



Gale Force Petroleum Inc.
(Formerly Rolland Energy Inc.)

Interim Financial statements

As at March 31st, 2009

SUMMARY

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Management's report

Management is responsible for the preparation of the financial statements. Management believes that these financial statements fairly reflect the form and substance of transactions, and that they reasonably present the Company's financial position and the results of its operations.

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. Management has included in the Company's financial statements amounts based on best estimates and careful judgements that it believes are reasonable under the circumstances, and designed to ensure that the financial statements are presented fairly, in all material respects

To fulfil its responsibility, management developed and continues to maintain systems of internal accounting controls and establishes policies and procedures to ensure the reliability of financial information and to safeguard assets. The internal control systems and financial records are subject to reviews by external auditors during the examination of the yearly financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performances of its financial reporting responsibilities.



Michael McLellan

President and CEO

May 30th, 2009

GALE FORCE PETROLEUM INC. (Consolidated)

BALANCE SHEET

As of March 31st, 2009

	March 31 2008 (Unaudited)	June 30 2008 (Audited)
ASSETS		
<i>Current assets</i>		
Cash	\$ 47,885	\$ 1,865,607
Receivables (note 3)	-	199,839
Inventory	-	71,115
Prepaid expenses	50,452	91,990
	98,337	2,228,551
Deposits	-	92,074
Capital assets (note 4)	2,578,233	2,520,087
Research and development tax credits receivable	-	460,190
Deferred corporate transaction costs (note 19)	-	281,278
	\$ 2,676,570	\$ 5,582,180
LIABILITIES		
<i>Current liabilities</i>		
Creditors (note 5)	\$ 2,457,806	\$ 2,583,945
Short term debt (note 6)	2,000,000	3,000,000
Current portion of long-term debt (note 7)	9,221	8,977
	4,467,027	5,592,922
Long term debt (note 7)	14,122	18,037
Convertible debentures (note 8)	160,135	450,135
Asset retirement obligations (note 9)	264,555	704,385
	4,905,839	6,765,479
SHAREHOLDER'S EQUITY (DEFICIT)		
Share capital (note 10)	10,789,747	10,131,493
Equity component of convertible debentures (note 8)	151,305	151,305
Contributed surplus (note 11)	1,471,412	1,455,589
Deficit	(14,687,229)	(12,921,686)
Other comprehensive income (loss)	45,496	-
	(2,229,269)	(1,183,299)
	\$ 2,676,570	\$ 5,582,180

The accompanying notes form an integral part of these financial statements.

Signed for the Board,



Director



Director

GALE FORCE PETROLEUM INC. (Consolidated)

STATEMENT OF OPERATIONS

For the periods ended March 31st, 2009

(Unaudited)	2009		2008					
	Three months		Nine months					
Income								
Oil and natural gas revenues	\$	88,086	\$	387,025	\$	573,933	\$	792,443
Overhead Income		4,725		-		27,440		-
Royalties and production taxes		(17,497)		(57,319)		(122,259)		(109,960)
	\$	75,314	\$	329,706	\$	479,114	\$	682,483
Operating expenses								
Production expenses	\$	20,439	\$	179,454	\$	291,843	\$	484,531
Administrative expenses		(4,577)		120,675		333,978		338,449
Professional and consulting fees		(14,646)		70,493		150,791		226,718
Depletion, depreciation and amortization		83,962		99,651		261,443		190,726
Stock-based compensation expense (note 11)		-		3,380		15,823		15,124
	\$	85,178		473,653		1,053,878		1,255,548
Income (loss) before financial expenses		(9,864)		(143,947)		(574,764)		(573,065)
Financial expenses (note 16)		350		215,817		449,325		692,708
Loss from operations		(10,214)		(359,764)		(1,024,089)		(1,265,773)
Sale of Manitoba Assets (note 21)		19,017		-		21,451		-
Other (income) and expenses (note 22)		522,514		(12,446)		374,492		204,475
Loss before income taxes		(551,745)		(347,318)		(1,420,032)		(1,470,248)
Income taxes (note 18)		-		-		-		-
Net loss (note 15)	\$	(551,745)	\$	(347,318)	\$	(1,420,032)	\$	(1,470,248)
Deficit, beginning of period		(13,789,958)		(9,581,893)		(12,921,671)		(8,458,963)
Deficit, end of period	\$	(14,341,703)	\$	(9,929,211)	\$	(14,341,703)	\$	(9,929,211)
Earnings per share (note 17)								
Basic	\$	(0.029)	\$	(0.033)	\$	(0.073)	\$	(0.170)
Diluted	\$	(0.029)	\$	(0.033)	\$	(0.073)	\$	(0.170)

The accompanying notes form an integral part of these financial statements.

