CROWN POINT VENTURES LTD.

Interim Consolidated Financial Statements
For the Three Month Period Ended November 30, 2010
(Unaudited – Prepared by Management)

Notice

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim consolidated financial statements of Crown Point Ventures Ltd. ("Crown Point " or the "Company"), for the three months ended November 30, 2010, have been prepared by management and have not been subject of a review by Crown Point's independent auditor.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim consolidated financial statements of Crown Point Ventures Ltd. are the responsibility of the Company's management. The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised of non-management directors. The Audit Committee reviews the results of the consolidated financial statements prior to their submission to the Board of Directors for approval.

"Murray McCartney"	*"Arthur J.G. Madden"*
Murray McCartney President	Arthur J.G. Madden Chief Financial Officer

Calgary, Alberta
January 26, 2011

CROWN POINT VENTURES LTD.
Interim Consolidated Balance Sheets
Unaudited – prepared by management

	November 30, 2010	August 31, 2010
Assets		
Current		
Cash and cash equivalents	$ 469,782	$ 1,769,501
Accounts receivable	757,647	319,157
Income tax receivable	70,000	29,000
Prepaid and other expenses	410,928	233,434
	1,708,357	2,351,092
Property and Equipment (note 4)	14,302,866	13,954,195
Future Income Taxes	41,000	41,000
	$ 16,052,223	$ 16,346,287
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 2,163,984	$ 2,537,161
Asset Retirement Obligations (note 5)	195,331	190,248
	2,359,315	2,727,409
Shareholders' Equity		
Capital Stock (note 7)	28,573,909	28,093,271
Contributed Surplus (note 7(b))	1,905,274	1,476,163
Deficit	(16,786,275)	(15,950,556)
	13,692,908	13,618,878
	$ 16,052,223	$ 16,346,287

Nature of Operations and Going Concern (note 1)
Commitment (note 10)
Subsequent Events (note 11)

Approved on Behalf of the Board:

"Gordon Kettleson"
…………………………………………. Director
Gordon Kettleson

"Murray McCartney"
…………………………………………. Director
Murray McCartney

CROWN POINT VENTURES LTD.
Interim Consolidated Statements of Operations and Deficit
Three Months Ended November 30
Unaudited – prepared by management

	2010	2009
Revenues		
Oil and gas sales	$ 1,076,711	$ 113,079
Royalties	220,910	11,630
Operating expenses	272,010	57,760
Oil and gas, net	583,791	43,689
Expenses		
General and administrative	269,323	245,895
Stock-based compensation (note 7(f))	73,823	83,760
Warrant issuance (note 7(b)(e))	473,784	-
Financing fees and bank charges	18,140	41,248
Depletion, amortization and accretion	647,705	81,667
	1,482,775	452,570
Loss Before Other Item and Income Taxes	(898,984)	(408,881)
Other Item		
Foreign exchange gain (loss)	22,265	(61,713)
Loss Before Income Taxes	(876,719)	(470,594)
Income Taxes (Recovery)		
Current	(41,000)	-
Future	-	12,746
	(41,000)	12,746
Loss and Comprehensive Loss for Period	(835,719)	(483,340)
Deficit, Beginning of Period	(15,950,556)	(14,399,738)
Deficit, End of Period	**$** (16,786,275)	**$** (14,883,078
Basic and Fully Diluted Loss Per Share	**$** (0.027)	**$** (0.020)
Weighted Average Number of Common Shares Outstanding	30,518,326	23,592,958

See notes to interim consolidated financial statements.

