309
	873,562	548,151	41,954	317,097
U.S.A.				
Field operating costs	934	606	228	(2,786)
Depletion and accretion	273,302	15,551	9,188	8,863
	274,236	16,157	9,416	6,077
	1,147,798	564,308	51,370	323,174

Remuneration and staffing

Amounts classified in this MD & A as "Remuneration and staffing expenses" are itemized as follows:

	FY-2009	FY-2008	Q4-2009	Q4-2008
Management fees	$ 151,190	$ 142,330	$45,000	$33,080
Consulting and staffing	144,367	110,663	38,594	27,920
Stock-based compensation	189,217	7,859	89,591	7,859
	$ 484,774	$ 260,852	$173,185	$68,859

Management

Management fees in FY-2009 were paid or accrued to the four senior officers of Great Pacific. In Q3-2009, management fees increased to $45,000 per quarter from $30,000 per quarter, contributing to the year over year increase in remuneration and staffing expense.

Consulting and staffing costs are primarily borne through our "Office Management Agreement" pursuant to which we pay a flat fee of $28,000 per month (FY-2008: $23,000) for office, accounting and administrative staff, office services and supplies, and corporate premises rent. This includes $10,350 per month classified as consulting and staffing (FY-2008: $8,500).

The Company expects that cash costs on consulting, staffing and management fees will average approximately $83,500 per quarter in coming periods. A significant portion of remuneration and staffing fees relate to core corporate functions, such as management time, project management, accounting and financial reporting, and land management. Because such expenditures relate to basic corporate overhead, we do not expect to see significant variation in this item in coming periods.

Stock-based compensation

Remuneration and staffing expenses for FY-2009 also included $189,217 (FY-2008: $7,859) in stock-based compensation expense. This reflects the value of both stock options granted in the periods presented, and stock options granted in prior periods which vested or were deemed earned in the current period. For more details on stock option grants in the periods presented, please see the section of the document *"Liquidity and Capital Resources".*

The higher level of stock based compensation ("SBC") arose because:

- Only 1 quarter of SBC expense was charged in FY-2008, as the FY-2008 grant was made in Q4-2008, whereas 4 quarters of SBC expense was charged in FY-2009.

- SBC expense in FY-2009 included charges related to both the FY-2009 grant and the vested portion of the FY-2008 grant, whereas SBC accrued in FY-2008 related to only the FY-2008 grant.

In each subsequent quarter through 2013, the Company will recognize approximately $43,000 of stock-based compensation expense on options previously granted to employees and directors. Furthermore, the Company will also periodically recognize stock option expense on options previously granted to non-employees; the amount of such expense will be a function of the fair value of the options at the date such options are earned by performance.

Through YTD-2010, no significant SBC expense was accrued on options previously granted to non-employees as these options are presently well out of the money.

Accounting, audit and professional fees

	FY-2009	FY-2008	Q4-2009	Q4-2008
Staff accounting and audit fees	$143,190	$140,945	$60,000	$69,000
Legal fees	86,894	45,310	52,313	10,759
Reserves evaluation expense	4,428	18,653	6,500	5,099
	$234,512	$204,908	$118,813	$84,858

Staff accounting fees were paid pursuant to the "Office Management Agreement" at a flat rate of $9,750 per month effective July 2008 (FY-2008: $8,000 per month).

Legal fees were primarily incurred in respect of our on-going litigation with the operator of our Canadian oil and gas properties.

Staff accounting and audit fees also include an accrual for FY-2009 audit fees of $30,000 (FY-2008: $45,720).

Spending on staff accounting is expected to continue at Q4-2009 levels of $9,750 per month for coming quarters. Legal fees expense has substantially declined in YTD-2010 over FY-2009 levels.

Financing

In the first quarter of FY-2009, the Company paid a $25,000 break-up fee to an investment bank for a brokered private placement offering which was not closed. By its nature, this is a non-recurring expense item.

Insurance

The increased insurance expense arose because Great Pacific obtaining expanded coverages for oil and gas operatorship, and additional coverage warranted by the scope of corporate activities undertaken in FY-2009.

Prospect evaluation and due diligence

Prospect evaluation and due diligence expenses consisted of the cost of evaluating petroleum property acquisition and investment opportunities we did not proceed with.