GALE FORCE PETROLEUM INC. (Consolidated)

CASH FLOW STATEMENT

As of March 31st, 2009

(unaudited)	Three months		Nine months	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Net loss	\$ (551,745)	\$ (347,318)	\$ (1,420,032)	\$ (1,470,248)
Items not affecting cash flows	-	-	-	-
Depreciation, amortization and depletion	83,962	99,651	261,443	190,726
Write-down exploration and development costs	361,289	-	381,502	-
Stock-based compensation	-	3,381	15,823	15,124
Loss on disposal of capital assets	-	-	-	-
Revision of capitalized assets retirement obligation	3,860	4,561	3,860	13,681
Comprehensive (income) loss	(45,496)	-	(45,496)	-
Future income taxes	-	-	-	-
	(148,130)	(239,725)	(802,900)	(1,250,717)
Net change in non-cash working capital items (note 12)	229,420	16,595	646,544	3,966
Cash generated in operating activities	81,290	(239,725)	(156,356)	(1,250,717)
FINANCING ACTIVITIES				
Issuance of common shares and warrants	-	(7,045)	658,254	2,298,220
Issuance of convertibles debentures	-	-	-	-
Interest on convertibles debentures	-	7,572	-	27,796
Advances to shareholders	-	-	-	(67,353)
Redemption of convertible debentures	-	-	-	-
Short-term loan	-	-	(1,000,000)	(200,000)
Long-term borrowing	-	(2,121)	(3,671)	(6,263)
Cash generated by financing activities	-	(1,594)	(345,417)	2,052,400
INVESTING ACTIVITIES				
Acquisition of capital assets	(126,248)	(474,549)	(678,193)	(1,182,065)
Disposition of capital assets	-	-	-	-
Redemption on Convertible debentures	-	-	(290,000)	-
Capitalized Asset Retirement Obligations	2,879	-	(439,830)	-
Deposits	16,205	76,350	92,074	(5,038)
Cash used in investing activities	(107,164)	(398,199)	(1,315,949)	(1,187,103)
Increase (decrease) in cash and cash equivalents	(25,874)	(622,923)	(1,817,722)	(381,454)
Opening cash and cash equivalents	73,759	824,156	1,865,607	582,687
Ending cash and cash equivalents	\$ 47,885	\$ 201,233	\$ 47,885	\$ 201,233

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 1 INCORPORATION AND NATURE OF BUSINESS

The Corporation was incorporated under the Canada Business Corporations Act. As at May 27th, 2008, the Corporation changed its name from Rolland Energy Inc to Gale Force Petroleum Inc. The Corporation explores and exploits oil and gas properties in North America.

NOTE 2 ACCOUNTING POLICIES

Future change in accounting policies

In the upcoming year, the company will apply the new recommendation of the Canadian Institute of Chartered Accountants regarding the recognition, measurement and presentation of financial instruments following the release of Sections 1530, 'Comprehensive income', 1535, 'Capital disclosures', 3031, 'Inventories', 3855, 'Financial instruments - recognition and measurement', 3862, 'Financial Instruments - disclosure', 3863, 'Financial Instruments - presentation' and 3865, 'Hedges'. Management is unable to assess the impact these new standards will have on its financial statements.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The Corporation has sustained substantial losses in the past, and is presently unable to continue as a going concern. On February 4, 2009, the Corporation filed a Proposal to Creditors under the Bankruptcy and Insolvency Act of Canada. The Proposal to Creditors was Approved by the creditors and sactioned by the Superior Court of Quebec. The Trustee is now awaiting the filing of claims from creditors until June 12, 2009, after which time a final dividend will be paid to the creditors according to the terms of the Proposal. The ability of the Corporation to continue as a going concern hereafter is dependent on its ability to obtain additional financing in the very near-term, to generate future profitable operations and to begin to generate sufficient cash flows to meet its obligations on a timely basis. The outcome of these matters cannot be predicted at this time.

