INVICTA OIL & GAS LTD.
(Formerly eVenture Capital Corp.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended December 31, 2007 and 2006

(unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INVICTA OIL & GAS LTD.
(Formerly eVenture Capital Corp.)

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In Canadian $)		**December 31, 2007**		September 30, 2007
ASSETS				
Current				
Cash and cash equivalents	**$**	**34,710,350**	$	657,446
Amounts receivable		**19,977**		-
GST recoverable		**25,820**		28,260
Notes receivable		**-**		155,189
Prepaid expenses and other term deposits		**85,616**		3,486
Refundable deposits on petroleum prospecting licenses		**218,510**		-
		35,060,273		844,381
Deferred acquisition costs		**-**		1,623,395
Deferred financing costs		**-**		4,093
Equipment (Note 7)		**87,233**		4,581
Exploration advances (Note 8)		**129,096**		64,133
Oil and gas property (Note 8)		**25,513,422**		3,160,699
	$	**60,790,024**	$	5,701,282
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 11)	**$**	**4,479,827**	$	233,818
Current portion of capital lease obligations (Note 10)		**11,488**		-
Loan payable (Note 12)		**39,792**		39,792
		4,531,107		273,610
Long Term				
Long term portion of capital lease obligations (Note 10)	**$**	**8,580**	$	-
Future income taxes (Note 6)		**1,642,588**		-
Non-controlling interest		**2,490,616**		-
		4,141,784		-
SHAREHOLDERS' EQUITY				
Share capital (Note 9)	**$**	**53,255,303**	$	7,493,370
Share subscriptions received (Notes 6 and 9)		**2,222,325**		57,119
Warrants (Note 9)		**419,859**		1,301,120
Contributed surplus (Note 9)		**6,113,331**		1,997,788
Deficit		**(9,893,685)**		(5,421,725)
		52,117,133		5,427,672
	$	**60,790,024**	$	5,701,282

Going Concern (Note 2)
Subsequent Events (Note 16)

Approved on Behalf of the Board of Directors:

"Paul Larkin"	"David Cohen"
Director	Director

The accompanying notes are an integral part of these interim financial statements.

INVICTA OIL & GAS LTD.
(Formerly eVenture Capital Corp.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

	For the Three Months Ended December 31	
(In Canadian $)	**2007**	2006
Expenses		
Depreciation	**$ 2,400**	$ –
Bank charges	**1,167**	394
Foreign exchange loss	**553**	–
General and administration	**124,773**	3,261
Interest	**18,914**	–
Operations and explorations	**9,088**	–
Professional fees (Note 11)	**327,497**	67,743
Stock based compensation	**3,914,000**	99,750
Travel and business development	**112,526**	1,576
	(4,510,918)	(172,724)
Interest and miscellaneous income	**38,958**	10,340
Loss from continuing operations (note 5)	**(4,471,960)**	(162,384)
Discontinued operations (note 5)	**–**	3,810
Loss on disposal of discontinued operations	**–**	(5,122)
Net loss for the period	**(4,471,960)**	(163,696)
Deficit, beginning of period	**(5,421,725)**	(460,217)
Deficit, end of period	**(9,893,685)**	$ (623,913)
Basic and diluted loss per share from continuing operations	**(0.05)**	(0.02)
Basic and diluted loss per share	**(0.05)**	$ (0.02)
Weighted average number of shares outstanding	**90,086,903**	9,736,866

The accompanying notes are an integral part of these interim financial statements.

