



Financial Statements

For the period ending June 30, 2010

Q2
2010

Bankers
PETROLEUM LTD.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2010

BANKERS PETROLEUM LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited, expressed in thousands of US dollars)

	June 30 2010	December 31 2009
ASSETS		
Current assets		
Cash and cash equivalents (Note 11)	\$ 55,918	\$ 59,495
Short-term deposits	-	7,275
Restricted cash	1,500	1,500
Accounts receivable	18,347	23,358
Inventory	2,427	2,031
Deposits and prepaid expenses	6,296	5,899
	84,488	99,558
Note receivable (Note 3)	-	2,749
Deferred financing costs (Note 5e)	13,173	14,383
Property, plant and equipment (Note 4)	242,000	188,130
	\$ 339,661	\$ 304,820
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 20,432	\$ 19,505
Current portion of long-term debt (Note 5)	4,639	4,639
	25,071	24,144
Long-term debt (Note 5)	22,691	23,446
Asset retirement obligations (Note 6)	4,751	3,856
Future income tax liability (Note 7)	55,245	39,414
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	213,251	206,058
Warrants (Note 8)	1,623	1,739
Contributed surplus (Note 8)	24,514	16,812
Deficit	(7,485)	(10,649)
	231,903	213,960
	\$ 339,661	\$ 304,820
Commitments (Note 10)		
Subsequent event (Note 8)		

See accompanying notes to consolidated financial statements.

BANKERS PETROLEUM LTD.
CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT, COMPREHENSIVE INCOME
(LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME

(Unaudited, expressed in thousands of US dollars)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Deficit				
Balance, beginning of period	\$ (10,179)	\$ (12,991)	\$ (10,649)	\$ (10,499)
Net income (loss) for the period	2,694	(1,679)	3,164	(4,171)
Balance, end of period	\$ (7,485)	\$ (14,670)	\$ (7,485)	\$ (14,670)
Comprehensive income (loss)				
Net income (loss) for the period	\$ 2,694	\$ (1,679)	\$ 3,164	\$ (4,171)
Unrealized gain on investments	-	5	-	5
Comprehensive income (loss)	\$ 2,694	\$ (1,674)	\$ 3,164	\$ (4,166)
Accumulated other comprehensive income				
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Unrealized gain on investments	-	5	-	5
Balance, end of period	\$ -	\$ 5	\$ -	\$ 5

See accompanying notes to consolidated financial statements.

BANKERS PETROLEUM LTD.
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, expressed in thousands of US dollars, except per share amounts)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Revenue				
Oil revenue	\$ 42,147	\$ 20,107	\$ 77,296	\$ 33,159
Royalties	(8,367)	(5,389)	(15,557)	(8,875)
Interest	14	224	163	481
	33,794	14,942	61,902	24,765
Expenses				
Operating	8,892	5,748	16,817	11,260
Sales and transportation	4,535	2,003	8,930	3,429
General and administrative	1,789	2,079	3,715	3,283
Interest and bank charges	293	291	604	598
Interest on long-term debt	330	177	709	347
Foreign exchange (gain) loss	132	(1,285)	(1,372)	(1,032)
Stock-based compensation (Note 8)	1,416	1,598	5,214	2,160
Amortization of deferred financing costs (Note 5)	699	436	1,382	436
Depletion, depreciation and accretion	5,853	3,872	10,828	7,882
	23,939	14,919	46,827	28,363
Income (loss) before income tax	9,855	23	15,075	(3,598)
Future income tax expense (Note 7)	(7,161)	(1,702)	(11,911)	(573)
Net income (loss) for the period	2,694	(1,679)	3,164	(4,171)
Basic earnings (loss) per share	\$ 0.012	\$ (0.009)	\$ 0.014	\$ (0.022)
Diluted earnings (loss) per share	\$ 0.011	\$ (0.009)	\$ 0.013	\$ (0.022)

See accompanying notes to consolidated financial statements.

