GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD & A") dated August 20, 2010 should be read in conjunction with the Company's interim unaudited consolidated financial statements at June 30, 2010 and 2009, its audited consolidated financial statements at March 31, 2010, the Company's Form 51-101F1 dated July 27, 2010 and the reference to forward-looking statements within this report. These documents are available at www.gpicanada.net.

The three month fiscal periods ended June 30, 2010 and 2009 are referred to as "Q1-2011" and "Q1-2010", respectively. The fiscal years ended March 31, 2011 and 2010 are referred to as "FY-2011" and "FY-2010", respectively. The period from April 1, 2010 and up to August 20, 2010 is referred to herein as "YTD-2011".

This interim MD & A updates the annual MD & A for the period ended March 31, 2010. The operations and business of the Company are as discussed in that document, except as updated herein. The FY-2010 annual MD & A should be read in conjunction with this interim MD & A, and is available at www.Sedar.com.

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, GPI Oil and Gas Ltd., GPI Petroleum Inc. and GPI Oil and Gas Overseas Inc., are referred to herein collectively as "the Company", "Great Pacific", "GPI", "our" or "we".

Great Pacific's oil and gas operations are primarily located in Alberta, Canada. 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.

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

- The Company currently holds 33,944 gross acres (24,327 net acres) of PNG leases in Canada and the United States of America.
- Our Manning property has total heavy oil in place of 206 million barrels of oil with a contingent resource of 30,900,000 barrels of oil as per the *"Heavy Oil in Place Determination Report*" from Chapman Petroleum Engineering Ltd.
- The Company divested certain minority oil and gas rights for cash consideration of $175,000 and GPI is no longer responsible for reclamation costs of $245,921 on the property.

OIL AND GAS OPERATIONS – Q1--2011

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

Great Pacific holds the following oil and gas property interests at June 30, 2010 and August 20, 2010:

	Gross area		Net area		Well interests (net)	
	Hectares	Acres	Hectares	Acres	Prod.	Susp.
Canada						
Developed properties	192	474	69	171	1.08	0.36
Alberta crown leases (undeveloped)	10,155	25,093	9,546	23,588	-	-
U.S.A.						
Arkansas natural gas well	1,280	3, 163	20	49	-	-
Midland Basin prospect area, participation rights	2,110	5,214	210	519	-	-
	13,737	33,944	9,845	24,327	1.08	0.36

(numbers may not add due to rounding)

Canadian oil production

Canadian oil production and revenue in Q1-2011 came from our two Red Earth wells.

A summary of our Canadian oil production in the periods presented is as follows:

	Q1-2011	Q1-2010	Variance
Production (bbls/d)	7	3	4
Realized revenue per barrel	$63	$64	$(1)
Operating cost per barrel	$78	$54	$24

The increase in production over the periods presented was primarily attributable to the following factors:

In Q4-2010 and Q1-2011 re-works of our two remaining oil wells resulted in much higher production compared to Q1-2010, as well in Q1-2010 production was received for two months rather than the three months received in Q1-2011.

Operating costs per barrel in Q1-2011 were substantially higher than the same period in 2010. This is mainly due to the suspension of three wells in FY-2010. The Company has to pay maintenance costs for suspended wells while not receiving income resulting in higher net per barrel costs.

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 as well as the sale of certain producing oil assets in FY-2010 as detailed previously.

Natural gas production

In Q1-2011 the Company participated in minor natural gas production from one well, while in Q1-2010 we participated in natural gas production from two wells.

The Company sold its Acadia gas well (3.28% working interest) located in south-central Alberta in Q3-2010. In Q1-2010, this gas well produced 39 mcf to our interest.
Our Logan County gas well (6.6% working interest), located in Arkansas, U.S.A. produced 296 mcf for realized revenue of $3.59/mcf (Q1-2010: 335 mcf for realized revenue of $2.11/mcf).

Manning Alberta Heavy Oil Project

GPI, through its subsidiary GPI Oil and Gas, owns a 100% interest in leases on four sections (2,560 acres) of land in the Manning area of Northern Alberta. These sections were acquired through staking in FY-2009.