INVICTA OIL & GAS LTD.
(Formerly eVenture Capital Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In Canadian $)	For the Three Months Ended December 31 **2007**	2006
Cash flows from (used by) operating activities		
Loss from continuing operations	**$ (4,471,960)**	$ (162,384)
Items not affecting cash:		
Depreciation	**2,400**	-
Stock based compensation	**3,914,000**	99,750
Change in non-cash working capital items related to operating activities	**(346,747)**	215,783
	(902,307)	153,149
Cash flows from (used by) investing activities		
Purchase of subsidiary	**(14,863,893)**	-
Deferred acquisition costs	**1,623,395**	-
Exploration advances	**(64,963)**	-
Oil and gas properties	**(99,752)**	(2,590,342)
Change in non-cash working capital items related to investing activities	**2,051,211**	-
Cash acquired on acquisition of subsidiary	**1,281,121**	-
	(10,072,881)	(2,590,342)
Cash flows from (used by) financing activities		
Share capital issued, net of share issue cost	**43,165,909**	3,252,671
Subscription receipts	**(57,119)**	1,740,000
Shares issued on warrants and options exercised	**1,916,307**	-
Deferred financing fees	**4,093**	-
Loans Payable – Vehicle financing	**(1,098)**	-
	45,028,092	4,992,671
Net increase in cash and cash equivalents	**34,052,904**	2,555,478
Cash and cash equivalents, beginning of period	**657,446**	36,101
Cash and cash equivalents, end of period	**34,710,350**	2,591,579
Cash paid for income taxes	–	–
Cash paid for interest	231	–

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these interim financial statements.

1. NATURE OF OPERATIONS

Invicta Oil & Gas Inc. (the "Company") was incorporated on February 24, 2000 in the Province of British Columbia.

In November 2006 the Company disposed of its interest in its subsidiary, Pro Net Communications Inc. ("Pro Net") and acquired a 15% interest in certain oil and gas leases as described in notes 5 and 8. Accordingly, the assets and liabilities, and the results of operations of Pro Net have been segregated and presented separately as discontinued operations in the financial statements.

On November 27, 2007, the Company completed the acquisition of 90% of the shares of Cheetah Oil & Gas Limited (British Columbia) ("Cheetah BC").. Cheetah BC indirectly holds interests in approximately 8.4 million acres of land for oil and natural gas exploration in Papua New Guinea (the "PNG Lands").

2. GOING CONCERN

These unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. These principles assume that the Company will be able to realize its assets and discharge its obligations in the normal course of operations for the foreseeable future.

As at December 31, 2007, the Company had net working capital of $30,529,166 and incurred a net loss of $4,471,960 for the three months then ended. The Company is in the pre-production stage and has generated no revenues to date. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain the necessary financing to do so.

During the three months ended December 31, 2007, the Company completed its non-brokered private placement for net proceeds of $43,284,157, of which approximately $14,863,000 has been used to fund the Company's acquisition of Cheetah BC.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying values of assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the consolidated financial statements.

3. BASIS OF PRESENTATION

The unaudited consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those disclosed in the most recent audited annual financial statements. These unaudited consolidated interim financial statements do not include all the information and note disclosures required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the September 30, 2007 audited annual consolidated financial statements and the notes below.

3. BASIS OF PRESENTATION (Continued)

Except for the changes in accounting policies described in Note 4, these unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements for the year ended September 30, 2007. These interim consolidated financial statements should be read in conjunction with the Company's September 30, 2007 audited annual consolidated financial statements.

As a precise determination of many assets and liabilities is dependent upon future events, the preparation of unaudited consolidated interim financial statements for a period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may differ from these estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These unaudited consolidated interim financial statements presented are those of Invicta Oil and Gas Ltd. ("Invicta") and the consolidated financial statements of its 90% owned subsidiary Cheetah Oil and Gas Limited ("Cheetah BC"). The consolidated interim financial statements include Cheetah BC's wholly-owned subsidiaries Cheetah Oil and Gas Limited ("Cheetah PNG) and Scotia Petroleum Limited ("Scotia PNG") and 98.65% owned Scotia Petroleum Inc. ("Scotia BC"). All intercompany transactions have been eliminated on consolidation. For the comparative year, the wholly-owned subsidiary Pro Net Communications Inc. was also included prior to sale.

b) Foreign currency translation

All of the Company's operations are considered financially and operationally integrated. The Canadian dollar is the Company's functional currency. As a result, monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date and non-monetary assets and liabilities are translated at rates in effect when the assets were acquired or liabilities incurred. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Foreign exchange gains and losses are recorded in the statement of operations.

c) New accounting pronouncements

Effective October 1, 2007, the Company has adopted the new accounting standards related to capital disclosures that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2007. This accounting policy change is adopted on a prospective basis with no restatement of prior period financial statements. The new standard and accounting policy changes are as follows:

(i) Capital Disclosures (CICA Handbook Section 1535)
The CICA issued a new accounting standard, Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital.