CROWN POINT VENTURES LTD.
Interim Consolidated Statements of Cash Flows
Three Months Ended November 30
Unaudited – prepared by management

		2010		2009
Operating Activities				
Net loss for period	$	(835,719)	$	(483,340)
Items not affecting cash				
Depletion, amortization and accretion		647,705		81,667
Stock-based compensation		73,823		83,760
Warrant issuance		473,784		-
Future income tax recovery		-		12,746
		359,593		(305,167)
Changes in non-cash working capital items				
Accounts receivable		(438,490)		(99,768)
Prepaid expenses		(177,494)		(10,972)
Accounts payable and accrued liabilities		77,608		162,731
Income tax receivable		(41,000)		-
		(579,376)		51,991
Cash Used in Operating Activities		(219,783)		(253,176)
Investing Activity				
Expenditures on property and equipment		(1,442,078)		(3,178,978)
Cash Used in Investing Activity		(1,442,078)		(3,178,978)
Financing Activity				
Proceeds from issuance of common shares, net of share issue costs		362,142		3,200,350
Cash Provided by Financing Activity		362,142		3,200,350
Decrease in Cash and Cash Equivalents		(1,299,719)		(231,804)
Cash and Cash Equivalents, Beginning of Period		1,769,501		2,038,130
Cash and Cash Equivalents, End of Period	$	469,782	$	1,806,326
Supplemental Information				
Income taxes paid	$	-	$	-
Interest paid	$	-	$	-
Property and equipment expenditures included in accounts payable	$	1,852,020	$	450,000

1. NATURE OF OPERATIONS AND GOING CONCERN

Crown Point Ventures Ltd. (the “Company”) was incorporated under the laws of British Columbia on March 16, 1966. The Company is a public company that trades on the TSX Venture Exchange (“TSX”) and is engaged in the exploration for, and development and production of oil and gas in Canada and Latin America.

These financial statements have been prepared on a going concern basis, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company’s net loss for the three month period ended November 30, 2010 was $835,719 (November 30, 2009 - $483,340). As at November 30, 2010, the Company had an accumulated deficit $16,786,275 (August 31, 2010 - $15,950,556) and a working capital deficiency of $455,627 (August 31, 2010 - $186,069).

Effective September 1, 2010, the Company achieved commercial production in Argentina. Upon the attainment of commercial production the Company started to record proceeds from the sale of crude oil as revenues and related expenses as royalties and operating costs instead of charging them against property and equipment.

The ability of the Company to continue as an going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its oil and gas properties, is dependent on the Company’s ability to obtain the necessary financing. Management currently has significant cash on hand as a result of raising additional capital to finance operations and expected growth (Note 11).

These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation of the financial position, results of operations and cash flows have been included in these financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements including the notes thereto for the years ended August 31, 2010 and 2009.

The accounting policies followed by the Company are set out in note 2 to the audited consolidated financial statements for the years ended August 31, 2010 and 2009 and have been consistently followed in preparation of these unaudited interim consolidated financial statements, except for the change in accounting policy as discussed below.

Future Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

In 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed the convergence of Canadian GAAP with IFRS for publicly-listed companies to use IFRS, effective for the Company for interim and annual financial statements beginning on September 1, 2011. The change date will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended August 31, 2011. The Company has commenced the process to transition from current Canadian GAAP to IFRS. The transition process consists of diagnostic phase; impact analysis, evaluation and design phase; and implementation and review phase. Currently the Company has engaged a consultant to perform a diagnostic study on the differences.

Business Combinations

In January 2009, the CICA issued Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements” and Section 1602. “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for a non-controlling interest in a subsidiary.

Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as components of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these standards.

3. FINANCIAL RISK MANAGEMENT

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Financial instruments are classified as follows: cash and cash equivalents as held-for-trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable are from joint venture partners in the oil and gas industry and are subject to normal industry credit risks. As at November 30, 2010, the Company's receivables consisted of $731,548 from joint venture partners and $26,099 from government agencies.

Joint venture receivables are typically collected within one to three months of the joint venture bill being issued to the partner. The Company mitigates the risk from joint venture receivables by obtaining partner approval of capital expenditures prior to starting a project. However, the receivables are from participants in the petroleum and natural gas sector, and collection is dependent on typical industry factors such as commodity price fluctuations, escalating costs and risk of unsuccessful drilling.

The Company's other financial assets that are exposed to credit risk consist of cash and cash equivalents. This risk is minimized as cash is placed with well-capitalized major financial institutions.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as all amounts are held at a single major Canadian and Argentina financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	November 30, 2010	**August 31, 2010**
Canada		
Cash	$ 260,369	$ 1,468,734
Cash equivalents	147,689	147,323
	408,058	1,616,057
Argentina		
Cash	61,724	153,444
	$ 469,782	$ 1,769,501

Included in cash equivalents at November 30, 2010 are money market mutual funds that are cashable at any time. The credit risk is minimized substantially by ensuring that these financial assets are placed with a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency.