The Company received an initial report on this property from Chapman Petroleum Engineering Ltd. as detailed in a news release dated November 18, 2009.

On June 7, 2010 the Company released an updated news release regarding the final report received from Chapman. The report was prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook and in accordance with National instrument NI 51-101, Sec 5.9, pertaining to disclosures of resources, utilizing forecast prices and costs. The purpose of this report was to independently determine the feasibility of the Company undertaking the exploration and development of the contingent resources and the estimated economic value.

In the report, the Heavy oil reservoirs of the Elkton Formation and the Lower Debolt were mapped. Both of these formations are in the heavy oil saturated Mississippian formation. The isopach mapping of these heavy oil reservoirs excluded transitional zones of appreciably less porosity in the lower parts of each unit so that only the highest quality heavy oil reservoir had been mapped. Well log analysis showed excellent reservoir parameters including good porosity and high resistivity of both zones.

Total heavy oil in place was determined on the Company lands for the two most significant potential carbonate reservoir zones in the area, the Elkton and Lower Debolt formations and amounted to over 200 million barrels of oil. This was based on volumetric calculations using the detailed net oil reservoir mapping of both zones. Planimetering these maps results in an average heavy oil reservoir thickness of 51 feet in the Elkton and 32 feet in the Lower Debolt. The Chapman Report lists the best estimate of contingent resources as 30,900,000 standard barrels of oil.

The oil gravity in these carbonate deposits is estimated at about 9 API, based on analogous pools in the general area. The Chapman report proposes exploitation through continuous steam injection. Estimated recoveries are based upon factors of 15, 10, and 25 percent for “best”, low, and high respectively.

The contingencies associated with recovery of these resources are mobility of the heavy oil under the proposed scheme and the efficacy of the scheme. Secondarily, a commercially viable fuel source is essential for the implementation of this scheme.

Project Net Value, Thousands of Dollars (CDN $K)

	Best Estimate $K	Low Estimate $K	High Estimate $K	Arithmetic Average $K	Arithmetic Average After Risk $K
Undiscounted	1,432,432	807,015	2,694,377	1,644,608	468,000
Discounted @ 5% per year	823,512	440,274	1,596,868	944,551	265,000
Discounted @ 10% per year	487,283	242,018	953,656	560,986	153,000
Discounted @ 15% per year	291,789	130,794	598,835	341,139	90,000
Discounted @ 20% per year	176,620	65,588	385,817	210,308	52,000

It should not be assumed that the estimates of net present value presented in the table represent the fair market value of the Company’s resources.

Given the inherent uncertainty of such a project, GPI is considering ways to proceed with the development of these properties while mitigating risk.

Developed Alberta lease interests

The Company started participating on a non-operated basis in oil and gas production on April 1, 2007. In the years ended March 31, 2010 and 2009, all production and sales attributed to the Canadian oil and gas cost centre was earned from these Alberta properties.

In Fiscal 2010 the Company sold a number of its minority interests in 6 non producing wells and 3 producing wells, as well as one 100% owned 128 ha property. The consideration payable to the Company for these assets totalled $175,000, which was received in full on December 23, 2009.

These oil and gas properties interests were part of a group of properties acquired from Mistahiya Resources Ltd in March 2007. The Company retains its interest in the balance of the properties acquired from Mistahiya Resources Ltd. in 2007.

Undeveloped Alberta lease interests

At March 31, 2010 the Company holds certain petroleum and natural gas ("P & NG") leases from the Crown throughout Alberta. These undeveloped, non-producing leases are exploration lands that are undrilled and have no reserves assigned. They are as follows:

100% working interest in certain petroleum and natural gas leases ("P & NG leases") throughout Alberta, Canada

- 65% interest in a P & NG lease near Red Earth, Alberta
- 100% interest in leases on four sections (2,560 acres) of land in the Manning area of Northern Alberta
- 25% interest in a P & NG lease near Drumheller, Alberta. At the time of acquisition, a joint working interest holder on this property was related to the Company by way of a common officer.
- 100% interest in 16 undeveloped leases totaling 4,624 hectares in various locations in Alberta.