(in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Financial Instruments – Disclosures (CICA Handbook Section 3862)

The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks.

(iii) Financial Instruments – Presentation (CICA Handbook Section 3863)

The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

d) Cash and Equivalents

Cash and equivalents consist of cash and short term deposits which, on acquisition, have a maturity of less than ninety days. The Company did not have cash equivalents as of December 31, 2007 and September 30, 2007.

e) Loss Per Share

The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from in-the-money stock options are used to repurchase common shares at the average market rate during the year. Basic loss per share figures had been calculated using the weighted monthly average number of shares outstanding during the respective years. Diluted loss per share figures are equal to those of basic loss per share for each period as the effects of stock options have been excluded since they are anti-dilutive.

f) Equipment

Depreciation is based on the estimated useful lives of the assets and is computed using the declining balance method. Equipment is recorded at cost. Depreciation is provided using the following rates:

Office furniture and equipment	15%
Vehicles	30%
Computer equipment and software	15% - 50%

(in Canadian dollars)

5. DISCONTINUED OPERATIONS

On November 28, 2006 the Company completed the Pro Net sale. The Company realized a loss on disposition of Pro Net calculated as follows:

Consideration received on Sale:				
Cash			$	100,000
Company shares returned for cancellation				115,000
Total Proceeds				215,000
Net Assets Disposed of				
Assets disposed of	$	309,222		
Liabilities transferred on disposition		(89,100)		
Net assets disposed of				220,122
Loss on disposal of subsidiary			$	(5,122)

6. ASSET ACQUISITION

On November 27, 2007, the Company completed the acquisition of 90% of the shares of Cheetah BC. by exercising its right to acquire the shares for a price of $14,859,755 (US$15,000,000). Cheetah BC indirectly holds interests in approximately 8.4 million acres of land for oil and natural gas exploration in Papua New Guinea.

In connection with the acquisition, the Company paid US$2.25 million to Kepis and Pobe Investments Inc. (“Kepis”) to acquire Kepis’ rights to subscribe for shares of Cheetah BC. Kepis accepted $2,222,325 (US$2,250,000) in the form of 3,968,437 shares of the Company, at a deemed price of $0.56 per share. These shares were issued January 11, 2008.

The total cash and share consideration was $17,086,218 (US$17,325,000). The transaction has been accounted for as an acquisition of assets by the Company. The allocation of the purchase price is based on net assets acquired at assigned value at the date of the acquisition. Allocation of the purchase price to the assets acquired and liabilities is as follows:

Cash and cash equivalents	$	1,281,121
Net working capital		(2,390,046)
Equipment		85,052
Oil and gas properties, unevaluated		22,252,972
Long term portion of capital lease		(9,677)
Future income taxes		(1,642,588)
Non-controlling shareholders interest		(2,490,616)
Total net assets acquired	$	17,086,218

(in Canadian dollars)

6. ASSET ACQUISITION (Continued)

Consideration paid:		
Cash	$	14,859,755
Shares		2,222,325
Acquisition costs		4,138
Total consideration paid	$	17,086,218

The Company has also agreed to make an additional contribution of capital of $9,007,030 (US$9,138,904) to Cheetah BC on or before December 31, 2008.