The Company has no investment in asset-backed securities.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient cash available to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

At November 30, 2010, the Company has cash and cash equivalents of $469,782 (August 31, 2010 - $1,769,501), and accounts payable and accrued liabilities of $2,163,984 (August 31, 2010 - $2,537,161), due within 30 days.

(c) Market Risk

Market risk consists of interest rate risk, foreign currency risk and other price risk. The Company is exposed to foreign currency risk and other price risk as follows:

Foreign currency risk

The Company is exposed to foreign exchange risk with respect to cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities as a portion of these amounts are denominated in Argentinean pesos. The Company has not entered into any foreign currency contracts to mitigate this risk.

The sensitivity analysis of the Company's exposure to foreign exchange risk at the reporting date has been determined based upon hypothetical changes taking place at November 30, 2010 and August 31, 2010, which includes a hypothetical change in the foreign currency exchange rate between the Canadian dollar and Argentinean peso of 8%. An 8% change in exchange rate would result in $16,410 (August 31, 2010 – $166,000) change in net loss and comprehensive loss.

	November 30, 2010	August 31, 2010
Held-for-trading (1)	$ 61,724	$ 153,444
Loans and receivables (2)	704,664	297,019
Other financial liabilities (3)	(1,994,086)	(2,388,208)
Total	$ (1,227,698)	$ (1,937,745)

(1) Includes cash and cash equivalents
(2) Includes accounts receivable
(3) Includes accounts payable and accrued liabilities

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to significant other price risk with respect to its cash equivalents. Assuming all other variables remain constant, a 1% decrease or increase in the market price of the Company's mutual funds would result in a $1,468 (August 31, 2010 - $1,467) decrease or increase, respectively, in the Company's comprehensive income or loss.

4. PROPERTY AND EQUIPMENT

At November 30, 2010 and August 31, 2010, the Company's oil and gas interests are comprised of properties located in Canada and Argentina. Expenditures incurred are as follows:

November 30, 2010	Cost	Accumulated Depletion, Amortization, and Impairment	Net
Oil and gas interests	$ 10,891,417	$ 1,902,900	$ 8,988,517
Wellhead equipment	677,387	268,247	409,140
Undeveloped oil and gas interests	4,808,211	-	4,808,211
Office equipment	132,276	35,278	96,998
	$ 16,509,291	$ 2,206,425	$ 14,302,866

August 31, 2010	Cost	Accumulated Depletion, Amortization, and Impairment	Net
Oil and gas interests	$ 10,159,580	$ 1,268,382	$ 8,891,198
Wellhead equipment	661,382	265,987	395,395
Undeveloped oil and gas interests	4,576,000	-	4,576,000
Office equipment	119,948	28,346	91,602
	$ 15,516,910	$ 1,562,715	$ 13,954,195

During the year ended August 31, 2010, the Company sold Canadian oil and gas properties for total proceeds of $707,560 resulting in a gain of $587,879.

During the year ended August 31, 2010, the Company performed a ceiling test on its property and equipment and an impairment charge of $180,876 was recorded. The impairment test is calculated using the data provided by the Company's independent engineering consultant for Canadian and Argentina properties using future prices for the years 2010 to 2014 as follows:

	2010	2011	2012	2013	2014
Crude oil $/bbl (Canada)	$81.72	$84.20	$87.89	$91.41	$97.84
Crude oil $/bbl (Argentina)	$50.31	$54.00	$58.00	$62.00	$65.28

Subsequent to 2014 prices are estimated to increase by approximately 2% per year.

5. ASSET RETIREMENT OBLIGATIONS

The Company's property closure and abandonment provision relates to the restoration and closure of its oil and gas property interests. This ARO has been recorded as a liability at fair value, assuming a credit-adjusted risk-free discount rate of 10% and an inflation factor of 2%. The amount of the liability is subject to re-measurement during each reporting period.