These financial statements do not give effect to any adjustments that would be necessary should the Corporation be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Examples of significant estimates include the key economic assumptions used in determining the allowance for doubtful accounts; the recovery of research and development tax credits, the recovery of future income tax assets, the useful lives of capital assets, the assumptions used for capital assets and impairment tests, asset retirement obligations, the assumptions used for the calculation of stock-based compensation costs and the fair value of financial instruments.

Revenue recognition

The sale of oil is recorded when the title passes from the Corporation to external parties.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are valued at the lower of cost and replacement cost, the cost being determined using the first in, first out method.

Capital assets

Depreciation of non oil & gas capital assets is calculated using the diminishing balance method at a rate of 30% for vehicles and 20% rate for office equipment and tools.

Oil and gas assets

i) Capitalized costs

The Corporation follows the full cost method of accounting for its petroleum and natural gas operations as determined by the Canadian Institute of Chartered Accountants ("CICA"), Accounting Guideline 16 ("AcG-16"). Under this method all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized. Costs include lease acquisition costs, geological and geophysical expenses, costs of drilling both producing and non-producing wells, production facilities, asset retirement costs and certain general and administrative expenses directly related to exploration and development activities.

Proceeds from the sale of properties are applied against capitalized costs, without any gain or loss being realized, unless such sale would significantly alter the rate of depletion and depreciation.

Expenditures related to renewals or betterments that improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

ii) Depletion and depreciation

Depletion and depreciation of property and equipment is provided using the unit-of-production method based upon estimated proved petroleum and natural gas reserves. The costs of undeveloped properties are excluded from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties or impairment has occurred. Estimated future costs to be incurred in developing proved reserves are included in costs subject to depletion. For depletion and depreciation purposes, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

iii) Impairment test

Each year end the Corporation performs an impairment test to determine the recoverability of capitalized costs associated with reserves. An impairment loss is recognized when the carrying amount of a cost centre exceeds its fair value. The carrying amount of the cost centre is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves plus the costs of unproved properties. If the sum of the cash flows is less than the carrying amount, the impairment loss is limited to the amount by which the carrying amount exceeds the sum of the fair value of proved and probable reserves and the costs of unproved properties that have been subject to a separate impairment test and contain no probable reserves.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

iv) Asset retirement obligations

The Corporation recognizes the fair value of estimated asset retirement obligations on the balance sheet when a reasonable estimate of fair value can be made. Asset retirement obligations include those legal obligations where the Corporation will be required to retire tangible long lived assets such as well sites, pipelines and facilities. The asset retirement cost, equal to the initially estimated fair value of the asset retirement obligation, is capitalized as part of the cost of the related long lived asset. Changes in the estimated obligation resulting from revisions to estimated timing or amount of undiscounted cash flows are recognized as a change in the asset retirement obligation and the related asset retirement cost.

Asset retirement costs are amortized using the unit-of-production method and are included in depletion and depreciation in the statement of operations. Increases in the asset retirement obligations resulting from the passage of time are recorded as accretion of asset retirement obligations in the consolidated statement of operations.

Convertible debentures

Convertible Debentures are accounted for based on their estimated components. The debt component, representing the obligation to make interest payments, is accounted for as long-term debt, and the equity component, representing the option of conversion of the holder, are accounted for as shareholders equity under the heading "Equity component of convertible debentures".

The value of the debt component of the convertible debentures is determined by updating the future payments of interest and principal at a discount rate representing the rate of borrowing of the Corporation for similar debentures without the right of conversion. Management estimated that this rate corresponds to 15 %. The accounting value of the equity component is determined by reducing the accounting value of the debt component from the value of the amounts received for the convertible debentures.

The interest expense for the equity component is accounted for and results in the difference between this expense and the disbursement, representing the increase of the value of the debt component due to the passage of time.

