

GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following Management Discussion and Analysis dated February 28, 2008 should be read in conjunction with the Company's consolidated financial statements for the quarter ended December 31, 2007 and the consolidated financial statements for the year ended March 31, 2007, as well as the reference to forward-looking statements within this report.

The three month periods ended December 31, 2007 and December 31, 2006 are referred to as "Q3-2008" and "Q3-2007", respectively. The period from April 1, 2007, including Q3-2008, and up to February 28, 2008 is referred to herein as "YTD 2008".

OVERVIEW OF OPERATIONS-Nine months Ended December 31, 2007

Great Pacific International Inc. (also referred to as "the Company", "Great Pacific", "our" or "we") is a development stage oil and gas company. This current fiscal year is Great Pacific's first full year of operations in the oil and gas business. We discontinued our prior operations as a development-stage loyalty points program business in the fiscal year ended March 31, 2007.

Mistahiya 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 properties", include:

- 36% net revenue interests in 6 oil wells holding proved oil reserves
- 36% net revenue interest in an operating oil well with probable developed reserves
- 36% net revenue interests in 5 suspended oil wells with no reserves assigned
- 12% – 18% net revenue interests in 3 properties with probable undeveloped oil reserves
- 9% net revenue interest in 1 property with probable undeveloped gas reserves
- 3.8% net revenue interest in 1 property with a producing gas well with no reserves assigned.

The Mistahiya properties are primarily situated in the Peerless Lake region of north-central Alberta, our main operating area. The Company started participating in oil and gas production from the Mistahiya properties on April 1, 2007, the start of the first quarter of fiscal 2008 ("Q1-2008"). All the Company's Canadian production is from the Mistahiya properties.

In YTD-2008, we increased our net acreage by approximately 1,500 acres, through cash purchase of freehold and Crown lease interests, and earned acreage. However, our exploration and development activities have been at a slower pace than we had contemplated at the start of the fiscal year due to the cancellation of our announced private placement. We did not close on the significant private placement announced in April, 2007 (as amended in July, 2007). We have therefore relied on the exercise of previously issued warrants and options and related party advances to finance a significantly reduced, but diligent, programme of asset growth in the year to date. We have focused on building our portfolio of land holdings, primarily in the Peerless Lake area.

Significant oil and gas property interest acquisitions made in YTD-2008 are as follows:

Red Earth Lands (Rocky Layman farm-in)

The Company, through the Rocky Layman farm-in agreement, acquired drilling option rights to 1,280 gross acres near Red Earth and Peerless Lake, Alberta in Q1-2008. This agreement was amended in Q3-2008.

The Red Earth lands farm-in was originally announced April 26, 2007. It was a farm-in agreement, wherein Great Pacific could earn working interests in certain petroleum and natural gas ("P & NG") leases held by the optionor, Rocky Layman Energy Inc. Great Pacific would earn those leasehold and option interests by funding the cost of drilling a test well. The farmout lands hold a high-risk seismic inferred "New Pool Wildcat" target, which was to be tested by the "11-89" Red Earth test well.

The significant terms of the Rocky Layman farm-in agreement, as amended in Q3-2008, are presented below:

Under the initial terms of the RLE farm-in dated April 26, 2007, by drilling the test well before December 1, 2007 the Company would acquire:

- An 80% working interest in the test well (subject to a convertible royalty)
- A 65% working interest in the balance of the original farmout lands;
- The right to drill an option well on 1,280 gross acres of adjoining leases (the "original option lands"), the drilling of which would earn the Company a 100% working interest in the option well (subject to a convertible royalty) and a 50% working interest in the balance of the option lands.

However, by Q2-2008 continued geophysical evaluation of the properties indicated that the most favourable seismic-inferred wildcat target interest was in fact located on the original option lands, rather than the original farmout lands. As a result, the Company sought to negotiate an amendment to the farm-in, resulting in an amending agreement being reached on October 10, 2007. The significant amending terms were as follows:

- The 11-89 Red Earth test well (the earn-in well) was to be drilled on the original option lands (henceforth referred to as the "new farmout lands"), and the option well was to be drilled on the original farmout lands (henceforth referred to as the "new option lands").
- Drilling the 11-89 test well would earn the Company a 100% working interest in the test well (subject to a 5-15% royalty to the lessor convertible to a 40% working interest), and a 50% interest in the balance of the 1,280 gross acre new farmout lands
- Drilling the option well would earn the Company a 100% interest in the option well, and 50% interest in the balance of the 5,760 gross acre new option lands
- The deadline to drill the 11-89 test well was extended to January 3, 2008.
- The deadline to drill the option well was amended to April 8, 2008.

The substantive effect of this amendment was to require the test well (the commitment well) to be drilled on the original option lands (1,280 gross acre tenure), and that the non-obligatory option well was to be drilled on the original farmout lands (5,760 gross acre tenure).

The agreement was amended again, effective December 31, 2007. The December amendment extended the deadline to drill the test well to December 1, 2008, subject to the following conditions:

- The Company depositing \$100,000 into trust (completed) (such trust funds to be released upon the completion of the drilling of the well); and
- The Company drilling two wells (testing the Banff formation and targeting natural gas in the Bluesky formation) on another P & NG lease held by Rocky Layman, on or before March 1, 2008, or as soon thereafter as the lease is accessible. These two gas targets are collectively referred to as the "Haro East project", and are presented separately below.
- Failure to drill either the Red Earth test well by December 1, 2008, or the two Haro East gas wells by March 1 2008 or such other date as granted by extension will result in the Company forfeiting all rights to the Red Earth lands, the Haro East lands and the trust deposit.

The remaining cost to drill the Red Earth 11-89 test well on the new farmout lands to depth is estimated to be \$840,000. We do not currently have the working capital required to drill this well.

We will not meet the April 8, 2008 deadline to drill the 5,760 acre new option lands. This will not affect our rights to drill the 11-89 Red Earth test well to earn the 1,280 acre new farmout lands.

The Toronto Stock Exchange Venture Exchange ("TSX-V") has not approved this farm-in agreement.

Haro East project

In Q3-2008, as announced in a news release dated January 11, 2008 and as referenced above, the Company acquired farm-in rights to two natural gas drill targets near existing known natural gas production. These targets are referred to herein as the "Haro East project".

Our farm-in interest in the Haro East project was acquired pursuant to the above-described amending farm-out agreement with Rocky Layman, dated December 31, 2007. Pursuant to this agreement, the Company acquired the right to drill two option wells to test the Banff formation. The wells are primarily targeting the Bluesky formation, which is considered prospective for natural gas in the area.

By drilling each of these wells, the Company will earn a 100% working interest in each well drilled (subject to a 15% lessor over-riding royalty convertible at payout to a 50% working interest), plus a 50% working interest in two additional adjacent sections of P & NG leases.

Under the terms of the farm-out agreement, the Company was to drill these wells on or before March 1, 2008, subject to site accessibility and industry conditions (including such factors as viable weather conditions, rig availability and regulatory approvals).