These obligations will be funded from operating cash flows and cash-on-hand. The following table summarizes the movements in the ARO activities for the period ended November 30, 2010 and August 31, 2010:

	November 30, 2010	August 31, 2010
Balance, beginning of period	$ 190,248	$ 44,293
Additions	-	160,396
Disposals	-	(16,381)
Accretion	5,083	1,940
Balance, end of period	$ 195,331	$ 190,248

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its oil and gas interests. In the management of capital, the Company includes the components of shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, option its oil and gas interests for cash and/or expenditures, or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary.

The Company's investment policy is to hold cash in interest-bearing bank accounts and highly liquid short-term interest-bearing investments with maturities of one year or less, which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements. The Company expects its current capital resources combined with the proposed financing will be sufficient to carry its exploration programs and operating costs well into 2011.

7. CAPITAL STOCK

(a) Authorized
Unlimited number of common shares without par value
Unlimited number of Class "A" preferred shares of $1 each par value

(b) Issued and Outstanding

Common Shares	**Number of Shares**		**Amount**		**Contributed Surplus**
Balance, August 31, 2009	18,690,459	$	20,608,432	$	987,789
Issued during the period					
For cash					
Exercise of warrants	5,187,500		3,112,498		-
Private placements	6,055,170		4,541,378		-
Exercise of options	420,000		121,600		-
Stock-based compensation	-		-		449,111
Share issue expenses	-		(371,573)		120,199
Transfer on exercise of stock options	-		80,936		(80,936)
Balance, August 31, 2010	30,353,129	$	28,093,271	$	1,476,163
Issued during the period					
For cash					
Exercise of warrants	213,560		213,560		-
Exercise of finders options	198,107		148,582		-
Stock-based compensation	-		-		547,607
Transfer on exercise of stock options	-		118,496		(118,496)
Balance, November 30, 2010	30,764,796	$	$28,573,90	$	1,905,274

During the period ended November 30, 2010 the Company issued 213,560 common shares pursuant to the exercise of share purchase warrants at a price of $1.00 per share for gross proceeds of $213,560.

During the period ended November 30, 2010 the Company issued 198,107 common shares pursuant to the exercise of finders options for gross proceeds of $198,107. Each share issued also contains one-half of one non-transferable share purchase warrant (each whole warrant a Series A Warrant, with each Series A Warrant entitling the holder to purchase one additional common share at a price of $1.00 for a period of 2 years. Finders warrants were valued at $227,785 estimated using the Black-Scholes option pricing model assuming a risk free interest rate of 1.72%, expected dividend yield of 0%, expected stock volatility of 141%, and an expected option life of 2 years.

During the year ended August 31, 2010 the Company issued 5,187,500 common shares pursuant to the exercise of share purchase warrants at a price of $0.60 per share for gross proceeds of $3,112,498.

During the year ended August 31, 2010 the Company issued 5,924,850 units ("Units") at a price of $0.75 per unit for gross proceeds of $4,443,638. The Company issued 130,320 units in consideration of finders fees and commissions. Each Unit consists of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant (each whole warrant a "Series A Warrant"), with each Series A Warrant entitling the holder to purchase one additional common share at a price of $1.00 for a period of 2 years from the date of closing of the Private Placement, provided that, in the event the closing price of the Company's shares as traded on the TSX Venture Exchange is $1.50 or greater for a period of 20 consecutive trading days, the Company may give notice of an earlier expiry of the Series A Warrants, in which case they would expire 30 calendar days from the giving of such notice; provided further that, in the event a subscriber exercises any Series A Warrants during the term thereof, the Company will issue to that subscriber that number of Series B Warrants equal to the number of Series A Warrants exercised, with each Series B Warrant entitling the holder to purchase one additional common share at a price of $1.50 for a period of 3 years from the date of closing of the private placement, provided further that, in the event the closing price of the Company's shares as traded on the TSX Venture Exchange is $2.00 or greater for a period of 20 consecutive trading days, the Company may give notice of an earlier expiry of the Series B Warrants, in which case they would expire 30 calendar days from the giving of such notice. The units are subject to regulations governing private placement distributions, and are being sold with a four-month plus one day restriction period, during which time the shares will be restricted from trading. Finder's fees of $114,135 and 203,707 finders options valued at $120,199 where each finders option entitles the holder to purchase one finders unit at a price of $0.75 per finders unit for a period of two years from the closing date. Each finders unit has the same terms as the Units noted above. The fair value of the finders option is estimated using the Black-Scholes option pricing model assuming a risk free interest rate of 1.43%, expected dividend yield of 0%, expected stock volatility of 119.57%, and an expected option life of two years. In addition, share issue costs of $39,500 were incurred as part of the private placement.