BANKERS PETROLEUM LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited, expressed in thousands of US dollars)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	\$ 2,694	\$ (1,679)	\$ 3,164	\$ (4,171)
Items not involving cash:				
Depletion, depreciation and accretion	5,853	3,872	10,828	7,882
Amortization of deferred financing costs	699	436	1,382	436
Future income tax expense	7,161	1,702	11,911	573
Stock-based compensation	1,416	1,598	5,214	2,160
Unrealized foreign exchange loss	969	69	112	383
	18,792	5,998	32,611	7,263
Change in non-cash working capital (Note 11)	(960)	(10,352)	(2,113)	(12,601)
	17,832	(4,354)	30,498	(5,338)
Investing activities				
Additions to property, plant and equipment	(29,262)	(6,126)	(55,962)	(8,961)
Change in non-cash working capital (Note 11)	2,093	(4,105)	7,115	(4,896)
	(27,169)	(10,231)	(48,847)	(13,857)
Financing activities				
Issue of shares for cash	1,386	38,481	5,802	38,523
Share issue costs	(158)	(2,220)	(158)	(2,220)
Note receivable	2,749	1,335	2,749	1,335
Short-term deposits	9,075	(5,000)	7,275	(4,000)
Financing costs	(20)	(1,546)	(172)	(1,546)
Increase (decrease) in long-term debt	912	5,703	(755)	4,526
Change in non-cash working capital (Note 11)	143	-	143	-
	14,087	36,753	14,884	36,618
Foreign exchange loss on cash and cash equivalents	(969)	(69)	(112)	(383)
Increase (decrease) in cash and cash equivalents	3,781	22,099	(3,577)	17,040
Cash and cash equivalents, beginning of period	52,137	10,548	59,495	15,607
Cash and cash equivalents, end of period (Note 11)	\$ 55,918	\$ 32,647	\$ 55,918	\$ 32,647

See accompanying notes to consolidated financial statements.



Notes to the Financial Statements

For the period ending June 30, 2010

Q2

2010

Bankers
PETROLEUM LTD.

1. BASIS OF PRESENTATION

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Certain information and note disclosures normally included in financial statements prepared in accordance with Canadian GAAP have been condensed or omitted. These interim consolidated financial statements should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2009. In the opinion of the Company, these unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented. The preparation of interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the 2009 annual financial statements.

The unaudited consolidated financial statements include the accounts of the Company and its wholly-owned operating subsidiaries - Bankers Petroleum Albania Ltd. (BPAL), Bankers Petroleum International Ltd. and Sherwood International Petroleum Ltd.

Unless where otherwise noted, the unaudited interim consolidated financial statements are presented in thousands of United States (US) dollars.

2. FUTURE ACCOUNTING CHANGES

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA Handbook Section 1582 “Business Combinations” is effective for business combinations with an acquisition date after January 1, 2011. This standard was amended to require additional use of fair value measurements, recognition of additional assets and liabilities, and increased disclosure. Adopting the standard is expected to have a material effect on the way the Company accounts for future business combinations. Entities adopting Section 1582 will also be required to adopt CICA Handbook Sections 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests”. These standards will require non-controlling interests to be presented as part of Shareholders’ Equity on the balance sheet. In addition, the income statement of the controlling parent will include 100 percent of the subsidiary’s results and present the allocation between the controlling and non-controlling interests. These standards will be effective January 1, 2011, with early adoption permitted.

3. NOTE RECEIVABLE

The note receivable of nil (December 31, 2009 - \$2.7 million) represents the residual amount due from BNK Petroleum Inc. (BKX). BKX is considered a related party as BKX and the Company have common directors. The above transaction is considered to be in the normal course of business and has been measured at the exchange amount being the amounts agreed to by both the parties. The full amount outstanding at December 31, 2009 was received during the three months ended June 30, 2010.