The farm-out agreement provides that, should the Company be unable to drill one or both of these option wells prior to March 1, 2008 due to such conditions, the Company will be able to defer the drilling of the option well(s) until that time that the prohibitive condition no longer persists. However, a necessary condition for obtaining such an extension is that the Company must demonstrate to the farmor that it has sufficient funds on hand at March 1, 2008 to drill the wells.

Subsequent to December 31, 2007 management determined that the Company will not be able to drill the Haro East wells prior to March 1, 2008 due to seasonal regulatory prohibitions on surface access. As these well-sites are subject to both climatic as well as regulatory access restrictions during certain periods of the year, the Company does not now expect to drill these option wells before November, 2008.

At February 28, 2008 Rocky Layman was formally notified of the need for the extension of time to drill the Haro wells, and was provided with the required evidence of the financing.

We are required to drill the two wells as soon as drill-site access is feasible in order to preserve our option rights in the Red Earth Lands. The estimated remaining cost to drill these wells to depth is \$335,000 per well. The cost to equip and tie-in these wells to third-party marketing infrastructure, should they prove productive and economical, is estimated at \$100,000.

3-20 project & Devon/Paramount seismic option

In Q1-2008 the Company acquired, by assignment, certain leasehold and seismic option interests, referred to herein as the "3-20 project" and the "Devon/Paramount seismic option", respectively.

Details on these interests are as follows:

- 37.5% working interest (32-36% net revenue interest) in the "3-20" well
- 75% working interest (subject to a 5-15% lessor over-riding royalty convertible at payout) in 320 acres of P & NG leases adjoining the 3-20 well ("3-20 lands")
- 75% interest in a seismic option on 3,200 acres of P & NG leases held by Devon ARL Corporation and Paramount Resources Ltd. ("Devon/Paramount seismic option lands").

We earned these interests by funding 37.5% of the costs of re-entering the 3-20, perforating and production testing the down-hole "Granite Wash" zone and completing the well to production (approximately \$390,000 to our interest). Despite initially encouraging swabbing results, the Granite Wash formation proved to be non-economic due to an excessive water cut.

We abandoned the down-hole Granite Wash zone in Q2-2008, and subsequent to December 31, 2007, perforated and production tested the up-hole Keg River zone, at a net cost of \$46,000. Production from this completed zone is on-going on a 30-day test basis. However, recovered fluids to date indicate a sub-economic water cut. We are continuing to operate this well on a preliminary test-basis for the remainder of the 30 day test period to determine whether the water content of produced fluids will improve to economic levels, though a significant improvement in oil content is less likely than not.

We also acquired a 75% interest in a seismic option on the 3,200 acre Devon/Paramount seismic option lands. This seismic option required us to perform a 2-D seismic survey on that property prior to January 15, 2008. We completed the seismic option subsequent to December 31, 2007, at a cost to our working interest of \$87,000, and completed geophysical interpretation of the data. Completing this seismic survey earned us drilling option rights until March 15, 2008. However, after reviewing the seismic data we elected to not exercise our drilling option, and have thus forfeited all rights in the seismic option lands.

Leases acquired by Crown Auction:

Great Pacific acquired 1,200 net acres of petroleum and natural gas leases in Alberta in the nine months ended December 31, 2007. This net acreage includes 1,080 acres of 100% owned P & NG lease interests within our core Peerless Lake operating area adjacent to our existing Kidney property, in addition to a 25% interest in a 640 acre P & NG lease near Drumheller, Alberta.

Two Mistahiya wells reworked

In Q2-2008, Great Pacific successfully re-worked and re-equipped two oil wells in the Peerless Lake area. Of these two re-worked wells, one has been assigned proved developed oil reserves and one has been assigned probable developed oil reserves. These wells are referred to as the Equisetum Keg River AAA and Red Earth Granite Wash wells. We had initially acquired a 36% revenue interest in these wells through the Mistahiya block acquisition in fiscal 2007.

The Company paid 100% of the cost of these reworks, totalling approximately \$145,000. In return for paying 100% of the re-work costs, the Company will receive all net operating revenue from the wells until we have recovered 125% of our re-work expenditure on these wells. After we have achieved our 125% pay-out in this manner, our interest in each well will revert to a 36% revenue interest. Net operating revenue is a non-GAAP measure calculated for the purposes of this re-work agreement as being production revenue, net of royalties and operating and marketing costs.

Production from these re-equipped wells re-commenced in July, 2007 and has totalled over 2,000 barrels since that time.

Manitoba

We acquired 50-100% working interests (43.8 – 100% net revenue interests) in a number of freehold and Crown petroleum and natural gas leases in south-western Manitoba. This property had significant natural gas shows in the past, and management believes it may be prospective for additional natural gas targets. The property was acquired for nominal cash consideration, plus the assumption of asset retirement obligations arising from past development on the property, the present value of which management estimates to be approximately \$17,500.

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Manitou	Operated	44-100%	Crown, and 0-12.5% GORR	Exploration	4,366	3,720

We have no plans to drill this property in the immediate future.

Logan County, Arkansas, USA

We acquired a non-operated interest in a gas well in Logan County, Arkansas in May, 2007 at a cost of approximately \$36,700. The well interest was purchased by cash payment.

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Sedna-Nicko #4-4	Non-operated	3.1% BPO/ 2.8% APO	30% GORR	Producing	3,200	100

Our production from this well since acquisition at May 1, 2007 is as follows:

	8 months ended December 31, 2007	3 months ended December 31, 2007
Production (mcf/day)	6.4	5.8
Price (USD \$/mcf)	\$5.17	\$4.98
Operating cost (USD \$/mcf)	\$0.25	\$0.31

Financing

The Company's major external sources of working capital in YTD-2008 were the issuance of common shares, through: private placement, warrant exercise and option exercise, the receipt of share subscriptions; and also related party advances. We also received funds from our oil and gas production (revenues less operating costs) of approximately \$156,000 in the nine months ended December 31, 2007.

Q4-2008 private placement

Subsequent to December 31, 2008 the Company announced a best-efforts private placement offering of common shares and share purchase warrants. The Company is seeking to raise up to \$1,500,000 through the issuance of 2,000,000 units at \$0.75 per unit. Each unit will comprise 1 common share and 1 share purchase warrant. Each warrant will entitle the holder to purchase an additional common share for \$1.00 per share, for a period of 2 years subject to an acceleration provision should the share price remain above \$2.00 per share for 20 consecutive trading days (see *Outstanding Share Data*).

At February 28, 2008 the Company had received share subscriptions pursuant to this offering totalling \$845,700 for the purchase of 1,127,600 such units.