Capital stock

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting of income taxes, the future income taxes related to temporary differences arising at the renunciation are recorded at that time together with a corresponding charge to results from operation.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 2 ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Corporation follows the liability method of accounting for income taxes. According to this method, future income taxes are determined using the difference between the accounting and tax basis of assets and liabilities using the substantively enacted tax rates and fiscal laws expected to apply in the periods in which those differences are expected to be recovered. Future income tax assets are recognized when it is more likely than not that the assets will be realized. The Corporation has adopted a policy whereby this determination is made when the Corporation demonstrates profitability.

Earnings per share

Earnings per share are reported on the basis of the treasury stock method. This method recognizes the use of proceeds that could be obtained upon exercise of options and warrants in computing diluted earnings per share. It assumes that any proceeds would be used to purchase common shares at the average market price during the period. The exercise of options and warrants that would result an increase in earnings per share amounts or a decrease in loss per share amounts are excluded from the calculations as they become anti-dilutive.

Stock-based compensation

The Corporation has established a stock-based compensation plan which includes stock options. The Corporation records compensation expense in the statement of operations for stock options granted to Directors, Officers, employees and consultants using the fair-value method. Compensation costs are recognized over the vesting period. Fair value is determined using the Black-Scholes option pricing model.

Foreign exchange translation

The accounts of foreign subsidiaries, which are financially or operationally dependent on the parent company, are accounted for using the temporal method. Under this method the monetary assets and liabilities of the Corporation that are denominated in foreign currencies are translated into Canadian dollars at the year-end exchanges rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at their historical exchange rates. Revenue and expenses are translated at rates of exchange prevailing on the transaction dates. All of the exchange gains or losses resulting from these transactions are included in the statement of operations.

NOTE 3 RECEIVABLES

	March 31 2009	June 30 2008
Accounts receivable - Canadian dollars	\$ -	\$ 95,543
Accounts receivable - USA	-	-
Other accruals	-	97,051
Term loan to a particular, 5 % interest rate, secured by personal collateral	-	300,545
	-	493,139
Allowance for doubtful accounts	-	(300,545)
	\$ -	\$ 192,594

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 4 CAPITAL ASSETS

			March 31 2009
	Cost	Accumulated depreciation	Net book value
<i>Oil and gas</i>			
Exploration and development costs	\$ 2,718,661	\$ 140,428	\$ 2,578,233
	\$ 2,718,661	\$ 140,428	\$ 2,578,233
			June 30 2008
	Cost	Accumulated depreciation	Net book value
<i>Oil and gas</i>			
Exploration and development costs	\$ 4,661,559	\$ 2,177,502	\$ 2,484,057
Equipment and tools	18,000	3,600	14,400
Vehicle	50,441	28,811	21,630
	\$ 4,730,000	\$ 2,209,913	\$ 2,520,087

NOTE 5 CREDITORS

	March 31 2009	June 30 2008
Accounts payable - Canadian dollars	\$ 1,510,749	\$ 1,497,642
Accrued liabilities	223,929	457,503
Interest payable - Flow-Through Shares	-	39,317
Interest on convertible debentures	13,581	-
Investor Tax Indemnity	679,540	561,682
other accounts payable	407	-
Accrued interest - Debentures	29,600	27,801
	\$ 2,457,806	\$ 2,583,945

The Investor Tax Indemnity is indemnity owing to 2007 flow-through investors because the Corporation did not meet its Canadian Exploration Expense and Canadian Development expense obligations for the calendar year 2008. Therefore, the Corporation is required to withdraw its renunciation of part of the deduction made toward these investors in flow-through shares of the Corporation and assume the equivalent tax liability of these investors.

The Corporation filed a Proposal to Creditors on February 2, 2009, which was subsequently approved by the creditors and sanctioned by the Superior Court of Quebec. The Trustee is currently soliciting for claims from the unsecured creditors up until June 12, 2009, after which time claims will no longer be accepted and a final dividend will be paid to the unsecured creditors according to the terms of the Proposal. There is approximately \$2.5 in unsecured creditors, including accounts payable, investor tax indemnity and convertible debentures. If the unsecured creditor files a claim, the debt will be paid by the issuance of common shares of the Corporation, otherwise, the unsecured debts will be deemed discharged.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 6 SHORT-TERM DEBT

	March 31 2009	June 30 2008
Facility A term loan at 12%	\$ 2,000,000	\$ 2,200,000
Facility B term loan at 15%	-	800,000
	\$ 2,000,000	\$ 3,000,000