These expenditures were incurred as follows:

	FY-2009	FY-2008	Q4-2009	Q4-2008
Canadian oil and gas property evaluation expenditures	$ 38,349	$ 5,901	$ 8,771	$ 5,901
Iraqi investment evaluation	95,966	-	15,415	-
	$ 134,315	$ 5,901	$ 24,186	$ 5,901

Iraqi investment evaluation expense in Q4-2009 includes a $10,000 USD application fee paid to the Iraqi Ministry of Oil in respect of our pre-qualification application.

The Company has not incurred costs in respect of Iraqi investment evaluation in YTD-2010, and is not planning any further activities in respect of the Iraqi petroleum sector at this time. Canadian oil and gas prospect evaluation expenditures are expected to be incurred from time to time in future periods based on operating activity levels.

Corporate communications, shareholder communications, travel and entertainment

This expense category consists of the following items:

	FY-2009	FY-2008	Q4-2009	Q4-2008
Corporate communication consultant	$ 6,000	$ 4,000	$1,500	$1,500
Corporate and shareholder communication	68,822	53,692	2,595	8,632
Travel and promotion	61,315	79,020	12,449	19,774
	$ 136,137	$ 136,712	$16,544	$ 29,906

This item includes expenditures relating to financing efforts, which remain on-going and management travel undertaken in the normal course of our oil and gas operations and financing efforts.

Office, rent, and miscellaneous

This expense category includes the following items:

	FY-2009	FY-2008	Q4-2009	Q4-2008
Office fees pursuant to the *Office Management Agreement*	$ 34,950	$ 21,250	$9,150	$7,500
Office premises rent	55,650	48,000	14,400	$12,000
Office services and supplies	7,753	14,674	1,506	3,231
Telephone, fax and long distance	20,181	19,292	4,937	5,767
Bank charges and interest	2,379	2,358	2,097	870
	$ 120,913	$ 105,574	$32,090	$ 29,368

The major source of variance in this cost category was the increase in fees charged under our "Office Management Agreement". As a result of higher anticipated corporate activity levels and higher unit rates, these fees for office services and supplies and rent increased to $3,050 and $4,850 per month respectively (FY-2008: $2,500 and $4,000 per month, respectively).

Impairment charges and loss provisions, net of reversal gains

This expense category comprises those charges discussed in the section "*Financial Instruments*". In FY-2009, this item includes a provision for a bad debt of $21,849 (FY-2008: $-nil) and a loss on long-term investments of $1 (FY-2008: $ 29,516), net of a gain on the reversal of certain disputed charges previously recorded to accounts payable of $21,618 (FY-2008: $-nil).

Impairment charges and loss provisions, net of reversal gains, recorded in Q4-2009 include a provision for a bad debt of $3,713 (Q4-2008: $-nil) and a loss on long-term investments of $1 (Q4-2008: $ 29,516), net of a gain on the reversal of certain disputed charges previously recorded to accounts payable of $21,618 (Q4-2008: $-nil).

Vehicle cost recoveries, net of expenses

In Q1-2009, the Company acquired certain vehicles for use in its oil and gas business activities. As the Company did not commence planned drilling activities in Alberta in Q3-2008, the Company was able to rent these trucks out from time to time. Gains classified as vehicle cost recoveries consisted of rental revenues charged for the use of these vehicles, net of operating costs and depreciation. Rental revenue was charged to a private company controlled by a Director of the Company.

EIGHT QUARTER REVIEW

	March 31, 2009 $	Dec 31, 2008 $	Sept 30, 2008 $	June 30, 2008 $
Sales, net of royalties	84,133	68,701	64,843	81,921
Net loss for the quarter	327,170	712,144	667,679	278,573
Net loss per share	$0.01	$0.03	$0.03	$0.01
Total assets, end of period	1,504,804	1,677,491	2,213,106	2,866,060
Deficit, end of period	9,447,968	9,120,798	8,408,654	7,740,975

	March 31, 2008 $	Dec. 31, 2007 $	Sept 30, 2007 $	June 30, 2007 $
Sales, net of royalties	245,193	177,659	91,489	3,072
Net loss for the quarter	349,366	113,472	237,200	167,746
Net loss per share	$0.02	$0.01	$0.01	$0.01
Total assets, end of period	2,555,406	1,646,210	2,237,979	1,597,989
Deficit, end of period	7,462,402	7,113,034	6,999,564	6,762,364

Selected annual information

	2009 $	2008 $	2007 $
Net sales for the year	299,598	517,413	-
Net loss for the year, continuing operations	1,985,566	867,784	569,481
Net loss per share, continuing operations	$0.09	$0.05	$0.04
Net loss, discontinued operations	-	-	166,032
Net loss per share, discontinued operations	-	-	$0.01
Total assets, continuing operations	1,504,804	2,555,406	1,344,615
Total assets, discontinued operations	-	-	2,000

Discontinued operations were abandoned in FY-2007, prior to the commencement of oil and gas operations. Discontinued operations related to the Company's prior "loyalty points program" business model. All operations and assets related to that discontinued business model were sold in FY-2008, subsequent to their discontinuation in the prior fiscal year.