Q1-2008 and Q2-2008 cancelled private placements

In Q2-2008 we announced the cancellation of the private placement equity offering that we had first announced April 18, 2007 and revised July 25, 2007. The private placement was first announced in Q1-2008 as a fully brokered, best-efforts equity offering seeking to raise up to \$25,000,000. The terms of the offering were revised on July 25, 2007, amended to become a \$15,000,000 brokered, best-efforts financing and a \$10,000,000 non-brokered, best-efforts financing. We were offering non-flow and flow-through units at the prices of \$0.95 and \$1.05 per unit, respectively. Funds raised were to finance an aggressive drilling program on the newly acquired farm-in lands as well as targets on the Mistahiya properties.

We have significantly scaled back our exploration and development plans for the remainder of the year due to the cancellation of our Q1-2008 and Q2-2008 private placement financings. Our current exploration and development plans forecast a substantially lower level of investment, commensurate with a significant decrease in expected financing.

Net income

In Q3-2008, the Company recorded a net loss of \$113,470 (Q3-2007: \$84,081) on oil and natural gas sales of \$177,658 (Q3-2007: \$ nil)

MISTAHIYA OIL AND GAS INTERESTS ACQUIRED PREVIOUSLY

Peerless Lake Area Of Interest, Alberta Canada

Management believes that the Peerless Lake region of north-central Alberta offers promising geological potential. In the prior fiscal year we acquired working interests in several producing and non-producing P & NG leases in the Peerless Lake region, including the Equisetum, Loon Lake and Red Earth property groups, from Mistahiya Resources Ltd. These leaseheld land interests also convey non-operated interests in six Peerless Lake wells to which proved oil reserves have been assigned.

Details of the Peerless Lake properties acquired from Mistahiya

Property Interest	Interest Type	Net Revenue Interest	Royalties	Status	Gross Acres	Net Acres
Equisetum Keg River C	Non-operated	36%	Crown	Proved	160	58
Equisetum Keg River AAA	Non-operated	100% BPO/ 36% APO	Crown	Proved	160	58
Equisetum Keg River KK	Non-operated	36%	Crown	Proved	160	58
Equisetum Kidney	Non-operated	18%	Crown	Probable	160	29
Equisetum Keg River A	Non-operated	36%	Crown	Unproved	160	58
Red Earth I (2 wells)	Non-operated	36%	Crown	Proved	320	116
Red Earth Granite Wash	Non-operated	100% BPO/ 36% APO	Crown	Probable	160	58
Loon Slave Point E	Non-operated	36%	Crown	Proved	160	58
Loon Granite O	Non-operated	36%	Crown	Unproved	160	58
Loon Granite Q	Non-operated	36%	Crown	Unproved	160	58
Loon Granite N	Non-operated	36%	Crown	Unproved	160	58
Loon Granite Wash S2S	Non-operated	12%	Crown	Unproved	160	58

Equisetum Property Group (Peerless Lake)

We hold non-operated interests in several Peerless Lake P & NG leases collectively known as the "Equisetum property group". These were acquired pursuant to our block acquisition in fiscal 2007. This property includes three wells to which proved reserves have been assigned (Keg River C, Keg River AAA and Keg River KK), and several suspended wells with no reserves assigned. In addition, we acquired an 18% interest in an 160 acre undrilled lease (Equisetum Kidney) holding probable and possible oil reserves.

The Equisetum Keg River C and Keg River AAA leases contain proved producing oil wells. The Keg River KK well was assigned proved producing reserves at March 31, 2007. It had been suspended from the time of acquisition due to normal seasonal factors. However, we were unable to place this well back on production this winter due to failure of the bottom hole production equipment. We expect that the cost to our interest to repair this well to be approximately \$65,000. At this time, we have reclassified the reserves assigned to this well as proved undeveloped.

The Keg River AAA well was suspended at the time of acquisition due to mechanical deficiencies in the down-hole lift equipment. This well was successfully re-worked in Q2-2008 at a cost of approximately \$45,000, and production resumed thereafter (see *Overview of Operations*).

Our Equisetum Kidney property has no operating wells. However, we feel that this property has considerable oil exploration potential. We intend to continue with the geological and geophysical assessment of this property, and proceed with the drilling of this property should our evaluation continue to indicate favourable geology. Drilling this lease is also conditional on obtaining adequate financing and the participation of the other joint interest holders. The likelihood of these outcomes is indeterminate, and there is no assurance we will be able to drill this property, and if so, whether this property will contain economic hydrocarbon reserves. The Kidney location targets an under-explored pool, and thus should be considered a high-risk drill target.

In YTD-2008, we incurred approximately \$17,250 of geological and seismic costs in relation to the Kidney property, the results of which were consistent with our geological hypothesis. The carrying value of our oil and gas properties at December 31, 2007 also includes approximately \$42,000 for our share of survey and other pre-drill planning costs incurred on this property in Q2-2008 and Q3-2008.

Loon Lake Property Group (Peerless Lake)

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

In Q2-2008, the Company incurred lease road construction costs of approximately \$10,000 in order to improve well site access to the Slave Point E well.

Red Earth Property Group (Peerless Lake)

The Red Earth property group within the Peerless Lake area comprises an interest in two P & NG leases, the Red Earth I and the Red Earth Granite Wash.

The Red Earth I property contains two proved oil wells, the Bluesky and the Slave Point EE. At December 31, 2007 these wells were suspended due to normal seasonal factors. These wells resumed production in January, 2008. We hold a 36% non-operated interest in both wells.

The Red Earth Granite Wash site contains a light oil well, the Granite Wash M, which holds probable developed reserves. This well was shut-in at June 30, 2007 due to pump problems. In Q2-2008 this well was re-worked and a new motor was installed for the pump, in conjunction with the re-work of the Equisetum Keg River AAA well (see *Overview of Operations*).

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

Production from the Peerless Lake-area Mistahiya properties

All the Company's Canadian production is from the Mistahiya properties. Gross revenue and production volume to the company's interest from the Mistahiya properties for the three month and nine month periods ended December 31, 2008 was as follows:

	9 months ended December 31, 2007	3 months ended December 31, 2007
Oil production (bbls)	2,940	1,860
Barrels of oil equivalent/day ("boe/d)	11	21
Sales revenue – oil	\$260,607	\$177,658
Average realized \$/bbl oil	\$88.60	\$92.60
Average operating cost (\$/bbl) – oil	\$38.28	\$29.90

The Company's interests in the Mistahiya properties are non-operated. As a non-operated interest holder, we participate in the production volumes only to the extent of our net revenue interest in each producing well. Accordingly, figures for oil and natural gas sales revenue and operating expenses presented are stated net of Crown and freehold royalties.

Oil production volumes presented above reflect the seasonality inherent in production from the Mistahiya properties. The Company's operating Mistahiya-group oil well interests are primarily located in the muskeg-bound regions of northern Alberta, and accordingly, truck access to the well-sites is generally limited to the mid-summer and winter seasons. This seasonality limits the productive capacity of our Peerless Lake wells in the months of April to June. This sensitivity to ground conditions was magnified in YTD-2008 by the unseasonably wet conditions in north-central Alberta in Q1-2008 and by a late freeze-up in Q3-2008. The seasonal factor will for the most part continue to affect the timing of the Company's oil and gas revenue from quarter to quarter.