4. PROPERTY, PLANT AND EQUIPMENT

The following table summarizes the Company's property, plant and equipment as at June 30, 2010 and December 31, 2009:

		June 30, 2010		
<i>(\$000s)</i>	Cost		Accumulated Depletion and Depreciation	Net Book Value
Oil properties	\$ 293,083	\$	53,611	\$ 239,472
Equipment, furniture and fixtures	4,488		1,960	2,528
	<u>\$ 297,571</u>	<u>\$</u>	<u>55,571</u>	<u>\$ 242,000</u>

		December 31, 2009		
<i>(\$000s)</i>	Cost		Accumulated Depletion and Depreciation	Net Book Value
Oil properties	\$ 229,230	\$	43,217	\$ 186,013
Equipment, furniture and fixtures	3,830		1,713	2,117
	<u>\$ 233,060</u>	<u>\$</u>	<u>44,930</u>	<u>\$ 188,130</u>

The depletion expense calculation for the three months ended June 30, 2010, included \$330.5 million (three months ended June 30, 2009 – \$291.0 million) for estimated future development costs associated with proved reserves in Albania.

The depletion expense calculation for the three months ended June 30, 2010 excluded nil (2009 – \$4.0 million) relating to unproved properties in Albania

The Company capitalized general and administrative expenses and stock-based compensation of \$1.8 million and \$5.6 million during the three and six months periods ended June 30, 2010, respectively (\$0.7 million and \$1.2 million for the corresponding periods in 2009) that were directly related to exploration and development activities in Albania.

5. LONG-TERM DEBT

The Company has credit facilities with three international banks, including Raiffeisen Bank, the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), as summarized below:

(\$000s)	Facility Amount	Outstanding Amount	
		June 30, 2010	December 31, 2009
<i><u>Raiffeisen Bank</u></i>			
Operating loan (a)	\$ 20,000	\$ 18,922	\$ 17,358
Term loan – 2006 (b)	5,000	5,000	6,875
Term loan – 2009 (c)	3,408	3,408	3,852
<i><u>EBRD and IFC*</u></i>			
Environmental term loan (d)	10,000	-	-
Revolving loan – Tranche 1 (e)	50,000	-	-
Revolving loan – Tranche 2 (e)	50,000	-	-
	\$ 138,408	\$ 27,330	\$ 28,085

* all facilities are equally funded

These facilities are secured by all of the assets of BPAL, assignment of proceeds from the Albanian domestic and export crude oil sales contracts, a pledge of the common shares of BPAL and a guarantee by the Company. The credit facilities are subject to certain covenants requiring the maintenance of certain financial ratios, all of which were met as at June 30, 2010.

(a) Operating Loan

The operating loan is a revolving facility, has no scheduled repayments until its maturity in March 2012 and bears interest at a rate relative to the bank's refinancing rate plus 3.5%.

(b) Term Loan – 2006

This term loan bears interest at the bank's financing rate plus 4.5% and is repayable in equal monthly instalments of \$0.3 million ending on October 31, 2011. As at June 30, 2010, the entire term loan was utilized. Of the amount outstanding, \$3.8 million is classified as current and \$1.2 million as long-term. Principal repayments of the term loan over the next two years are:

(\$000s)	
2010	\$ 1,875
2011	3,125
	\$ 5,000

5. LONG-TERM DEBT (cont'd)

(c) Term Loan - 2009

This term loan bears interest at the bank's refinancing rate plus 4.65% and is repayable in equal monthly instalments of \$74,100 ending on April 30, 2014. As at June 30, 2010, the entire facility was utilized. Of the amount outstanding, \$0.9 million is classified as current and \$2.5 million as long-term. Principal repayments of the term loan over the next five years are:

<i>(\$000s)</i>	
2010	\$ 445
2011	889
2012	889
2013	889
2014	296
	<hr/>
	\$ 3,408

(d) Environmental Term Loan

The \$10.0 million term loan, funded equally by IFC and EBRD, is available for environmental and social programs pertinent to the Company's activities in Albania. The interest rate is based on LIBOR plus 4.5%. A standby fee of 0.5% is charged on the unutilized portion. At June 30, 2010, none of the facility was drawn. Principal repayments commence in April 2013 in bi-annual instalments of \$0.5 million with maturity on October 15, 2017.