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same periods.

Results over the eight quarters presented were significantly impacted by the following events, transactions and business trends:

- A significant increase in depletion charges in FY-2009. These depletion charges, which include impairment provisions recorded on the Canadian and U.S. oil and gas cost centres, largely account for the decrease in asset size subsequent to Q1-2009 and much of the increase in net loss.

- Year over year increases in corporate overhead, administration, and management expenses, reflecting both higher levels of corporate activity, and higher rates.

- The private placement equity financing conducted through Q4-2008 and Q1-2009 significantly increased asset size over prior quarters, as did the warrant and option exercises for proceeds of $100,000 in FY-2009 and $861,590 in FY-2008.

- In Q4-2008, the Company's assets increased by approximately $295,000 due to the capitalization of certain asset retirement obligations to our Canadian oil and gas properties.

- Those additional factors discussed in the sections "Results of operations" for the 3-month and 12-month periods ended March 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Great Pacific's major source of liquidity has been the issuance of equity capital. The Company obtains equity capital financing from private placement offerings of shares and share purchase warrants, and the exercise of share purchase warrants and stock options. The Company conducts private placement equity financings from time-to-time, based on cash flow needs and subject to investor interest. Our oil and gas assets have not generated sufficient cash to finance our development-stage business model and to fund corporate overhead activities.

In FY-2009, the Company completed a $1.41 million (net) equity financing in Q1-2009, pursuant to the issuance of 2,000,000 equity units at $0.75 per unit, with each unit consisting of one common share and one 2-year, $1 warrant. We also obtained equity financing in FY-2009 through the exercise of 48,000 warrants and 120,000 options, for total proceeds of $100,000.

In order to continue as a going concern, meeting our commitments and current obligations, we will require additional net equity financing of at least $1,250,000 in the coming twelve months. At July 24, 2009, our working capital deficiency is approximately $440,000

Furthermore, additional equity financing will be required in order to carry out the exploration and development necessary to achieve a self-sustaining level of production and oil reserves, and achieve our oil and gas business goals. We expect that additional financing – in the order of $1.5 - $5 million dollars – will be required to carry out a drilling program sufficient to attain a self-sustaining level of revenue. There is no assurance that we will be successful in obtaining such financing. We expect that substantially all external financing will need to be provided by the sale of common shares.

Our ability to obtain financing is sensitive to economic factors beyond the control of management. Declines in the Canadian-dollar price of oil and gas, changes in interest rates or continued economic recession or disruption could significantly affect our ability to obtain adequate private placement financing. Being a development stage oil and gas company reliant on external financing, a sustained economic recession resulting in a continued reduction of available capital would materially harm Great Pacific. Current financial market conditions and the deterioration of oil prices have exposed Great Pacific, as with many junior resource sector peers, to material liquidity risk, as available equity capital has significantly decreased below recent levels, and the cost of such capital has simultaneously increased.

The Company had no long-term debt or financial liabilities outstanding at July 24, 2009 or March 31, 2009.

CONTRACTUAL OBLIGATIONS

Material contractual obligations not disclosed elsewhere in this MD & A are as follows:

1. The Company is required to pay its proportionate share of gross asset retirement costs having a future value, estimated by management to be approximately $774,000, over the next fifteen years. The present value of Great Pacific's share of these costs is estimated at approximately $415,000. 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). The Company expects that approximately $93,250 of this amount will be incurred in FY-2010, less expected salvage value of $30,000.

2. Under the terms of the Company's oil and gas property interests, Great Pacific may face dilution or complete loss of certain oil and gas property interests should it fail to pay its share of expenditures authorized by the project operator and the other joint interest participants. At the present, there are no authorized work programs planned on the Company's jointly owned properties (please see *Future Plans*).

3. The Company is required to participate in the re-work of two of the proved producing properties in which it holds 36% working interests in order to fully participate in production revenue from those wells. The re-works, estimated to cost $18,000 (aggregate) to Great Pacific's interests, are required to recommence production as a result of well equipment failure in April 2009.