Production volumes presented above include 100% of the production from the two re-worked wells (Keg River AAA and Red Earth Granite Wash), reflecting the increased "before-payout interest" we obtained in those wells pursuant to a re-work investment. Since being placed back on production in July, 2007, these wells have together accounted for 2,060 barrels of oil production to December 31, 2007 including 1,260 barrels in Q3-2008.

Based on our analysis of recent production, we expect our interest in these wells to revert to a 36% interest by summer.

Production volumes also do not include the two Red Earth I wells (assigned proved reserves), as seasonal production did not resume on these wells until January, 2008.

Other- Grand Forks

Pursuant to our block Mistahiya property acquisition, we acquired a 12% net revenue interest in the Sawtooth II property in southern Alberta. Our interest in this property includes 7.2% working interest and an approximately 5% gross over-riding royalty interest. Details of the property are as follows:

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

Geological inference supported by seismic data suggests that the property is prospective for probable reserves of light oil in a hypothesized structural attic to the existing pool. While we do not intend to drill this well within the next twelve months, we do expect, based on the existence of probable and possible reserves, that it may be economic to do so in the future.

Other-South/Central Alberta

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

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

This property contains two natural gas wells, of which one is suspended and one is producing. Though the producing well had no remaining proved reserves at March 31, 2007, this well has nevertheless operated on a cash-flow positive basis in YTD-2008, accounting for our nominal Canadian gas production in the quarter.

Our share of production from this well in the nine and three months ended December 31, 2007 is approximately 1,060 mcf and 470 mcf, respectively, for realized average unit revenue of \$5.39/mcf for the nine month period and \$5.23/mcf for the three month period. Operating costs for the nine and three month periods have averaged \$2.81/mcf and \$1.71/mcf, respectively.

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

Other-Rainbow Lake, Alberta

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

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

We intend to conduct pre-drilling geological evaluation on this property in the coming months to determine the drilling potential of this target.

The Rainbow Lake property contains a previously drilled oil well which is owned by the Company (as to an 18% working interest). This well had been suspended by its prior owner due to the water content in the Bluesky formation. However, the results of that well and the results of an offset well on an adjoining property may substantiate the geological inference that probable undeveloped and possible reserves exist on the property (see our Form 51-101 report).

Other-Redwater, Alberta

The Redwater property, located in Central Alberta, is summarized as follows:

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

Management believes that the Redwater property, which includes seven abandoned oil wells, may provide an exploitable natural gas target. This target is believed to intersect two natural-gas bearing zones, each of which has been assigned probable reserves based on existing geological data (see our NI51-101 report).

Cautionary note regarding production disclosure

The reader is cautioned that though reserves estimates presented on a property-by-property basis are derived from proved reserves data as disclosed in our Form 51-101 report as at March 31, 2007, the estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. For reserves data please refer to our Form 51-101 report dated July 11, 2007 available on www.sedar.com. Please note that reserves totals presented in that report do not account for production in fiscal 2008 or the changes in the interim in well interests or well productivity status presented herein.

FUTURE PLANS

Management believes that the land position we are accumulating (including both leasehold interests held at February 28, 2008 and acreage we expect to earn by drilling farm-in locations) provides a number of potentially attractive Keg River drilling targets.

Our capital budget for the coming 12 months is focused on the exploration and development of these Peerless Lake lands and our Haro East project, as well as the possible acquisition of additional acreage and assets. Details on our planned exploration, development and acquisition goals are as follows:

- Proceeding with the development of the Kidney property, including drilling if warranted. Our interests on the Kidney property range from 18% in 160 gross acres to 100% in 1,080 gross acres; exploration and development of the 18% jointly-owned Kidney acreage will require the participation of the joint interest-holders.
- Drilling the two Haro East gas wells
- Drilling the Rocky Layman Red Earth test well ("11-89" well)
- Continued evaluation of 3-4 additional Great Pacific owned property interests, with drilling if warranted
- Participating in the re-work of the shut-in Keg River KK oil well
- Possible acquisitions of producing assets in regional areas of interest

The extent to which we can complete these future plans will depend on our ability to obtain sufficient equity financing.

As we have a minority interest in all of the Mistahiya properties, including certain acreages on the Kidney property, our ability to further develop those properties is dependant upon our ability to negotiate the participation of other joint interest holders.

In addition, our ability to carry out the oil and gas exploration programs, as with other aspects of our business plan, is subject to a number of risk factors. These include, but are not limited to such operational risks as geological conditions, both in terms of realized hydrocarbon reserves and the amenability of lease lands to drilling; the demand for drilling rigs, and the resultant availability and cost of drilling resources; and environmental conditions, such as climate and landscape, and the effect of such factors on well site accessibility and the cost of site maintenance and reclamation. Our ability to execute our exploration and development plans are also subject to such economic risks as commodity price risk, capital market conditions and interest and inflation rates, and overall economic conditions. These factors may determine our ability to raise adequate financing and obtain adequate resources. These drilling plans are also subject to obtaining adequate licensing. *Please see our Form 51-101 report as at March 31, 2007 for a more detailed discussion of risk factors.*

Q3-2008 OVERALL PERFORMANCE

Our business goals for Q3-2008 were incremental and developmental in nature. At the beginning of the fiscal year, we were originally focused on aggressively identifying, acquiring and financing the acquisition of additional oil and gas properties in order to expand producing reserves by exploration and development drilling. Of particular interest to us were our farm-in properties in the Peerless Lake area of Alberta. However, the cancellation of the summer 2007 private placements has necessitated a substantially slower pace of investment in respect of property acquisition, exploration and development.

Capital spending

In light of the cancellation of these private placements, our business development goals were more incremental than we had originally envisioned at the beginning of the fiscal year. In Q3-2008 our capital program focused on acquisition and pre-drill development on several targets or properties, as detailed below:

- Target evaluation, and pre-approval and licensing-stage development on the Rocky Layman Red Earth 11-89 test well site;
- Renegotiation of the Rocky Layman Red Earth farm-in agreement and acquisition of the Haro East project lands
- Planning and permitting activities for the Devon/Paramount seismic survey
- Geological evaluation, project engineering and planning on the 3-20 up-hole program;
- Evaluation of certain asset acquisitions that did not proceed

Our Q3-2008 exploration and development program was consistent with that of the previous two quarters. Major investments in exploration and development in Q1-2008 and Q2-2008 included:

- The acquisition of leasehold and option rights (including leasehold and option interests assigned pursuant to our participation in the 3-20 project).
- Pre-drill expenses on our 11-89 test well and Kidney location; and
- Re-works of existing wells

Financing

In Q3-2008 management continued to seek equity and project financing for the above targets. We were unable to close on our \$25,000,000 brokered and non-brokered private placements (cancelled in Q3-2008). Subsequently, we announced and at present are proceeding with a smaller private placement of 2,000,000 units (each unit comprising one common share and one share purchase warrant having an exercise price of \$1.25 over two years, subject to an acceleration provision). We have obtained share subscriptions totalling \$845,700 at February 28, 2008 pursuant to this offering, for the purchase of 1,127,600 such units (see *Outstanding Share Data*).