These lands will be explored as funds permit.

United States oil and gas properties

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.

FUTURE PLANS

Future development plans are all subject to securing necessary financing and will include the four areas outlined below:

1. **100% owned properties in Alberta** - The Company intends to commence a prospect evaluation and target identification program on its 100% owned Alberta Petroleum and Natural Gas leases. This process involves: reviewing all existing technical information on all properties and acquiring new technical data through purchases or studies. The company also intends to increase its land holdings either through participating in Crown auctions or through farm-ins.

2. **Manning Heavy Oil Deposit** - The Company will continue to move its' Manning project further towards development. The Company is considering steps to further de-risk the property and alternative plans for a pilot project using different technologies.

3. **Minority Interests** - The Company intends to review and optimize all of its minority interest holdings and continue to participate in them so long as the investment is for the best interest of the company and its' shareholders.
4. **International Opportunities** - The Company will continue to review opportunities in the international arena as they present themselves.

CAPITAL SPENDING:

In Q1-2011, capital expenditures were incurred in respect of lease rental payments of $14,386.

The Company incurred oil and gas capital costs of $20,523 in Q1-2011; 19,380 related to re-work of two wells and $1,143 for oil and gas report fees.

RESULTS OF OPERATIONS

	Q1-2011 $	Q1-2010 $	Variance $
Oil and natural gas sales, net of royalties	(40,173)	(21,787)	(18,386)
Costs of oil and gas operations	65,443	41,912	23,531
Loss on oil and gas operations	**25,270**	**20,125**	**5,145**
General and administrative expenses			
Remuneration and staffing	74,925	126,069	(51,144)
Accounting, audit and professional fees	27,318	34,185	(6,867)
Regulatory and transfer agent	3,091	4,459	(1,368)
Prospect evaluation and due diligence	-	1,116	(1,116)
Insurance	2,916	6,601	(3,685)
Corporate and shareholder communications, travel and entertainment	14,790	19,140	(4,350)
Office services and supplies and premises rent	27,253	32,058	(4,805)
Amortization and other gain (loss) items	2,564	9,271	(6,707)
Net loss for the period	**(178,127)**	**(253,024)**	**74,897**

Significant Variances in Operating Items (3 months ended June 30, 2010 and June 30, 2009)

Significant variances in operating items for the three months ended June 30, 2010 compared to the three months ended June 30, 2009 include the following:

Production and revenue

	Q1-2011 **$**	**Q1-2010** **$**	**Variance** **$**
Canada			
Oil and natural gas sales, net of royalties	(39,107)	(20,364)	(18,744)
Field operating costs	47,983	18,892	29,091
Depletion and accretion	16,020	22,794	(6,774)
	24,896	21,322	3,574
U.S.A.			
Oil and natural gas sales, net of royalties	(1,066)	(1,423)	358
Field operating costs	298	226	72
Depletion and accretion	1,142	-	1,142
	374	(1,197)	1,571
Loss from oil and gas operations	25,270	20,125	5,145

In Q1-2011, the oil revenue was from our two Red Earth wells. The increase in oil and natural gas sales, net of royalties of $18,744 reflected a 133% increase in crude oil production sold in the period.

The Company sold its Acadia gas well in Q4-2010. The production from the gas wells was a minor constituent of the Company's total production.

The balances comprising costs of oil and gas operations are set forth in the accompanying interim consolidated financial statements.

Field operating costs increased by $29,091 from $18,892 in Q1-2010 to $47,983 in Q1-2011. This is mainly due to the suspension of three wells in FY-2010. The Company has to pay maintenance costs for suspended wells while not receiving offsetting income resulting in higher net per barrel costs.

Depletion charges, the major component of "Costs of oil and gas operations" significantly decreased in Q1-2011. This was a result of a smaller pool of oil and gas expenditures which were subject to depletion. The decrease in this pool of oil and gas expenditures was mainly due to the sale of a number of minority interests in 6 non producing wells and 3 producing wells during Q4-2010.