(e) Revolving loans

The revolving loans, funded equally by EBRD and IFC, consist of two \$50.0 million tranches, of which Tranche I is currently available to the Company. Tranche II becomes available subject to mutual agreement among the Company, IFC and EBRD, when production exceeds 10,000 barrels of oil per day and the Brent oil price exceeds \$62 per barrel for twenty consecutive trading days. The interest rate is based on LIBOR plus 4.5%. A standby fee of 2.0% is charged on the unutilized Tranche I portion and Tranche II portion, when it becomes available. At June 30, 2010, none of the facility was drawn. For each of Tranche I and Tranche II, the amounts decline to \$16.5 million on October 15, 2013, \$8.3 million on October 14, 2014 with final repayment due on October 15, 2015. Deferred financing costs of \$13.2 million (December 31, 2009 - \$14.4 million) represent setup costs of \$16.4 million (December 31, 2009 - \$16.2 million) pertaining to these facilities, including the value attributed to the share purchase warrants (Note 8(b)) and are amortized over the life of the revolving facilities. As of June 30, 2010, \$3.2 million (December 31, 2009 - \$1.8 million) has been amortized. For the three and six months ended June 30, 2010, \$0.7 million and \$1.4 million, respectively (2009 - \$0.4 million and \$0.4 million, respectively) have been amortized and charged to earnings.

6. ASSET RETIREMENT OBLIGATIONS

In Albania, the Company estimated the total undiscounted amount required to settle the asset retirement obligations at June 30, 2010 at \$27.7 million (December 31, 2009 – \$24.7 million). These obligations will be settled at the end of the Company's 25-year license of which 21 years are remaining. The liability has been discounted using a credit-adjusted risk-free interest rate of 10% (December 31, 2009 – 10%) and an inflation rate of 2.0% (December 31, 2009 – 2.5%) to arrive at asset retirement obligations of \$4.8 million as at June 30, 2010.

<i>(\$000s)</i>	
Asset retirement obligations, December 31, 2009	\$ 3,856
Incurred	803
Revisions	(96)
Accretion	188
Asset retirement obligations, June 30, 2010	<u>\$ 4,751</u>

7. INCOME TAXES

Future income tax expense relates to the Albanian operations and results from the following:

<i>(\$000s)</i>	June 30, 2010		December 31, 2009	
Net book value of property, plant and equipment, net of asset retirement obligations	\$	233,175	\$	180,280
Cost recovery pool		<u>122,685</u>		101,452
Timing difference	\$	110,490	\$	78,828
Future income tax liability at 50%	\$	55,245	\$	39,414

The cost recovery pool represents deductions for income tax in Albania.

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Income (loss) before income taxes	\$ 9,855	\$ 23	\$ 15,075	\$ (3,598)
Statutory tax rate	28.00%	29.00%	28.00%	29.00%
	2,759	7	4,221	(1,043)
Difference in tax rates between Albania and Canada	2,744	402	4,486	(157)
Non-deductible expenses	396	463	1,460	626
Valuation allowance and other	1,262	830	1,744	1,147
Future income tax expense	<u>\$ 7,161</u>	<u>\$ 1,702</u>	<u>\$ 11,911</u>	<u>\$ 573</u>

8. SHAREHOLDERS' EQUITY

(a) Share Capital

Authorized

Unlimited number of common shares with no par value.