Subsequent Performance

Subsequent to December 31, 2007, we continued with the target evaluation and pre-approval development of the Rocky Layman Red Earth 11-89 test well and the Haro East targets. Completion of the licensing of the Rocky Layman Red Earth 11-89 test well has taken longer than originally expected.

In January, 2008 we also participated in a seismic survey on the Devon/Paramount seismic option lands (though we did not elect to participate in a test well, as was our right under the seismic option).

In February 2008, we participated in the successful bottom-hole re-working of our Keg River C well, which has returned on production.

Also in February 2008 we participated in the 3-20 up-hole completion to test the Keg River formation. We were disappointed that recovered fluids, while hydrocarbon-bearing, had a sub-economic water content. We are currently producing that well on a 30-day preliminary test basis, to determine if the oil-water mix of recovered fluids will improve in our favour after an initial test period. The likelihood of an improvement has been assessed as indeterminate and of low probability.

Subsequent to Q3-2008, we continued with pre-drill site work on the Haro East targets. We believe these targets offer high-percentage shallow natural-gas potential in the targeted Bluesky Formation. Currently the drill-sites have been selected, surveyed and analyzed in compliance with environmental regulation.

Results of Operations for the 3 months ended December 31, 2007 and 2006,

	Three Months Ended December 31,		
	2007	2006	Variance
	\$	\$	\$
Oil and natural gas sales	177,658	-	177,658
Production expenses	(60,908)	-	(60,908)
Depletion, depreciation and accretion	(87,828)	-	(87,828)
Net oil and gas production	28,922	-	28,922
General and administrative expenses			
Remuneration and staffing	57,100	32,500	(24,600)
Accounting, audit and professional fees	38,895	11,268	(27,627)
Finance fee	1,508	7,161	5,653
Regulatory and transfer agent	2,463	9,091	6,628
Corporate communications, shareholder Communications and travel and entertainment	13,481	28,993	15,512
Office, rent and miscellaneous	28,945	18,108	(10,837)
Change of business costs	-	14,779	14,779
Gain on settlement of debt and payables	-	(38,944)	(38,944)
	(142,392)	(82,956)	(59,436)
Net loss from continuing operations	(113,470)	(82,956)	(30,514)
Net loss from discontinued operations	-	(1,125)	1,125
Net loss for the period	(113,470)	(84,081)	(29,389)

Significant Changes in Operating Items (3 months ended December 31, 2007 and 2006)

Significant changes in operating items for the three months ended December 31, 2007 compared to the three months ended December 31, 2006 include the following

Oil and natural gas sales

The increase in oil and natural gas sales in Q3-2008 over Q3-2007 simply reflected the fact that we were not in the oil and gas business in the earlier comparative period. The increase in oil and natural gas sales in Q3-2008 compared to Q2-2008 was primarily attributable to substantially longer production periods on the Slave Point E and Keg River C wells, and significantly increased production on the Keg River AAA well. These light oil deliveries offset declining production rates from our Empress and Arkansas gas well interests.

Remuneration and staffing

The increase in remuneration and staffing costs in Q3-2008 compared to Q3-2007 was primarily attributable to the following expenses:

- In Q3-2008 remuneration and staffing included management fees of \$30,000, comprising \$15,000 in fees to our President and \$15,000 in fees to our Chief Financial Officer. This represents an increase of \$15,000 over Q3-2007, in which management fees totalled \$15,000

- In Q3-2008 consulting fees for corporate administrative services of \$25,500 were charged pursuant to an office management agreement signed in Q2-2008.

Remuneration and staffing expenses are not expected to decrease from Q3-2008 levels in subsequent quarters.

Accounting, audit and professional fees

Increases in accounting, audit and professional fees reflected increases in internal accounting costs, legal fees, and reserves reporting expenses. These increased expenses arose due to the higher level of corporate activity and more complex financial reporting requirements associated with the commencement of our development stage oil and gas activities.

Our increase in accounting and audit fees were attributable to an increase in staff accounting hours, reflecting a higher number of accounting hours incurred. Accounting costs rose from \$5,963 in Q3-2007 to \$24,000 in Q3-2008. The increase in accounting expenses reflected a significant increase in the volume and complexity of transactions, which necessitated more complex financial reporting and control requirements. Accounting and audit expenses are not expected to decrease in subsequent quarters.

Legal fees increased by \$7,839 from \$5,305 in Q3-2007. This increase in corporate counsel fees reflected a higher level of corporate activity. Our oil and gas investments and potential acquisitions, and matters related to our cancelled private placements necessitated the increased services of our legal counsel.

We do not expect our accounting, audit and professional fees to decrease materially in subsequent quarters.

Corporate communications, shareholder communications and travel and entertainment

The decrease in corporate communications, shareholder communications and travel and entertainment expenses was primarily due to the higher levels of travel and entertainment expenses recorded in Q3-2007 compared to Q3-2008. The higher charges in the comparative period related primarily to travel costs and capital-raising expenditures incurred in association with our change of business into development stage oil and gas, and our associated private placement.

We expect spending on these items to remain approximately at Q3-2008 levels in subsequent quarters.

Gain on settlement of debt and payables

The gains so recorded primarily relate to a settlement with the two holders of convertible debentures issued by the Company at December 31, 2006. The company made final payment of principle and interest pursuant to those debentures at December 31, 2006.

Net loss from Continuing Operations

Net loss from continuing operations for the three months ended December 31, 2007 was \$113,470 (\$0.01 per share) compared with \$82,956 for the comparative period in fiscal 2007 (\$0.01 per share), an increase in net loss from continuing operations of \$30,515. The increase in net loss from continuing operations is due primarily to the reasons described above.

Results of Operations for the 9 months ended December 31, 2007 and 2006.

	Nine months Ended December 31,		
	2007	2006	Variance
	\$	\$	\$
Oil and natural gas sales	272,220	-	272,220
Production expenses	(115,914)	-	(115,914)
Depletion and depreciation	(125,220)	-	(125,220)
Net oil and gas production	31,086	-	31,086
General and administrative expenses			
Remuneration and staffing	194,493	192,073	(2,420)
Accounting, audit and professional fees	120,050	36,008	(84,042)
Finance fee	26,508	7,161	(19,347)
Regulatory and transfer agent	21,400	14,665	(6,735)
Corporate communications, shareholder communications and travel and entertainment	104,306	67,615	(36,691)
Office, rent and miscellaneous	82,745	49,175	(33,570)
Change of business costs	-	14,779	14,779
Gain on settlement of debt and payables	-	(38,944)	(38,944)
	(549,502)	(342,532)	(206,970)
Net loss from continuing operations	(518,416)	(342,532)	(175,884)
Net loss from discontinued operations	-	(3,395)	3,395
Net loss for the period	(518,416)	(345,927)	(172,489)

Significant Changes in Operating Items (9 months ended December 31, 2007 and 2006)

Significant changes in operating items in the nine months ended December 31, 2007 and 2006 were largely attributable to the business factors and transactions that drove changes in those operating items in the comparative three month periods ended December 31, 2007 and 2006.