Remuneration and staffing

Increases in overall spending on remuneration and staffing expenses reflected the following variances:

	Q1-2011	**Q1-2010**	**Variance**
	$	**$**	**$**
Consulting and staffing	12,271	37,707	(25,436)
Management fees	42,750	45,000	(2,250)
Stock-based compensation	19,904	43,362	(23,458)
	74,925	126,069	(51,144)

Consulting and staffing includes $10,050 (Q1-2010: $31,050) in consulting fees paid pursuant to our "Office Management Agreement" (please see *Contractual Obligations*). These fees decreased in FY-2011 upon re-negotiation of the consulting agreement.

In Q1-2011, management fees were incurred as to $30,000 paid to the President of the Company, and $12,750 to one officer of the Company. In Q1-2010,management fees were incurred as to $10,000 per month paid to the President of the Company, and $5,000 per month accrued to one officer of the Company.

Stock-based compensation expenses decreased partially due to the re-pricing of stock options granted in previous years, the exercise price was reduced in Q4-2010 upon approval from the TSX.V, a lower number of stock options which were granted in prior periods 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".

Accounting, audit and professional fees

Decreases in overall spending on accounting, audit and professional fees reflected the following variances:

	Q1-2011	**Q1-2010**	**Variance**
	$	**$**	**$**
Accounting and audit	25,875	29,250	(3,375)
Professional fees	1,443	4,935	(3,492)
	27,318	34,185	(6,867)

Accounting fees in each period presented were paid or accrued as to $5,750 per month (Q1-2010: $9,750 per month) pursuant to our Office Management Agreement for staff accounting time. In Q1-2011, the Company accrued audit fees of $8,625 ($Nil – Q1-2010).

Professional fees comprised legal fees of $1,443 (Q1-2010: $4,935). Legal fees in both periods included charges for general corporate counsel matters.

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. In Q1-2010, property evaluation expenses were incurred in respect of Iraq investment opportunities. The Company is not planning any further activities in respect of the Iraq petroleum sector at this time.

Corporate and shareholder communications, travel and entertainment

Decreases in overall spending on corporate communications, shareholder communications, travel and entertainment were a result of the following variances:

	Q1-2011 $	Q1-2010 $	Variance $
Shareholder and corporate communications	8,853	1,554	7,299
Travel and entertainment	5,937	17,586	(11,649)
	14,790	19,140	(4,350)

In Q1-2011 the Company incurred increased costs relating to dissemination of Company information relating to reports received on its Manning property. Travel and entertainment costs were lower in Q1-2011 due to reduced travel by Directors.

Office services and supplies and premises rent

Decreases in overall spending on office services and supplies and premises rent were a result of the following variances:

	Q1-2011 $	Q1-2010 $	Variance $
Office and miscellaneous	12,285	14,928	(2,643)
Bank charges and interest	418	2,580	(2,162)
Rent	14,550	14,550	-
	27,253	32,058	(4,805)

Office and miscellaneous charges includes $9,150 in office services and supplies fees charged pursuant to our "Office Management Agreement" (Q1-2010: $9,150).

Bank charges and interest costs are incurred mainly due to interest accrued on our outstanding payables in the period.
Spending on this item is expected to continue at Q1-2011 levels in coming periods.

Amortization

Amortization costs are less in Q1-2011 due to the sale of two trucks in Q3-2010.

Net loss

The decrease in net loss is primarily attributable to the aggregate impact of the items discussed above. Smaller variations in spending in other general and administrative expense items were primarily attributable to our year-over-year growth in corporate size and activity.