4. The company has a consulting agreement for the services of the President paying $10,000 per month. The contract expires in September, 2009. The Company also has a contract with an office and administration services management company paying $28,000 per month, for office rent, office services and supplies, and administration staffing services (the "Office Management Agreement", as described elsewhere).

5. The Company has on-going lease payments (to both the Crown and several private leaseholders) for P & NG property rights. 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. These lease payments total approximately $25,000 per annum.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Details on the Company's significant financial instruments are as follows:

Cash

Cash is held in demand accounts at a Canadian chartered bank. The Company does not believe it is subject to any significant counterparty risk with respect to cash,

Accounts receivable

Accounts receivables typically arise from normal joint operating arrangements governing the Company's producing oil and gas properties, and from cost-recovery billings. Credit valuations are performed on a

regular basis and the financial statements take into account any requirement for an allowance for bad debts.

The Company has recorded a provision for impairment to reduce the carrying value of accounts receivable to its estimated fair value.

Management does not assess material credit risk to exist in respect of accounts receivable other than in regards to those amounts subject to a provision for impairment.

Related party advances

At March 31, 2009 related party advances consist of interest-bearing expense advances and vehicle rental revenue receivable. These amounts are due on demand, and have no fixed terms. The interest bearing advances accrue interest at a rate of prime plus 1%.

A significant portion of the related party advances were settled subsequent to March 31, 2009 both by offset against management fees and out of pocket expense reimbursements accruing to the President, and cash collection of a portion of the vehicle rental revenue receivable.

Accounts payable and accrued liabilities

At March 31, 2009 accounts payable and accrued liabilities consists of amounts owing to suppliers on trade credit terms, and amounts owing to the operator of the Midland Basin prospect area for our share of drilling costs.

Included in the balance of accounts payable at March 31, 2009 is approximately $47,000 owing to the operator of the Midland Basin prospect area. The Company is in an un-notified state of default with respect to that amount. In order to maintain its interest in that prospect block, the Company must make the payment within a specified 20-day “grace period” upon notification of the default.

The Company recorded a gain on the reversal of four payables, representing invoices disputed by the Company for which the statute of limitations has expired.

Subject to the reversal gain, management believes the carrying value of accounts payable and accrued liabilities approximates the fair value, due to their short-term nature.

Financial instrument risk

Significant sources of financial instrument risk are detailed as follows:

Concentration of credit risk

Canadian oil and gas operations

The Company is exposed to on-going concentration of credit risk because its Canadian oil and gas assets, representing approximately 96% of its gross revenue, are operated by a single counterparty. Accordingly, dealings with that party account for the bulk of our cash in-flows from operating activities, and a significant amount of our accounts receivable are regularly owing from that one party. At March 31, 2009, amounts owing from that party comprised 71% of accounts receivable.

Amounts due from related parties

The amounts due from related parties at March 31, 2009 are due from two parties, and default by either party would constitute a material loss.

The Company does not believe it is exposed to material credit risk in respect of these amounts, as the

counterparties are directors of the Company (or private companies controlled by directors), and subsequent to year-end, a significant portion of the amounts have been settled by cash repayment or the application of management fees and expense reimbursements payable.

Interest rate risk

The Company is exposed to interest rate risk, as amounts owing to the operator of its Midland Basin Prospect area (having a principal balance of approximately $47,000) accrue interest at a variable rate of prime (Texas) + 1%. However, as the Company has no debt instruments outstanding, besides trade credit as provided from time to time, the Company does not believe its overall exposure to interest rate risk is material.

Currency risk

The Company generates approximately 4% of its gross revenue from a natural gas well in the United States, and holds petroleum land interests in the United States having a book value of approximately $69,641. Accordingly, changes in the U.S. denominated value of the Canadian dollar will impact the Canadian dollar cost of meeting any future obligations under that prospect area and will affect the Canadian dollar-denominated value of natural gas production.

As a result of the depreciation of the Canadian dollar over the year ended March 31, 2009 the Company suffered a significant increase in the Canadian-dollar cost of funding its obligations on the Midland Basin test well.

For a 1% increase in the United States – Canada exchange rate above March 31, 2009 levels, the Canadian dollar cost of the Midland Basin prospect area liability will increase by approximately $500, net of the offsetting gain from enhanced natural gas revenues.

Commodity price risk

The Company is exposed to material oil and gas commodity price risk. A relative decrease in the price of oil and gas would reduce the Company's cash flows, reduce the realizable market value of the Company's oil and gas assets, reduce the Company's economic reserves, and make it more difficult for the Company to raise the equity capital required to meet its commitments and carry out its development-stage business plans. The Company sells its production on the spot market. Management has assessed that the Company's degree of exposure to commodity price risk is material, but consistent with our development stage oil and gas business operations.