During the year ended August 31, 2010, the Company issued 100,000 common shares pursuant to the exercise of stock options at a price of $0.63 per common share and 290,000 common shares at a price of $0.14 per common share, and 30,000 common shares at a price of $0.60 per common share, for total proceeds of $121,600.

(c) Stock Options

The Company's stock option plan provides for the granting of options to directors, officers, employees and consultants. Under the terms of the option plan, options issued will not exceed 10% of the issued and outstanding shares from time to time. The option price under each option is not less than the discounted market price on the grant date. A total of 1,792,500 of the options granted are vested and the remainder generally vest in equal tranches on the first and second year anniversaries of the date of grant. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

(c) Stock Options (Continued)

Stock option activity is summarized as follows:

	November 30, 2010		**August 31, 2010**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable, September 1, 2010	2,440,00	$ 0.85	1,720,00	$ 0.55
Granted	-	$ 0.00	1,140,00	$ 1.12
Forfeited	-	$ 0.00	-	$ 0.00
Exercised	-	$ 0.00	(420,000)	$ 0.29
Balance outstanding, November 30, 2010	2,440,000	$ 0.85	2,440,000	$ 0.85
Balance exercisable, November 30, 2010	1,792.500	$ 0.72	1,792,500	$ 0.72

At November 30, 2010, the Company has 2,440,000 stock options outstanding with a weighted average remaining contractual life of 3 years.

Stock options outstanding are as follows:

Expiry Date	**Exercise Price**	**November 30 2010**	**August 31, 2010**
December 15, 2011	$ 0.70	100,000	100,000
March 6, 2012	$ 0.89	100,000	100,000
August 24, 2012	$ 0.63	400,000	400,000
July 9, 2013	$ 0.60	360,000	360,000
July 18, 2013	$ 0.60	190,000	190,000
May 19, 2014	$ 0.25	150,000	150,000
October 7, 2014	$ 0.70	150,000	150,000
February 23, 2015	$ 0.86	75,000	75,000
June 9, 2015	$ 1.22	865,000	865,000
June 24, 2015	$ 1.22	50,000	50,000
		2,440,000	2,440,000

7. CAPITAL STOCK (Continued)

(d) Finders Options

A summary of the finders options issued during the periods ended November 30, 2010 and August 31, 2010 is as follows:

	2010	
	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable, September 1, 2010	203,707	$ 0.75
Granted	-	$ 0.00
Exercised	(198,107)	$ 0.75
Balance outstanding and exercisable, November 30, 2010	5,600	$ 0.75

Finders options outstanding are as follows:

Expiry Date	**Exercise Price**	**November 30 2010**	**August 31, 2010**
May 5, 2012	$0.75	-	176,907
May 31, 2012	$0.75	5,600	26,200
		5,600	203,707

(e) Share Purchase Warrants

Share purchase warrants activity is summarized as follows:

	2010	**Weighted Average Exercise Price**
Balance outstanding, September 1, 2010	3,027,585	$ 1.00
Issued – Class A warrant*	99,054	$1.00
Issued – Class B warrant*	213,560	$1.50
Exercised – Class A warrant	(213,560)	$ 1.00
Balance outstanding, November 30, 2010	3,126,639	$ 1.03

* Upon exercise of a class A warrant, a class B warrant will be issued entitling the holder to acquire a common share of the Company at $1.50 until dates ranging from May 5, 2013 to June 11, 2013. The class B warrants granted during the three month period ended were valued at $245,998 estimated using the Black-Scholes option pricing model assuming a risk free interest rate of 1.72%, expected dividend yield of 0%, expected stock volatility of 109%, and an expected option life of 3 years.