EIGHT QUARTER REVIEW

	June 30, 2010 $	March 31, 2010 $	Dec 31, 2009 $	Sept 30, 2009 $
Sales, net of royalties	40,173	33,198	34,363	45,011
Net loss for the quarter	178,127	423,739	404,969	273,414
Net loss per share	$0.01	$0.05	$0.02	$0.01
Total assets, end of period	621,438	823,459	1,125,999	1,316,218
Deficit, end of period	10,981,241	10,803,114	10, 379,375	9,976,546
	June 30, 2009 $	March 31, 2009 $	Dec 31, 2008 $	Sept 30, 2008 $
Sales, net of royalties	21,787	84,133	68,701	64,843
Net loss for the quarter	253,024	327,170	712,144	667,679
Net loss per share	$0.01	$0.01	$0.03	$0.03
Total assets, end of period	1,404,914	1,504,804	1,677,491	2,213,106
Deficit, end of period	9,700,992	9,447,968	9,120,798	8,408,654

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same periods. For a discussion of annual results for these periods, please see our FY-2010 Annual MD&A, available at www.Sedar.com.

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

- In Q1-2011, the Company's total assets decreased to $621,438 from $823,459 in Q4-2010. This is mainly due to the return of funds advanced to a related party which were outstanding in Q4-2010, these funds were then used to reduce accounts payable.
- There was a significant decrease in total assets in Q4-2010 over Q3-2010 as the Company wrote down the value of the 3-20 project to $nil and recognized a loss of $355,020.
- In Q3-2010 there was a decrease in total assets in due to the sale of minority interests in 6 non producing wells and 3 producing wells, as well as one 100% owned 128 hectare property.
- A significant increase in depletion charges in Q1-2010 and Q4 and Q3-2009 contributed to the decrease in assets in those periods. These depletion charges include impairment provisions recorded on the Canadian and U.S. oil and gas cost centres.

- Those additional factors discussed in the sections "Results of operations" for the 3-month periods ended June 30, 2010 and 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 order to continue as a going concern and meet our commitments and current obligations, we will require financing of at least $998,000 in the coming twelve months. At August 20, 2010, our working capital deficiency is approximately $406,000

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 and to carry out our Future Plans. 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 August 20, 2010 or June 30, 2010.

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 $327,804, over the next fifteen years. The present value of Great Pacific's share of these costs is estimated at approximately $249,503. 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 $112,089 of this amount will be incurred in FY-2011.

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 has a consulting agreement for the services of the President paying $10,000 per month. The contract expires in September, 2014.

4. The Company also has a contract with an office and administration services management company paying $17,000 per month, for office rent, office services and supplies, and administration staffing services (the "Office Management Agreement"). This contract expires in March 2011.

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 $33,900 per annum.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments at June 30, 2010 consist of:

- Cash
- Accounts receivable
- Amounts due from related parties
- Accounts payable
- Amounts due to related parties

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

The carrying values of cash, accounts receivable, and accounts payable approximate their fair values due to their relatively short periods to maturity. The carrying values of amounts due from related parties and amounts due to related parties approximate their fair values as these instruments have no fixed terms of repayment.

The maximum amount of credit risk the Company is exposed to at June 30, 2010 is $53,947 which consists of the face value of cash and accounts receivable.

Financial instrument risk

Significant sources of financial instrument risk are detailed as follows:

Concentration of credit risk

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 as amounts do not exceed federally insured limits.

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.

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.

Accounts payable and accrued liabilities

At June 30, 2010 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 June 30, 2010 is approximately $28,819 owing to the operator of the Midland Basin prospect area.

The Company's financial liabilities primarily constitute trade payables owing to both arms' length and related parties, and loans payable. These are unsecured and, excepting normal trade credit terms, are due on demand.

Financial instrument risk

Significant sources of financial instrument risk are detailed as follows:

Interest rate risk

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 2% 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 $67,978. 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 at June 30, 2010, the Company does not believe its overall exposure to currency risk for its obligations denominated in United States dollars is significant.

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. 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. The Company has not entered into any arrangements to mitigate this risk.

Liquidity risk

The Company faces material liquidity risk in that it has a significant working capital deficiency in excess of the servicing capacity of the Company's producing oil and gas assets, and additional material commitments coming due in the current period. The Company has insufficient cash and liquid resources on hand to satisfy its accounts payable and accrued liabilities should those debts be demanded on notice. 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 Q1-2011, the Company paid or accrued management fees to two officers totalling $42,750 (Q1-2010: $45,000 to two officers).