A summary of the sources of variation in net income in the nine months ended December 31, 2007 compared to the nine months ended December 31, 2006 are as follows:

Remuneration and staffing

The increase in remuneration and staffing expense in the 9 months ended December 31, 2007, compared to the comparative period in fiscal 2007, primarily reflects the following changes:

- An increase in fees paid for consultants providing administrative and business services and investor relations services, from \$60,073 in the nine months ended December 31, 2006 to \$85,143 in the comparative fiscal 2008 period.
- An increase in management fees in the 2008 period, reflecting fees of \$45,000 and \$20,000, paid or accrued for the services of the Chief Financial Officer and Vice President – Exploration and Development, respectively. No such fees were paid in fiscal 2007.
- A decrease in stock-based compensation expense, from \$87,000 in the nine months ended December 31, 2006 to \$ nil in the same period in fiscal 2008.

Remuneration and staffing expenses are expected to increase in Q4-2008, as the Company expects in that quarter to grant 907,000 stock options pursuant to a stock option reservation announced in a news release dated February 18, 2008 (see *Outstanding Share Data*).

Accounting, audit and professional fees

The increase in accounting, audit and professional fees expense in the 9 months ended December 31, 2007, compared to the comparative period in fiscal 2007, reflects the increase incurred in Q3-2008 (as discussed previously), in addition to the effect of higher levels of spending in this cost category in Q1-2008 and Q2-2008 compared to the same periods in fiscal 2007.

Our increased accounting and audit fees in YTD-2008 reflected an increase in staff accounting hours compared to the comparative 9 month period in fiscal 2007. This increase reflected a higher amount of staff accounting time incurred upon commencement of our oil and gas operations, reflecting a significant increase in the volume and complexity of transactions, which necessitated more complex financial reporting and control requirements.

Professional fees incurred in YTD-2008 comprised legal fees paid to our corporate counsel, and fees paid to our qualified oil and gas reserves evaluator. This increase was driven by the same business factors that led to the increase in such fees in Q3-2008, as discussed previously.

Legal fees increased by \$26,985 in this period, reflecting an increase in time incurred on our behalf by our legal counsel. These legal services were primarily required in respect of our oil and gas option acquisitions, and for matters concerning our planned private placement financing in Q1-2008 and Q2-2008.

Accounting, audit and professional fees to December 31, 2007 also includes \$7,653 of fees charged for reserves reporting expenses incurred in respect of required annual oil and gas reserves disclosure.

Finance fee

The finance fee comprised mainly a break-up fee payable to our investment banker upon the cancellation of our private placement in Q2-2008. As such, it is a non-recurring expense.

Corporate communications, shareholder communications and travel and entertainment

The increase in corporate communications, shareholder communications and travel and entertainment expenses in YTD-2008, compared to YTD-2007, reflected the intensified capital raising efforts undertaken in fiscal 2008 as discussed elsewhere.

Office, rent and miscellaneous

The increase in office, rent and miscellaneous expenses in YTD-2008 was a result of the growth in corporate size and activity levels. The factors that contributed to this growth are substantially as discussed in the analysis of the results of operations in Q3-2008.

Gain on settlement of debt and payables

The gains so recorded primarily relate to a settlement with the two holders of convertible debentures issued by the Company at December 31, 2006. The company made final payment of principle and interest pursuant to those debentures at December 31, 2006.

Net loss from Continuing Operations

Net loss from continuing operations for the nine months ended December 31, 2007 was \$518,416 (\$0.03 per share) compared with \$345,927 for the comparative period in fiscal 2007 (\$0.02 per share), an increase in net loss from continuing operations of \$172,489. The increase in net loss from continuing operations is due primarily to the reasons described above.

EIGHT QUARTER REVIEW

	Dec. 31 2007	Sept. 30 2007	June 30, 2007	March 31, 2007
Sales	\$ 177,658	\$ 91,489	\$ 3,072	\$ -
Loss from continuing operations	113,470	237,200	167,746	227,033
Loss from discontinued operations	-	-	-	162,555
Net Loss for the quarter	113,470	237,200	167,746	389,588
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.01	\$0.01	\$0.01	\$0.02
Loss per share – discontinued operations	-	-	-	0.01
Net loss per share	\$0.01	\$0.01	\$0.01	\$0.03
	Dec. 31, 2006	Sept. 30 2006	June 30, 2006	March 31, 2006
Sales	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	82,870	182,816	76,765	362,349
Loss from discontinued operations	1,209	1,035	1,231	18,111
Net Loss	84,079	183,851	77,996	380,460
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.01	\$0.01	\$0.01	\$0.03
Loss per share – discontinued operations	0.00	0.00	0.00	0.00
Net loss per share	\$0.01	\$0.01	\$0.01	\$0.03

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same period. Several notable transactions that substantially contributed to the variation in quarterly losses are as follows:

The reduction in net loss from continuing operations in December 31, 2007, compared to immediately prior quarters, substantially reflected a significant increase in oil and gas production over the prior quarters. This relates to the seasonal factors that limit production at several of our wells to the winter months. The reduction in net loss also reflects a significant decrease in corporate Communications, shareholder communications and travel and entertainment expenses after the cancellation of the \$25,000,000 private placement early in Q3-2008.

The increases in operating losses in the first three quarters of fiscal 2008, relative to comparative quarters, includes the remuneration and staffing costs associated with the new officers and consultants hired in respect of the development stage oil and gas activities, and costs associated with the cancelled private placement offering.

The substantial increase in loss from discontinued operations in the fourth quarter ended March 31, 2007 can be largely attributed to the effect of the write-off of deferred business development costs in that quarter.

The substantial increase in loss from continued operations in the quarter ended March 31, 2007 was significantly attributable to costs associated with our change of business, including costs of raising capital, due diligence and legal costs, regulatory compliance costs and increased office and administrative costs.

The relatively smaller loss from continuing operations in the third quarter ended December 31, 2006 reflects, among other factors, the one time gain on the settlement of the convertible debenture.

The large loss from continuing operations in the quarter ended December 31, 2006 reflects, among other factors, the effect of the stock option grant in that period.

The large increase in loss from continuing operations in the fourth quarter ended March 31, 2006 compared to immediately prior periods is largely attributable to the stock option grant and re-pricing recorded in that quarter.