Issued

	Number of Common Shares	Amount (\$000s)
Balance, December 31, 2008	182,540,179	\$ 121,907
Prospectus issue	25,143,800	38,349
Warrants exercised	19,144,502	43,731
Stock options exercised	1,443,684	4,291
Share issue costs	-	(2,220)
Balance, December 31, 2009	228,272,165	206,058
Warrants exercised	1,043,934	2,750
Stock options exercised	1,525,220	4,601
Share issue costs	-	(158)
Balance, June 30, 2010	230,841,319	\$ 213,251

On July 15, 2010, the Company completed a prospectus offering with a syndicate of underwriters and issued an aggregate of 12,903,228 common shares at a price of CAD\$7.75 per common share on a bought deal basis, resulting in gross proceeds of CAD\$100.0 million. Commissions and share issue expenses were approximately CAD\$4.2 million, of which \$158,000 were recorded as of June 30, 2010. The Company has now been advised by the underwriters that the over-allotment option to purchase, on the same terms, up to an additional 1,935,484 common shares, will not be exercised and has been forfeited.

The following table summarizes the calculation of basic and diluted weighted average number of common shares:

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Weighted-average number of common shares outstanding – basic	230,638,352	197,071,732	230,268,032	189,861,018
Dilution effect of stock options	8,405,944	-	8,089,848	-
Dilution effect of warrants	3,554,006	-	3,469,739	-
Weighted-average number of common shares outstanding – diluted	242,598,302	197,071,732	241,827,619	189,861,018

In computing diluted earnings per share for the three and six months periods ended June 30, 2010, 480,000 options and no warrants were excluded as the effect would be anti-dilutive. Due to the net loss for the three and six months periods ended June 30, 2009, the effect of all options and warrants was anti-dilutive.

8. SHAREHOLDERS' EQUITY (cont'd)

(b) Warrants

A summary of the changes in warrants is presented below:

	Number of Warrants	Amount (\$000s)
Balance, December 31, 2008	9,713,375	\$ 2,088
Issued	16,000,000	14,136
Transferred to share capital on exercise	(19,144,502)	(14,485)
Forfeited	(428,540)	-
Balance, December 31, 2009	6,140,333	1,739
Transferred to share capital on exercise	(1,043,934)	(116)
Balance, June 30, 2010	5,096,399	\$ 1,623

The following table summarizes the outstanding and exercisable warrants at June 30, 2010:

Expiry Date	Number of Warrants Outstanding and Exercisable	Weighted Average Exercise Price (CAD\$)
November 15, 2010	233,333	2.63
March 1, 2012	4,863,066	2.37
	5,096,399	2.38

(c) Stock Options

The Company has established a "rolling" Stock Option Plan. The number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued and outstanding shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant.

Options issued vest one-third immediately, one-third after one year following the date of the grant, and one-third two years following the grant date. As of June 30, 2010, the weighted average remaining contractual life for the stock options was 3.37 years (December 31, 2009 – 3.37 years).

A summary of the changes in stock options is presented below:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance, December 31, 2009	12,830,002	2.39
Granted	3,430,000	6.66
Exercised	(1,525,220)	2.15
Forfeited	(63,168)	4.70
Balance, June 30, 2010	14,671,614	3.40

8. SHAREHOLDERS' EQUITY (cont'd)

(d) Stock-based Compensation

Using the fair value method for stock-based compensation, the Company calculated stock-based compensation expense for the three and six months periods ended June 30, 2010 as \$2.4 million and \$9.1 million, respectively (\$2.3 million and \$3.0 million for the same periods in 2009) for the stock options vested and/or granted to officers, directors, employees and service providers. Of these amounts, \$1.4 million and \$5.2 million (\$1.6 million and \$2.2 million for the same periods in 2009) were charged to earnings and \$1.0 million and \$3.9 million (\$0.7 million and \$0.9 million for the same periods in 2009) were capitalized. The Company determined these amounts using the Black-Scholes option pricing model assuming no dividends were paid. The weighted average fair market value per option granted in the three and six months periods ended June 30, 2010 and 2009 and the assumptions used in their determination were as follows:

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Weighted average fair value per option (CAD\$)	-	1.55	4.12	1.55
Risk-free interest rate (%)	-	2.51	2.74	2.33
Average volatility (%)	-	126	75	125
Expected life (years)	-	5	5	5

(e) Contributed Surplus

The following table summarizes the changes in contributed surplus as of June 30, 2010 and December 31, 2009:

<i>(\$000s)</i>	
Balance, December 31, 2008	\$ 11,862
Stock-based compensation	6,560
Transferred to share capital on exercise	(1,610)
Balance, December 31, 2009	16,812
Stock-based compensation	9,135
Transferred to share capital on exercise	(1,433)
Balance, June 30, 2010	\$ 24,514

9. SEGMENTED INFORMATION

The Company defined its reportable segments based on geographic locations.

Six months ended June 30, 2010 (\$000s)	Albania	Canada	Total
Revenue			
Oil revenue	\$ 77,296	\$ -	\$ 77,296
Royalties	(15,557)	-	(15,557)
Interest	3	160	163
	<u>61,742</u>	<u>160</u>	<u>61,902</u>
Expenses			
Operating	16,817	-	16,817
Sales and transportation	8,930	-	8,930
General and administrative	1,775	1,940	3,715
Interest and bank charges	604	-	604
Interest on long-term debt	709	-	709
Foreign exchange gain	(1,032)	(340)	(1,372)
Stock-based compensation	1,421	3,793	5,214
Amortization of deferred financing costs	1,382	-	1,382
Depletion, depreciation and accretion	10,745	83	10,828
	<u>41,351</u>	<u>5,476</u>	<u>46,827</u>
Income (loss) before income taxes	20,391	(5,316)	15,075
Future income tax expense	(11,911)	-	(11,911)
Net income (loss) for the period	<u>\$ 8,480</u>	<u>\$ (5,316)</u>	<u>\$ 3,164</u>
Assets, June 30, 2010	<u>\$ 283,378</u>	<u>\$ 56,283</u>	<u>\$ 339,661</u>
Additions to property, plant and equipment	<u>\$ 55,848</u>	<u>\$ 114</u>	<u>\$ 55,962</u>

9. SEGMENTED INFORMATION (cont'd)

Six months ended June 30, 2009 (\$000s)	Albania		Canada		Total
Revenue					
Oil revenue	\$	33,159	\$	-	\$ 33,159
Royalties		(8,875)		-	(8,875)
Interest		1		480	481
		<u>24,285</u>		<u>480</u>	<u>24,765</u>
Expenses					
Operating		11,260		-	11,260
Sales and transportation		3,429		-	3,429
General and administrative		1,568		1,715	3,283
Interest and bank charges		598		-	598
Interest on long-term debt		347		-	347
Foreign exchange gain		(163)		(869)	(1,032)
Stock-based compensation		175		1,985	2,160
Amortization of deferred financing costs		436		-	436
Depletion, depreciation and accretion		7,820		62	7,882
		<u>25,470</u>		<u>2,893</u>	<u>28,363</u>
Loss before income taxes		(1,185)		(2,413)	(3,598)
Future income tax expense		(573)		-	(573)
Net loss for the period	\$	<u>(1,758)</u>	\$	<u>(2,413)</u>	\$ <u>(4,171)</u>
Assets, June 30, 2009					
Assets, June 30, 2009	\$	<u>188,843</u>	\$	<u>68,846</u>	\$ <u>257,689</u>
Additions to property, plant and equipment	\$	<u>8,911</u>	\$	<u>50</u>	\$ <u>8,961</u>