Liquidity risk

The Company faces material liquidity risk in that it has approximately $175,000 in accounts payable which are overdue at March 31, 2009 and insufficient cash on hand to satisfy those debts should they be demanded. The Company is seeking equity financing in order to obtain additional liquidity to mitigate this risk.

RELATED PARTY TRANSACTIONS

Fees paid to related parties

In the year ended March 31, 2009 the Company paid or accrued management fees to four officers totalling $151,188 (2008: $142,330 to three officers).

In YTD-2010, these fees have accrued at a total rate of $15,000 per month. Fees paid to the President of Great Pacific, totalling $10,000 per month since Q3-2009 (FY2008: $5,000 per month) are paid pursuant to a Management Services Agreement expiring September 2009. The balance of the fees paid on month-to-month basis.

The Company paid or accrued professional and consulting fees to related parties (or to private companies controlled by related parties, or parties affiliated with related parties) in the years ended March 31, 2009 and 2008 as follows

Related party	2009 $	2008 $
Private companies controlled by directors, officers or persons related to them	45,435	15,335
Directors, officers, or persons related to them	6,000	28,750
	51,435	44,085

Additionally, the Company paid finders' fees of $75,000 (2008: $-nil) to a person related to a director of the Company in connection with a private placement financing conducted in the year ended March 31, 2009.

Amounts due to and from related parties

At March 31, 2009, the Company is indebted to related parties in the amount of $38,054 (March 31, 2008: $68,657).

At March 31, 2009, a director, and a private company controlled by a director, were indebted to the Company in the amount of $123,182 (March 31, 2008: $1,708).

Details on amounts owing to and from related parties are as set forth in Notes 4 and 9 to the accompanying audited financial statements of the Company.

Options granted to related parties

In the year ended March 31, 2009 the Company granted 340,000 employee stock options to a director and an officer of the Company having exercise prices escalating from $1.50 per share to $2.20 per share, expiring April 14, 2013.

In the year ended March 31, 2008, the Company granted 795,000 employee stock options to directors and officers of the Company having exercise prices escalating from $1.25 per share to $1.83 per share, expiring February 18, 2013.

OUTSTANDING SHARE DATA

Common shares (22,411,433)

At July 24, 2009 there are 22,411,433 common shares of Great Pacific issued and outstanding. There have been no shares issued subsequent to March 31, 2009.

Share purchase instruments

Outstanding share purchase instruments consist of share purchase warrants and incentive stock options. Details of outstanding share purchase warrants and incentive stock options as at July 24, 2009 are as follows:

Warrants

	Number of underlying shares	Exercise Price	Expiry Date
FY-2009 grant	1,952,000	$1.00	April 14, 2010

Incentive stock options

	Number of underlying shares	Exercise Price	Expiry Date
FY-2006 grant	481,000	$0.35	October 3, 2010
FY-2008 grant*	865,000	$1.38	February 18 2013
FY-2009 grant*	390,000	$1.50	April 14 2013
Weighted average totals	*1,736,000*	*$1.12*	*2.95 years remaining*
Exercisable at July 24, 2009	***732,000***	***$0.72***	***2.03 years remaining***

The weighted average exercise price for the FY-2008 and FY-2009 grants reflect graduated exercise prices and straight-line, semi-annual vesting, wherein the exercise prices increase on each anniversary date from $1.25 to $1.83 and $1.50 to $2.20, respectively, with vesting as to 10% every six months.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective April 1, 2008 the following pronouncements of the Canadian Institute of Chartered Accountants ("CICA") were adopted as accounting policies of the Company:

Assessing going concern - CICA Handbook Section 1400

The Accounting Standards Board (AcSB) amended section 1400 to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

Capital disclosures – CICA Handbook Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

Financial instruments: disclosures and presentation – CICA Handbook Section 3862 and 3863

These new sections, 3862 (on disclosures) and 3863 (on presentation), replace section 3861, revising and enhancing the disclosure requirements, and carrying forward unchanged its presentation requirements.

Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

Recent Canadian accounting developments

Goodwill and intangible assets, CICA Handbook Section 3064

Effective April 1, 2009, the Company is required to adopt the new Canadian accounting pronouncement "Goodwill and intangible assets, Section 3064"

This new pronouncement replaces the former CICA Handbook Section 3062, Goodwill and Intangible Assets and Section 3450 Research and Development Costs. It establishes enhanced standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company does not expect the adoption of this new Section to have a material effect on its financial statements.