Fees paid to the President of Great Pacific, totalling $10,000 per month since Q3-2009, are paid pursuant to a Management Services Agreement expiring September 2014. The fees are accrued on a month-to-month basis.

Fees are paid or accrued to the Chief Financial Officer of the Company through a contract which came in to effect on April 1, 2010. This is a performance based contract paying a maximum of $5,100 per month.

Additionally, in Q1-2011, the Company paid corporate communication fees to a director totalling $nil (Q1-2010: $1,500).

Amounts due to and from related parties

At June 30, 2010, the Company is indebted to related parties in the amount of $18,687 (March 31, 2010: $50,833).

At June 30, 2010, a former director and a private company controlled by a former director were indebted to the Company in the amount of $Nil (March 31, 2010: $223,303).

OUTSTANDING SHARE DATA

Common shares (32,411,433)

At August 20, 2010 there are 32,411,433 common shares of Great Pacific issued and outstanding. There were no shares issued in the three month period ended June 30, 2010 or subsequently.

Share purchase instruments

Outstanding share purchase instruments consist of share purchase warrants and incentive stock options. Details of warrants and incentive stock options outstanding at August 20, 2010 are as follows:

Warrants

	Number of underlying shares	Exercise Price	Expiry Date
FY-2009 grant	1,952,000	$0.13	April 14, 2011
FY-2010 grant	10,600,000	$0.15	November 26, 2011
	12,552,000		

Incentive stock options

	Number of underlying shares	Weighted average exercise price $	Expiry Date
FY-2006 grant	481,000	0.18	October 3, 2010
FY-2008 grant	610,000	0.22	February 17, 2013
Balance, June 30 and August 20, 2010	1,091,000	0.20	1.45 weighted average years remaining
Exercisable at August 20, 2010	***786,000***	***0.20***	

The weighted average exercise price for the FY-2008 grants reflect graduated exercise prices and straight-line, semi-annual vesting, wherein the exercise prices increase on each anniversary date from $0.18 to $0.27 (as per TSX approved price change on January 26, 2010), with vesting as to 10% every six months.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption of new accounting policies

The unaudited interim financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. These interim financial statements have been prepared using the same accounting policies and method of application as the audited financial statements of the Company.

No new accounting standards were required to be adopted by the Company during the three months ended June 30, 2010.

Recent Canadian accounting developments

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

Business Combinations - CICA Handbook Section 1582

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.

Consolidated Financial Statements and Non-Controlling Interests – CICA Handbook Sections 1601 and 1602

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.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has published a strategic plan that calls for the convergence of Canadian GAAP (Generally Accepted Accounting Principles) with IFRS 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. As the Company has a non-calendar fiscal year it will be required to produce the first IFRS financial statements in the first quarter of its 2012 fiscal year (the quarter ending June 30, 2012). The transition date of April 1, 2012 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

Management is currently developing its plans for the transition to IFRS. Key elements include analyzing IFRS accounting policy alternatives, business activities impacted by accounting processes and information system changes. The Company's IFRS implementation project will be completed by a combination of in-house resources and external consultants.

Equity - CICA Handbook Section 3251

In August 2009, Section 3251 Equity was issued in response to issuing Section 1602 Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602. The adoption of this section is not expected to have a material impact on the financial statements.

Comprehensive Revaluation of Assets and Liabilities - CICA Handbook Section 1625

In August 2009, Section 1625 Comprehensive Revaluation of Assets and Liabilities was issued for consistency with new Section 1582 Business Combinations. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The adoption of this section is not expected to have a material impact on the financial statements

CRITICAL ACCOUNTING ESTIMATES

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, excepting the operatorship dispute, below.

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 Defence 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 intends to vigorously defend 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 June 30, 2010 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 June 30, 2010 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, as at March 31, 2010 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.

As per our revenue recognition policy, production revenue is recognized when measurable, upon the passage of title, and when collectability can be reasonably assured. Accordingly, production volumes stated herein reflect volumes sold, and thus may not directly relate to flow-rates.

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