The bridge loan is guaranteed by a lien on the general assets of the Corporation. According to the terms of the Proposal to Creditors filed by the Corporation on February 2, 2009, the Facility A term loan agreement was amended once the Proposal was Approved by the creditors and sanctioned by the Court. The amendments included an extension of the maturity date to December 31, 2010; the loan will not earn any interest or fees until after December 31, 2009; after December 31, 2009, the loan will earn interest of 12 %, and; subject to TSX Venture Exchange Approval, the loan will be convertible at the election of the lender into common shares of the Corporation, and; the loan can be repaid at any time by the Corporation without penalty.

In the past, due to the short term nature of the bridge loans, renewal and management fees associated with the loans have increased the cost of the loans by approximately 8% per year. This will no longer be the case if the Proposal is Approved as there will be no additional fees owing on the loan until the maturity date of December 31, 2010. On September 11, 2008, the Corporation reimbursed \$1,000,000 of the loan.

NOTE 7 LONG-TERM DEBT

	March 31 2009	June 30 2008
Loan, repayable in monthly instalments of \$ 871, including interest calculated at a rate of 6.45%, maturing January 14th, 2011, secured by a movable hypothec on a vehicle.	\$ 23,343	\$ 27,014
Current portion	9,221	8,977
	\$ 14,122	\$ 18,037

The portion of long term debt payable in each of the next three (3) years is as follows:

	2009	2010	2011
	\$ 8,977	\$ 9,574	\$ 8,463

Under the terms of the Proposal to Creditors filed by the Corporation on February 2, 2009, the vehicle was remitted to the lender. The lender now has a potential claim for any unrealized portion of the long-term debt. Upon payment of the final dividend of the Proposal to Creditors by the Trustee, the long-term debt will have been completely discharged.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 8 CONVERTIBLE DEBENTURES

Under the terms of the Proposal to Creditors filed by the Corporation on February 2, 2009, the convertible debentures are an unsecured debt. The Trustee is soliciting claims from unsecured creditors until June 12, 2009, after which time a final dividend will be completely repaid and discharged by the issuance of common shares of the Corporation.

There are convertible debentures outstanding with a total face value of \$270,000. The convertible debentures have a 12% coupon and are convertible at the election of the holder or the corporation, in full or in part, into common shares of the corporation according to the terms of conversion as follows:

Conversion terms for the debenture holder: at a conversion price of \$1.9290 for a conversion taking place on or before February 16, 2009, and an additional 10% premium to the amount set out in each subsequent year after February 16, 2009.

Conversion terms for the Corporation: provided that the volume-weighted-average-trading-price of the common shares is at or above \$4.80 per common share for not less than 20 consecutive trading days on the TSX Venture Exchange until February 16, 2008; \$6.40 per common share for the period between February 17, 2008 to February 16, 2009 and \$8.00 per common share for the period between February 17, 2008 to February 16, 2012.

NOTE 9 ASSET RETIREMENT OBLIGATION

The following table provides a reconciliation of the carrying amount of the obligation associated with the retirement of oil and gas properties:

	March 31 2009	June 30 2008
Asset retirement obligations, beginning of year	\$ 704,385	\$ 592,636
Liabilities incurred, net of liabilities disposed, year to date	(490,050)	64,334
Revisions to estimated liabilities	46,360	-
Accretion expense	3,860	47,415
Asset retirement obligations Canada	\$ 264,555	\$ 704,385

The key assumptions on which the carrying amount of the asset retirement obligations are based include an 8.0 % discount rate and an annual inflation rate of 3%. The total undiscounted amount of the estimated cash flows required to settle the obligations was \$252,091 (\$1,346,830 June 30, 2008). The expected timing of payment of the cash flows required to settle the obligations ranges from 1 year to 6 years for Canada and 1 year to 15 years for Kentucky. As for the revision of estimated liabilities, new information led us to re-evaluate our estimations and assumptions.