Recent Canadian accounting pronouncements that have been announced but are not yet effective are as follows:

<u>Business Combinations - CICA Handbook Section 1582</u>

In January 2009, the CICA issued Section 1582, “Business Combinations” to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards (“IFRS”). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

<u>Consolidated Financial Statements and Non-Controlling Interests – CICA Handbook Sections 1601 and 1602</u>

In January 2009, the CICA issued Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” which replace Section 1600 “Consolidated Financial Statements.” Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 “Business Combinations.” The adoption of this standard is not expected to have a material effect on the Company’s financial statements.

<u>International Financial Reporting Standards (“IFRS”)</u>

The Canadian Accounting Standards Board (“AcSB”) has published a strategic plan that calls for the convergence of Canadian GAAP over an expected five year transitional period commencing 2006. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada’s own GAAP. For the Company this will require all interim and financial statements commencing April 1, 2011 to be based upon IFRS.

The Company is monitoring the impact of these convergence initiatives on its financial reporting and disclosure. At present, significant differences from the Company's Canadian GAAP financial reporting and disclosure are expected to be with respect to the carrying value and impairment testing of its oil and gas assets. The International Accounting Standards Board is undertaking a project on the extractive industries, however this project is not anticipated to be complete by the time of Canada's changeover to IFRS.

<u>CRITICAL ACCOUNTING ESTIMATES</u>

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods reported. Significant estimates are required in the determination of the recoverability or valuation of accounts receivable, the fair value of future asset retirement obligations, depletion costs per unit of production, stock-based compensation expense, determining the fair value of financial instruments, measuring impairment losses, measuring the recoverability of amounts shown for oil and gas properties, and the utilization of future

income tax assets and tax rates. These critical estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Any amounts recorded for depletion of oil and gas properties and any provision for future site restoration and abandonment costs are based on estimates. The ceiling test is based on estimates of proven 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 material

Similarly, references herein to oil and gas reserves, future value of oil and gas production, estimates of future production, and estimates of future petroleum exploration, development and decommissioning costs are subject to estimates by management and our independent reserves evaluator. These estimates are made in accordance with the terms of National Instrument 51-101, and are made on a best efforts' basis, however, they are subject to variance and actual results may differ materially from expected outcomes.

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.

Operatorship dispute

In the fiscal year ended March 31, 2009, the Company filed a Statement of Claim in the Court of Queen's Bench of Alberta in the Judicial District of Calgary, against the operator of the Company's Mistahiya-group properties.

The Statement of Claim is in respect of certain operatorship issues and seeks a judicial resolution of disputed revenue with-holdings, the assertion of our take-in-kind rights to oil revenue, and other issues. A trial date has not yet been set.

In the interim the Company has obtained an Order in the Court of Queen's Bench of Alberta, Judicial District of Calgary requiring that the operator pay Great Pacific its proportional 36% share of the gross revenue and provide a statement of expenses arising out of the joint venture operations on our Red Earth wells within 50 days of the end of each production month. Upon receipt of the revenue, Great Pacific is to pay the Operator its share of proper expenses, with any disputed expenses to be paid into Court with an explanation as to the nature of the dispute.

The operator has filed a Statement of Defense in respect of this matter, and has also filed a counter-claim against the Company. The counter-claim is seeking unspecified punitive and compensatory damages against the Company in respect of alleged interference with an oil marketing contract formerly held in respect of the jointly owned wells. Management believes the counter-claim to be completely without merit, and the Company is vigorously defending itself against these allegations.

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, 2009 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 principles (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, 2009 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 cannot 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

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 reserves and expected production information disclosed 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 24, 2009 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.

Quantities and conversions: In this MD & A the following acronyms are used:

ac	Acres	P & NG	Petroleum and natural gas
bbls	Barrels of oil	/d	Per day
Boe	Barrels of oil equivalent	Ha	Hectare

Please note that oil equivalency measures are expressed based on energy equivalence, assumed at 6 mcf natural gas = 1 bbl oil = 1 boe. Energy equivalence values differ materially from market value equivalency measures.

Per diem production (expressed in terms of bbls/d, mcf/d or boe/d) is expressed on the basis of total volumes produced in a specified period, divided by the total number of calendar days within that period.

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

On behalf of the Board of Directors

"Thal S. Poonian"

Thal S. Poonian, President