As a result of the acquisition, the Company has additional net operating loss carry forwards that expire as follows:

	Papua New Guinea	Canada	Total
2024	421,243	-	421,243
2025	207,036	-	207,036
2026	281,757	44,433	326,190
2027	531,885	-	531,885
Total	1,441,921	44,433	1,486,354

7. EQUIPMENT

	December 31, 2007		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Vehicles – capital lease	$ 68,848	$ 37,546	**$ 31,302**
Office furniture & equipment	26,172	10,364	**15,808**
Computer equipment	62,344	26,027	**36,317**
Computer software	6,670	2,864	**3,806**
	$ 164,034	$ 76,801	**$ 87,233**

	September 30, 2007		
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Computer equipment	$ 4,886	$ 305	**$ 4,581**
	$ 4,886	$ 305	**$ 4,581**

(in Canadian dollars)

8. OIL AND GAS PROPERTY

	December 31, 2007		
	COST	**ACCUMULATED AMORTIZATION AND IMPAIRMENT**	**NET BOOK VALUE**
Papua New Guinea	$ 22,307,894	$ -	$ 22,307,894
Palo Duro Basin	4,805,355	1,599,827	3,205,528
	$ 27,113,249	$ 1,599,827	**$ 25,513,422**

	September 30, 2007		
	COST	**ACCUMULATED AMORTIZATION AND IMPAIRMENT**	**NET BOOK VALUE**
Papua New Guinea	$ -	-	-
Palo Duro Basin	4,760,526	1,599,827	3,160,699
	$ 4,760,526	$ 1,599,827	$ 3,160,699

Papua New Guinea

The Company indirectly holds working interests ranging from 98.65% to 100% in six Petroleum Prospecting License's (PPL) through permits received from the Minister of Petroleum and Energy for Papua New Guinea with gross and net acreages of 8.4 million and 7.5 million respectively.

These licenses have an initial term of six years and will remain valid until the expiry dates (between September 17, 2009 and April 8, 2010) and are subject to minimum work expenditures and accomplishments being made. Provided that the licences are in good standing according to the Oil and Gas Act of Papua New Guinea, the Company may extend the term of the licences beyond the original term of six years, and the Company is able to apply for changes in the required expenditures. Upon discovery of oil or gas, a Petroleum Retention Licence can be obtained under the Oil and Gas Act of Papua New Guinea.

The properties over which the Company holds licences are subject to a 22.5% back-in participation right in favour of the government, which the government may exercise upon payment of 22.5% of the expenses incurred in the development of the property. This back-in interest includes a 2% revenue royalty payment to indigenous groups, which is only payable if the government exercises its back-in right.

During the month of December 31, 2007, the Company incurred an additional $54,923 in oil and gas exploration costs.

(in Canadian dollars)

8. OIL AND GAS PROPERTY (Continued)

Palo Duro Basin

On November 28, 2006, the Company acquired a 15% working interest in approximately 100,000 acres of oil and gas leases in the Palo Duro Basin, Texas (11.25% Net Revenue Interest).

During the three month ended December 31, 2007, the Company incurred an additional $866 in lease costs and $43,963 in oil and gas exploration costs.

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) Authorized

Unlimited common shares without par value

b) Issued

	NUMBER OF SHARES	CAPITAL STOCK	CONTRIBUTED SURPLUS
Balance, September 30, 2006 and 2005	3,560,833	$ 356,360	$ 147,742
Shares issued pursuant to private placements	29,706,667	3,725,907	-
Shares issued for acquisition of Palo Duro leases	10,000,000	800,000	-
Shares issued upon exercise of warrants	5,829,167	1,564,380	-
Shares issued upon exercise of agents' warrants	128,250	107,148	-
Shares issued upon exercise of options	1,795,000	1,394,454	(1,214,954)
Cancellation of escrow shares	(645,000)	(64,550)	-
Stock based compensation	-	-	3,065,000
Less: Share issue costs	-	(390,329)	-
Balance September 30, 2007	50,374,917	$ 7,493,370	$ 1,997,788
Shares issued pursuant to private placements	81,673,583	45,868,620	
Shares issued upon exercise of warrants	7,204,278	2,246,187	
Shares issued upon exercise of agents' warrants	325,750	272,152	
Shares issued upon exercise of options	100,000	77,685	(67,685)
Stock based compensation	-	-	3,914,000
Warrants expired	-	-	269,228
Less: Share issue costs	-	(2,702,711)	-
Balance, December 31, 2007	**139,678,528**	**$ 53,255,303**	**$ 6,113,331**

(in Canadian dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

On November 29, 2007, the Company completed its non-brokered private placement for gross proceeds of $43,284,157 consisting of 77,293,138 shares at a price of $0.56 per common share. An additional 4,380,445 common shares were issued as a finders' fee in connection with the private placement.