NOTE 10 CAPITAL STOCK

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

	March 31 2009	June 30 2008
Common Shares Issued and Outstanding		
19 468 355 common shares (17,798,355 common shares after consolidation as at June 30, 2007)	\$ 10,789,747	\$ 10,131,493

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 10 CAPITAL STOCK (CONTINUED)

The following tables shows the variation in outstanding convertible instruments:

Warrants

Issue Date	Expiry Date	Exercise Price	Balance at beginning of the year	Issued	Exercised	Cancelled	Expired	Balance at end of period
February 16, 2007	February 16, 2009	\$ 1.754	319,343	-	-	-	319,343	-
June 6, 2007	June 6, 2009	\$ 2.000	235,000	-	-	-	-	235,000
October 26, 2007	October 26, 2009	\$ 0.800	375,000	-	-	-	-	375,000
October 18, 2007	October 18, 2009	\$ 0.800	4,600,588	-	-	-	-	4,600,588
December 29, 2007	December 29, 2009	\$ 0.800	357,143	-	-	-	-	357,143
December 31, 2007	January 1, 2010	\$ 0.800	921,886	-	-	-	-	921,886
June 30, 2008	May 27, 2008	\$ 0.582	1,417,437	-	-	-	-	1,417,437
June 27, 2008	June 27, 2010	\$ 0.700	1,700,000	-	-	-	-	1,700,000
June 27, 2008	June 27, 2010	\$ 0.500	285,920	-	-	-	-	285,920
			10,212,317	-	-	-	319,343	9,892,974

Each purchase warrant gives the right to purchase one common share of the Company at its exercise price on or before its expiry date.

Stock options

Issue Date	Expiry Date	Exercise Price	Balance at beginning of the year	Issued	Exercised	Cancelled	Expired	Balance at end of period
December 14, 2004	December 14, 2009	\$ 4.400	6,250	-	-	-	-	6,250
May 31, 2007	May 31, 2012	\$ 1.200	112,500	-	-	112,500	-	-
October 23, 2007	October 23, 2012	\$ 4.000	667,223	-	-	614,392	-	52,831
January 28, 2008	January 28, 2013	\$ 4.000	192,087	-	-	179,978	-	12,109
July 11, 2008	July 11, 2013	\$ 4.000	-	632,565	-	584,461	-	48,104
July 24, 2008	July 24, 2013	\$ 4.000	-	100,000	-	-	-	100,000
			978,060	732,565	-	1,491,331	-	219,294

Each stock option gives the right to purchase one common share of the Company's capital stock at its exercise price on or before its expiry date.

Convertible Debentures

Issue Date	Expiry Date	Conversion Price (During period)	Balance at beginning of the year	Issued	Converted	Redeemed	Reached Maturity	Balance at end of period
February 16, 2007	February 16, 2012	\$ 1.929	\$ 450,135	\$ -	\$ -	\$ 290,000	\$ -	\$ 160,135

The convertible debentures have a conversion price of \$1.9290 until February 16, 2009 and then increases by 10% for each subsequent year.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 11 STOCK-BASED COMPENSATION

Under the amended 2004 stock option plan, the Corporation may grant options in respect of a maximum of 1,770,000 common shares after the consolidation to directors, officers and employees of, and consultants to the Corporation.

The Corporation uses the fair-value method to record stock-based compensation expense with respect to stock options granted. The fair value of each option granted is estimated on the date of grant using the Black-Sholes options pricing model, using the following average assumptions for 2008-2009:

Risk free interest rate (average):	2.63%
Expected life:	1 year
Expected volatility (average):	58.0%
Expected dividend yield:	Nil

The Table in Note 10 lists each options issuance that occurred during the year. In total, options shares were issued during the period for a total expense of \$15,823

NOTE 12 SUPPLEMENTAL CASH FLOW INFORMATION

	Three months		nine months	
	2009	2008	2009	2008
Changes in non-cash working capital:				
Deposits for exploration and development	-	-	\$ -	466,320
Write down of R&D tax credits receivable	460,190	-	460,190	6,604
Sale of Equipment	-	(2,850)	-	116,100
Accounts receivable	11,436	(144,768)	199,839	(334,363)
Inventory	-	-	71,116	-
Prepaid expenses	33,114	(54,888)	41,538	4,508
Creditors	(275,320)	219,101	(126,139)	(255,203)
Changes in non-cash working capital items	\$ 229,420	\$ 16,595	\$ 646,544	\$ 3,966