7. CAPITAL STOCK (Continued)

Share purchase warrants outstanding are as follows:

Expiry Date	Exercise Price	November 30 2010	August 31, 2010
February 5, 2010	$ 0.60	-	-
May 5, 2012	$ 1.00	2,146,471	2,200,977
May 31, 2012	$1.00	732,608	792,608
June 11, 2012	$ 1.00	34,000	34,000
May 5, 2013	$1.50	143,000	0
May 31, 2013	$ 1.50	70,560	0
		3,126,639	3,027,585

(f) Stock-Based Compensation

During the period ended November 30, 2010 the Company granted no options to directors and officers of the Company. For the year ended August 31, 2010 1,140,000 options were granted to directors and officers of the Company at an average exercise price of $1.12 per share. During the period ended November 30, 2010, the Company recorded stock-based compensation expense on options vested during the period of $73,823. Stock-based compensation of $52,645 is for management fees and $21,179 is for consulting fees.

During the period ended November 30, 2009, the Company granted 150,000 options to an officer of the Company at an exercise price of $0.70 per share. The fair value of stock-based compensation in the amount $83,760 is for management fees.

The fair value of stock-based compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

	2010	2009
Risk-free interest rate	2.59%	2.65%
Expected dividend yield	0	0
Expected stock price volatility	101.88%	99.97%
Expected option life in years	5	5

8. RELATED PARTY TRANSACTIONS

(a) The Company paid or accrued $ Nil (2010 - $32,000) for management fees and $ Nil (2010 - $3,200) for office rent to a company controlled by the Company's chairman.

(b) The Company has entered into participation agreements with other parties that include a company controlled by the Company's chairman for the exploration and development of certain oil and gas prospects.

(c) The Company has farmed-in certain lands acquired by a company controlled by the Company's chairman to drill an oil and gas well.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of oil and gas properties. Geographic information is as follows:

		November 30, 2010		August 31, 2010
Assets				
Canada	$	672,180	$	1,869,673
Argentina		15,245,719		14,476,614
	$	15,917,899	$	16,346,287
Revenues				
Canada	$	41,737	$	137,882
Argentina		1,034,974		0
	$	1,076,711	$	137,882

10. COMMITMENT

As at November 30, 2010 the Company is committed to future payments for office space rental and a proportionate share of operating costs through 2012 as follows:

2010	$	4,432
2011		53,250
2012		35,598
Total	$	93,187

11. SUBSEQUENT EVENTS

(a) The Company closed equity financings and issued a total of 9,040,917 common shares of the Company pursuant to the offering and a concurrent non-brokered issuance of 34,000 common shares, at a price of $1.55 per common share for aggregate consideration of $14,013,422.

(b) The Company issued 394,994 common shares for gross consideration of $394,994 for the exercise of Series A Warrants. In addition 394,994 Series B Warrants were issued expiring on May 5, 2013. The common share units are fully described in note 7(b).

(c) The Company issued 7,500 common shares for gross consideration of $7,500 for the exercise of Series A Warrants. In addition 7,500 Series B Warrants were issued expiring on May 31, 2013. The common share units are fully described in note 7(b).

(d) The Company issued 185,000 common share for gross consideration of $43,500 pursuant to the exercise of common share stock options.

(e) The Company has closed a series of transactions and has acquired a 100% interest in the Cañadon Ramirez Exploitation Concession a 25.57 sq. km exploitation concession in the North San Jorge Basin in the Province of Chubut, Argentina. The consideration paid for this 100% operated interest totaled $939,170 US which comprised of $539,170 US cash and 259,065 common shares at a deemed value of $400,000 US priced at $1.55 The common shares issued pursuant to this private placement are subject to a hold period in Canada expiring on May 13, 2011. There is a possibility that an additional $125,000 in cash or share (using the same discount from the date of issue) may be issued if the Vendors are successful in re-acquiring some lands from the Province of Chubut, Argentina which were previously relinquished.

(f) The Company received gross proceeds of $280,000 from the sale of oil and gas properties in Canada.