On November 29, 2006, the Company completed a private placement for $1,760,000 consisting of 22,000,000 units at a price of $0.08 per unit. Each unit is comprised of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of $0.16 for a period of two years. The gross proceeds have been allocated $942,978 to the common shares and $817,022 to the share purchase warrants. The share purchase warrants were valued using the Black-Scholes pricing option model using the following assumptions: 134% volatility, 3.9% risk free interest rate, an expected life of two years and 0% dividend yield.

On November 29, 2006, the Company completed another private placement for $3,468,000 consisting of 7,706,667 units at a price of $0.45 per unit. Each unit is comprised of one common share and one-half of a share purchase warrant with each whole warrant entitling the holder to acquire one common share at a price of $0.55 for a period of one year. The gross proceeds have been allocated $2,782,929 to the common shares and $685,071 to the share purchase warrants.

The share purchase warrants were valued using the Black-Scholes pricing option model using the following assumptions: 108% volatility, 3.9% risk free interest rate, an expected life of one year and 0% dividend yield.

Pursuant to the private placement, the Company paid cash commission of $122,850 and issued 454,000 agent's warrants with a fair value of $175,000 as finders' fees. Each agent's warrant is exercisable for one common share at a price of $0.45 per share for a period of one year. The fair value of the agent's warrants was estimated using the Black-Scholes pricing option model using the following assumptions: 108% volatility, 3.9% risk free interest rate, an expected life of one year and 0% dividend yield.

c) Stock Options

The following table summarizes information about stock option transactions:

	NUMBER OF SHARES	AVERAGE EXERCISE EXERCISE PRICE
Balance, September 30, 2005	532,500	$ 0.24
Expired	(132,500)	(0.40)
Balance, September 30, 2006	400,000	0.20
Cancelled	(225,000)	0.20
Granted	5,020,000	0.27
Exercised	(1,795,000)	0.10
Balance, September 30, 2007	3,400,000	0.38
Granted	7,600,000	0.58
Exercised	(100,000)	0.10
Balance, December 31, 2007	**10,900,000**	$ 0.54

(in Canadian dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

The following table summarizes information about the stock options outstanding at December 31, 2007:

EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE	EXPIRY DATE
$0.20	175,000	175,000	December 16, 2009
$0.10	1,475,000	1,475,000	November 27, 2011
$0.67	921,000	921,000	September 20, 2012
$0.67	729,000	466,500	September 21, 2012
$0.58	7,600,000	7,600,000	November 27, 2012
	10,900,000	10,637,500	

During the three month ended December 31, 2007, the Company recorded stock based compensation expense of $3,914,000 (2006 - $99,750). The fair value of the options granted has been estimated on the date of grant using the Black-Scholes option-pricing model.

Assumptions used in the option-pricing model are as follows:

	December 31	
	2007	**2006**
Average risk-free interest rate	3.92%	4.16%
Expected life	5 years	1 year
Expected volatility	133.71%	129.06%
Expected dividends	Nil	Nil
Fair value ($ per option)	0.51	0.59

d) Warrants

The following table summarizes information about warrant transactions:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE	CARRYING AMOUNT
Balance, September 30, 2005	350,000	$ 0.64	$ -
Expired	(350,000)	0.64	-
Balance, September 30, 2006	-	-	-
Granted	26,307,334	0.22	1,677,093
Exercised	(5,957,417)	0.22	(375,973)
Balance September 30, 2007	20,349,917	0.22	1,301,120
Exercised	(7,530,028)	0.25	(612,033)
Expired	(1,514,334)	0.45	(269,228)
Balance, December 31, 2007	11,305,555	$ 0.16	$ 419,859

(in Canadian dollars)

9. SHARE CAPITAL AND CONTRIBUTED SURPLUS (Continued)

The 11,305,555 warrants are at an exercise price of $0.16 and expire on November 28, 2008.

e) Escrow Shares

As at December 31, 2007, the Company has 6,161,249 common shares held in escrow to be released in tranches of 15% every six months up to November 28, 2009.