By the fourth quarter of fiscal 2007 ("Q4-2007"), the company was fully engaged in its development stage oil and gas business operations, and had ceased operating a development stage loyalty points program business. With this change in industry and business model, the nature of continuing operations were significantly different after Q4-2007 as compared to earlier quarters. Comparative analysis between the current fiscal year and previous periods should be made in the context of that change of business.

The expense item "loss on discontinued operations" is in respect of the development-stage loyalty points program business we previously operated. Expenses so classified related to the development of a number of strategies connected to our loyalty program business, including the creation of our own private label program and strategies connected to enhancing the mature rewards points programs of third parties. Significant components of the losses recognized with respect to the loyalty program business model comprised website, software and database development expenses. The loyalty points program business model could not be commercialized and the Company decided to discontinue further work in late fiscal 2007. Subsequently, the Company disposed of its subsidiary companies involved in the loyalty program business, GPI Rewards (Canada) Inc. and GPI Rewards (U.S.A.) Inc., for nominal consideration in Q1-2008. The Company retains no assets related to the discontinued projects at this date.

SELECTED QUARTERLY INFORMATION

	Three months ended December 31,		
	2007	2006	2005
	\$	\$	\$
Oil and gas revenue	177,658	-	-
Loss before discontinued operations	113,470	82,956	12,754
Loss before discontinued operations, per share	(\$0.01)	(\$0.01)	(\$0.01)
Loss on discontinued operations	-	1,125	9,770
Loss on discontinued operations, per share	-	(\$0.00)	(\$0.00)
Net loss	113,470	84,081	22,524
Net loss, per share	(\$0.01)	(\$0.01)	(\$0.01)
Total assets	1,646,210	280,843	146,266
Total long-term financial liabilities	-	22,578	180,450

The comparative figures in the above table for 2006 and 2005 are based upon the interim financial statements for those years as originally filed, but have been reclassified to allocate certain of the operating expenses to discontinued operations in accordance with generally accepted accounting principles. In the three months ended December 31 2006 and 2005 we were engaged in our legacy loyalty points program.

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

The composition of our assets and liabilities in each of the quarters differed significantly. At December 31, 2007, \$1,515,942 of the total assets (92% of total assets) consisted of oil and gas properties, whereas in the comparative quarters, the Company held no oil and gas assets. Alternatively, at December 31, 2006, the total assets included \$173,357 of deferred business development costs and capitalized website development costs related to the discontinued loyalty points program business, whereas at December 31, 2007 the Company had no assets related to that discontinued business.

The Company had no financial liabilities related to debt issuances at December 31, 2007 (excepting trade payables). However, while the company had no long-term debt outstanding at December 31, 2007, 2006 and 2005, the Company did have \$22,578 of loans and loan interest payable to related parties classified as current liabilities at December 31, 2006 (December 31, 2005: loans and loan interest payable plus convertible debentures payable: \$180,450). Thus, while the level of long-term financial liabilities has remained constant at \$-nil at each of the three selected reporting dates, the level of overall corporate debt, both short and long term, has decreased significantly.

LIQUIDITY AND CAPITAL RESOURCES

The Company is currently in the process of raising money via an announced private placement of \$1.5 million dollars. To February 28, 2008, we have subscriptions on hand of \$845,700. We have no other significant working capital. This is not sufficient to carry out our business plan or meet our commitments over the next twelve months.

In addition to the share subscriptions already received, we estimate that we will be required to raise at least an additional \$1,250,000 of new equity over the next twelve months in order to drill the Haro East wells and the 11-89 Red Earth test well and meet all general corporate and working capital needs raised. Participating in additional exploration and development (including any planned exploration or development expenditures on the Kidney property, Keg River KK well or other planned capital expenditures as discussed in *Future Plans*) will require additional equity financing.

The Company's cash flow from operations is expected to be negative for the balance of fiscal 2008. Therefore, we will require external equity financing to both cover the operating shortfall, and to fund the exploration and development program we plan for the coming months. There is no assurance that we will be successful in obtaining such financing.

We anticipate that over the coming months, general and administrative expenditures will average \$55,000 per month.

There is a seasonal element to our expected funds from operations that will bear on our liquidity position going forward. As the bulk of our proved and producing oil and gas reserves are located in the muskeg landscape of north-central Alberta, exploration, development and production is largely limited to the winter months, when the ground is frozen sufficiently solid to permit truck and rig access to the well site. Therefore, we did not achieve production from several producing wells until January, 2008, and there will be a significant reduction in sales revenues upon spring break-up (the seasonal melting of ground frost), expected to occur by the end of March.

Further, a significant reduction in production and oil and gas revenues is expected in the comparative period in fiscal 2009, as we expect that by Q2-2009 we will revert to a 36% interest in the re-worked Keg River AAA and Red Earth Granite Wash oil wells.

In the year to date, equity financing has been primarily obtained through the exercise of previously issued share purchase warrants and stock options, in addition to trade credit advances from related parties. Subsequent to December 31, 2007 we have also obtained \$845,700 in share subscriptions pursuant to an on-going private placement (see *Outstanding Share Data*).

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

Our interests in certain of our oil and gas interests are sensitive to our liquidity, as failing to jointly participate in the development of non-operated, jointly-owned properties (such as the jointly-owned Kidney acreage) may result in a dilution or loss of interest.

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 and economic recession or disruption could significantly and plausibly affect our ability to obtain adequate private placement financing.

The company had no long-term debt or financial liabilities outstanding at February 28, 2007 or December 31, 2007. (December 31, 2006: \$22,578 of loans and loans interest payable).

The only significant non-cash financial assets that Great Pacific held at either February 28, 2007 or December 31, 2007 and 2006 were investments in 2,500,000 common shares of OG International Inc., having a book value of \$29,517. As there is no active market for the exchange of these securities, management considers them to be significantly illiquid, and their realized values may differ from their book value.

CONTRACTUAL OBLIGATIONS

Material contractual obligations are as follows:

1. The Company is required to drill a well of up to 1,430 metres pursuant to the RLE farm-in agreement (the 11-89 Red Earth test well). Failure to drill this well will result in the loss of all rights to the Red Earth lands, plus loss of the \$100,000 trust deposit.

Drilling must commence on or before December 1, 2008. Management expects the remaining cost of drilling and casing this well will be approximately \$840,000. This is a performance liability - our obligation is to drill to depth. Should the market for drilling resources experience a supply shortage, or should drilling or climatic conditions encountered prove more adverse than expected, the cost of the well could materially differ from the forecasted level.