9. SEGMENTED INFORMATION (cont'd)

Three months ended June 30, 2010 (\$000s)	Albania	Canada	Total
Revenue			
Oil revenue	\$ 42,147	\$ -	\$ 42,147
Royalties	(8,367)	-	(8,367)
Interest	-	14	14
	<u>33,780</u>	<u>14</u>	<u>33,794</u>
Expenses			
Operating	8,892	-	8,892
Sales and transportation	4,535	-	4,535
General and administrative	760	1,029	1,789
Interest and bank charges	293	-	293
Interest on long-term debt	330	-	330
Foreign exchange (gain) loss	(440)	572	132
Stock-based compensation	423	993	1,416
Amortization of deferred financing costs	699	-	699
Depletion, depreciation and accretion	5,812	41	5,853
	<u>21,304</u>	<u>2,635</u>	<u>23,939</u>
Income (loss) before income taxes	12,476	(2,621)	9,855
Future income tax expense	(7,161)	-	(7,161)
Net income (loss) for the period	<u>\$ 5,315</u>	<u>\$ (2,621)</u>	<u>\$ 2,694</u>
Additions to property, plant and equipment	<u>\$ 29,229</u>	<u>\$ 33</u>	<u>\$ 29,262</u>

9. SEGMENTED INFORMATION (cont'd)

Three months ended June 30, 2009 (\$000s)	Albania	Canada	Total
Revenue			
Oil revenue	\$ 20,107	\$ -	\$ 20,107
Royalties	(5,389)	-	(5,389)
Interest	-	224	224
	<u>14,718</u>	<u>224</u>	<u>14,942</u>
Expenses			
Operating	5,748	-	5,748
Sales and transportation	2,003	-	2,003
General and administrative	1,002	1,077	2,079
Interest and bank charges	291	-	291
Interest on long-term debt	177	-	177
Foreign exchange gain	(385)	(900)	(1,285)
Stock-based compensation	128	1,470	1,598
Amortization of deferred financing costs	436	-	436
Depletion, depreciation and accretion	3,838	34	3,872
	<u>13,238</u>	<u>1,681</u>	<u>14,919</u>
Income (loss) before income taxes	1,480	(1,457)	23
Future income tax expense	(1,702)	-	(1,702)
Net income (loss) for the period	<u>\$ (222)</u>	<u>\$ (1,457)</u>	<u>\$ (1,679)</u>
 Additions to property, plant and equipment	 <u>\$ 6,083</u>	 <u>\$ 43</u>	 <u>\$ 6,126</u>

10. COMMITMENTS

The Company leases office premises, requiring minimum lease payments of:

(\$000s)	Albania	Canada	Total
2010	\$ 204	\$ 113	\$ 317
2011	191	227	418
2012	50	9	59
	<u>\$ 445</u>	<u>\$ 349</u>	<u>\$ 794</u>

The Company has debt repayment commitments as disclosed in Note 5.

11. SUPPLEMENTAL CASH FLOW INFORMATION

(\$000s)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Operating activities				
(Increase) decrease in current assets				
Accounts receivable	\$ 6,948	\$ (3,296)	\$ 5,011	\$ (5,552)
Inventory	340	314	(396)	(34)
Deposit and prepaid expenses	620	219	(397)	(30)
Decrease in current liabilities				
Accounts payable and accrued liabilities	(8,868)	(7,589)	(6,331)	(6,985)
	<u>\$ (960)</u>	<u>\$ (10,352)</u>	<u>\$ (2,113)</u>	<u>\$ (12,601)</u>
Investing activities				
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	\$ 2,093	\$ (4,105)	\$ 7,115	\$ (4,896)
Financing activities				
Increase in current liabilities				
Accounts payable and accrued liabilities	\$ 143	\$ -	\$ 143	\$ -
Interest paid	\$ 937	\$ 468	\$ 1,102	\$ 945
Interest received	\$ 177	\$ 712	\$ 231	\$ 778
(\$000s)	June 30, 2010		December 31, 2009	
Cash and cash equivalents				
Cash	\$ 491	\$ 3,895		
Fixed income investments	55,427	55,600		
	<u>\$ 55,918</u>	<u>\$ 59,495</u>		