10. LONG TERM DEBT – CAPITAL LEASE

The Company is obligated under a capital lease to future minimum annual lease payments that are due as follows:

2008	$ 10,041
2009	12,272
	22,313
Less: amount representing interest at 13.75%	(2,245)
Present value of future minimum lease obligations	20,068
Less: Current Portion	11,488
Long Term Portion	$ 8,580

11. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties conducted during the three month ended December 31, 2007 and 2006 in the normal course of operations are recorded at the exchange value as summarized below:

	For the Three Months Ended December 31	
	2007	2006
Services rendered:		
Professional fees paid to a director and a company controlled by a director of the Company	**$ 12,000**	$ 19,500
Professional fees paid to a company controlled by an officer of the Company	**$ 56,400**	$ -
Professional fees paid to an officer of the Company	**$ 12,351**	$ -
Professional fees paid to a director of the Company included in discontinued operations	**$ -**	$ 20,000

	As at	
	December 31 2007	September 30 2007
Accounts Payable:		
Amounts due to officers or companies controlled by officers of the company	**$ 79,369**	$ 6,340

(in Canadian dollars)

12. LOAN PAYABLE

The Company was advanced a loan of $39,792 (US$40,000) by a private company. The loan is unsecured, non-interest bearing and has no specific terms for repayment.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

a) Changes in non-cash working capital are as follows:

	December 31, 2007	December 31, 2006
Amounts receivable	$ (17,467)	$ (4,953)
GST Recoverable	11,179	-
Prepaid expenses and other term deposits	(40,369)	-
Refundable deposits on petroleum prospecting licenses	1,500	-
Notes Receivable	155,189	
Accounts payable and accrued liabilities	1,594,396	220,736
Current portion of capital lease obligations	36	-
Change in non-cash working capital	$ 1,704,464	$ 215,783
Relating to:		
Operating activities	$ (346,747)	$ 215,783
Investing activities	2,051,211	–
Change in non-cash working capital	$ 1,704,464	$ 215,783

b) Other non-cash transactions that occurred during the three months ended December 31 2007:

	For the Three Months Ended December 31 2007	2006
Share subscription receivable related to acquisition of subsidiary	2,222,325	-
Common shares issued as a finders' fee in connection with the private placement charged to share issue costs.	2,584,463	-

(in Canadian dollars)

14. SEGMENTED REPORTING

Geographic Information:
The Company operates in one reportable operating segment, being the exploration of oil and gas properties in the United States and Papua New Guinea. The geographical information is as follows:

December 31, 2007	**Papua New Guinea**	**United States**	**Canada**	**Total**
Current assets	$ 328,176	$ -	$ 34,732,097	$ 35,060,273
Exploration advances	-	129,096	-	129,096
Equipment	83,225	-	4,008	87,233
Oil and gas properties	22,307,894	3,205,528	-	25,513,422
Total assets	$ 22,719,295	$ 3,334,624	$ 34,736,105	$ 60,790,024

September 30, 2007	**Papua New Guinea**	**United States**	**Canada**	**Total**
Current assets	$ -	$ -	$ 844,381	$ 844,381
Deferred acquisition costs	-	-	1,623,395	1,623,395
Deferred financing costs	-	-	4,093	4,093
Exploration advances	-	64,133	-	64,133
Equipment	-	-	4,581	4,581
Oil and gas properties	-	3,160,699	-	3,160,699
Total assets	$ -	$ 3,224,832	$ 2,476,450	$ 5,701,282

15. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's financial statement presentation.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2007:

<u>Options Granted and Exercised</u>

1,150,000 options were granted to directors and consultants of the Company at $0.56. 275,000 options were exercised at $0.10 and 100,000 at $0.20 for total proceeds of $47,500.

<u>Exercise of Warrants</u>

24,000 warrants were exercised at $0.16 for proceeds of $3,840.