2. The Company is required to drill the two Haro East gas wells as soon after March 1, 2008 as surface access to the site is available, which we expect to be winter 2008. The cost to drill these wells to the required bottom hole depth is estimated at \$350,000 per well. Should we fail to drill these wells upon surface access becoming viable, we will lose all interests in these lands, and we will additionally lose all option rights in the Rocky Layman Red Earth lands, and also lose the \$100,000 Trust Deposit (see *Overview of Operations*).
3. The Company is required to pay its proportionate share of gross asset retirement costs having a future gross value estimated by management to be approximately \$800,000. The present value of Great Pacific's share of these costs is estimated at approximately \$214,000. 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).
4. The company has a consulting agreement for the services of the President paying \$5,000 per month. The contract expires in September, 2009, and is terminable on twelve months notice.
5. The company has a consulting agreement with a private company providing office services, administrative and accounting staff services, and office premises. This agreement pays \$23,000 per month for a term of 12 months, terminable on 30 days notice.
6. The Company has on-going, monthly 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.

Under the terms of the Company's oil and gas property interests, Great Pacific faces dilution of its interest in its oil and gas properties should it fail to pay its share of expenditures authorized by the project operator and the other joint interest participants. Great Pacific is contractually bound to make such payments as they arise if we are to maintain our oil and gas property interests.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

Concentration of credit risk

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

Interest rate risk

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

Foreign exchange rate risk

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

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

RELATED PARTY TRANSACTIONS

In Q3-2008, consulting fees of \$1,500 (Q3-2007: \$10,500) were paid to a director for investor relations services.

In Q3-2008, management fees of \$15,000 (Q2-2007: \$15,000) were for the services of our President and management fees of \$15,000 (Q2-2007: \$ nil) were paid for the services of our Chief Financial Officer.

In Q3-2008, geological consulting fees of \$1,581 were paid for professional geological services provided by a director (Q3-2007: \$ nil). Also in Q3-2008, project management fees of \$1,050 were accrued to a private company controlled by a director, in respect of engineering services on our 11-89 Red Earth test well

Accounts payable at December 31, 2007 include approximately \$42,076 owing to officers, directors, and companies controlled by them, for consulting fees, managerial services, expense reimbursements and amounts owing on joint interest billings.

Accounts payables owing to directors and officers reflect the frequent working capital shortages that we face, due to our reliance on external financing, and the favourable trade credit and borrowing terms which several related parties have provided, and continue to provide. Accounts payable to related parties include both billings for consulting fees, and any amounts owing for expense reimbursements and joint interest billings as may arise from time to time in the normal course of business.

Since acquiring a number of oil and gas property interests from Mistahiya pursuant to our block acquisition, we named the principal of Mistahiya as our vice-president of oil and gas operations. At the time of the block acquisition, Mistahiya and GPI were arms length parties. However, at this time Mistahiya is a related party by way of a common officer. Mistahiya is a joint interest holder and the operator of our 3-20 well. Mistahiya is also the operator of the wells acquired pursuant to the block acquisition, and controls a 25% interest in 640 acres of undeveloped P & NG leased lands in which Great Pacific acquired an interest in Q2-2008.

At December 31, 2007, accounts receivable and prepaid expenses includes \$13,811 owing to us from Mistahiya, for our share of November and December 2007 production from jointly-owned wells operated by Mistahiya.

OUTSTANDING SHARE DATA

Common shares (20,060,433)

At February 28, 2007 there are 20,060,433 common shares of Great Pacific issued and outstanding. No shares were issued between December 31, 2007 and February 28, 2008.

The company is authorized to issue an unlimited number of common shares without par value.

There are share subscriptions outstanding for 1,127,600 units, each unit comprising 1 common shares and 1 - \$1.25 2-year share purchase warrants, pursuant to a private placement announced February 18, 2008. The Company is offering an additional 872,400 such units on a best-efforts basis pursuant to this offering (see *Overview of Operations*).

Preferred shares (nil)

At February 28, 2007 there are nil preferred shares of Great Pacific issued and outstanding. The company is authorized to issue an unlimited number of preferred shares without par value.

The company has no additional equity securities authorized, issued or outstanding.

Debt securities (nil)

At December 31, 2007 and February 28, 2007 the company had no debt securities outstanding.

Share purchase instruments

The company announced in February 2008 that 907,000 shares had been reserved for the issuance of share purchase options, subject to the terms of the corporate employee stock option plan. These share purchase options will have a 5-year term, with an exercise price of \$1.25 per share for the first year growing by 10% a year thereafter to \$1.66 in the final year. They will vest as to 10% every 6 months (see *Q3-2008 Overall Performance*).

At December 31, 2007 and February 28, 2007 the Company has share purchase warrants and employee stock options (“ESO”) outstanding for the purchase of 3,201,000 common shares at a weighted average exercise price of \$0.51 per share, with a weighted average remaining life of 1.83 years, plus the additional 907,000 reserved share purchase options. Details of outstanding share purchase warrants and employee stock options as at February 28, 2007 are as follows:

Instrument	Number of underlying shares	Exercise Price	Expiry Date
Warrants	1,996,000	\$0.60	March 9, 2009
ESO	235,000	\$0.35	May 21, 2009
ESO	644,000	\$0.35	October 3, 2010
ESO	200,000	\$0.45	September 8, 2011
	<hr/>	<hr/>	
	3,075,000	\$0.51	
Reserved ESO	907,000	\$1.25+	2013
	<hr/>	<hr/>	
	3,982,000	\$0.69	

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has neither changed any accounting policies nor adopted new policies in the quarter ended December 31, 2007 or the year-to-date period ended February 28, 2007.

RECENT CANADIAN ACCOUNTING DEVELOPMENTS

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

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

In July 2007 the CICA issued new Section 3031 “Inventories” which replaces the former Section 3030. New Section 3031 is effective for fiscal periods beginning on or after January 1, 2008, establishes standards for the measurement and disclosure of inventories, and provides the Canadian equivalent of International Financial Reporting Standard IAS 2. The main features of new Section 3031 are to provide guidelines on the allocation of overheads and other costs to inventory, specific identification of individual costs to inventories that are not ordinarily interchangeable, consistent use of the first in- first out or weighted cost formulae for other inventories, and the reversal of previous write downs to net realizable value for subsequent increases in value. The Company does not believe that the adoption of this new CICA Section 3031 on April 1, 2008 will have a material impact on its financial reporting and disclosures.

LEGAL PROCEEDINGS

Ordinary course business proceedings

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

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

Internal Control Risks

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

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

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, the effectiveness of ICFR is subject to the risk that controls may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate. Management carried out the design of the Company's internal controls over financial reporting and concluded, subject to the inherent limitations noted above, the Company has sufficient controls to meet the requirements as stated above and that one reportable weakness existed at March 31, 2007 as detailed below.

Segregation of Duties

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

OTHER MATTERS

Stock Exchange

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

Corporate Governance

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

Oil and gas production estimates

Oil and gas 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 11, 2007, and available at www.sedar.com. The reader is cautioned that the estimates of reserves (and, by extension, estimates of well life and production rates derived from reserves estimates) and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Note Regarding Forward-Looking Statements

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements and the Company's oil and gas reserves. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of oil and gas properties, oil and gas industry conditions, the Company's ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company. Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com