During the year, the Corporation made the following cash outlays for interest expenses:

Interest expense	-	\$ 96,332	\$ 150,118	\$ 299,199
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NOTE 13 RELATED PARTY TRANSACTION

In the course of the period \$361,709 (\$544,115 in 2008) was paid in interest expense and fees associated to the loans from Primatlantis Capital, where a former director of the Corporation is a principal. These transactions were concluded in the normal course of business.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 14 STATEMENT OF OPERATIONS

	Three months		Nine months	
	2009	2008	2009	2008
The statement of operations includes the following charges :				
<i>Depletion, depreciation and amortization</i>				
Tangible assets	\$ -	\$ 3,218	\$ 3,218	\$ 9,653
Oil and gas	83,962	96,433	258,225	181,073
	\$ 83,962	\$ 99,651	\$ 261,443	\$ 190,726
<i>Financial expenses</i>				
Interest on long term debt	\$ -	\$ 24,819	\$ 19,975	\$ 80,007
Interest on short term debt	-	96,332	150,118	299,199
Other interest, financing expenses and bank charges	350	94,666	279,232	313,502
	\$ 350	\$ 215,817	\$ 449,325	\$ 692,708

NOTE 15 FINANCIAL INSTRUMENTS

Interest Rate Risk

The Corporation manages its cash according to its operational needs and to optimise revenues from interest. The Corporation's short and long term debts have a fixed interest rate.

Fair value

Fair value is estimated on a specific date through the use of the information available about the financial instrument in question. Estimates of fair value are of a subjective nature and cannot, in many cases, be established with any degree of precision.

The Corporation has determined that the book value of its short-term assets and liabilities is close to their fair value because of their immediate and short-term expiry.

The fair value of long-term debt is close to its book value because of its short-term maturity.

Liquidity Risk

The Corporation has a working capital deficit and significant outstanding short-term commitments. The Corporation is reliant on funds raised from shareholders to cover cash shortfalls from operations, until it becomes cash-flow positive.

Credit Risk

Credit risk is the potential exposure of the Corporation to losses that would be recognized if counterparties failed to perform or failed to pay amounts due. The Corporation has no issues with respect to collection. In Canada, the oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas, which occurs 25 days following the end of the month of sale. In Kentucky, USA, the Corporation received payment for delivered production 60 days following the end of the month of sale. As a result, the Corporation's production revenues are collected in an orderly fashion.

Foreign Exchange Risk

The corporation is subject to risks associated with fluctuations in foreign currencies with regard to the operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions as well as future cash flows resulting from anticipated transactions including intercompany transactions.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 16 EARNINGS PER SHARE

The following table reconciles the numerators and denominators of the basic and diluted earnings per share:

	2009	2008
Net loss	\$ (1,420,032)	\$ (1,470,248)
Weighted average number of shares outstanding - basic	19,473,108	10,082,048
Weighted average number of shares outstanding - diluted (anti-dilutive)	19,473,108	10,082,048

NOTE 17 INCOME TAXES AND DEFERRED LOSSES

	2009	2008
For income tax purposes, the Corporation can carry forward losses totalling \$5,856,584 at the Federal level and Manitoba and \$5,907,945 at the Provincial level. The expiration dates for using these losses to reduce income taxes are as follows:		

	Federal	Manitoba	Quebec
2009	\$ -	\$ -	\$ 150,260
2014	220,621	220,621	214,964
2015	1,876,873	1,876,873	1,780,874
2026	911,289	911,289	974,942
2027	811,966	811,966	751,070
2028	2,035,835	2,035,835	2,035,835
	\$ 5,856,584	\$ 5,856,584	\$ 5,907,945

NOTE 18 DEFERRED CORPORATE TRANSACTIONS COSTS

On July 27, 2008, the Corporation purchased 50% of the Kentucky Shale Gas Property consisting of 22,000 acres with 9 wells at a cost of \$1,250,000 for the Corporation's shares of the property.

NOTE 19 COMPARATIVE FIGURES FOR THE PRIOR YEAR

Certain figures for 2007 have been reclassified to make their presentation identical to that adopted in 2008.

NOTE 20 SALE OF MANITOBA ASSETS


	Three months		Nine months	
	2009	2008	2009	2008
Write-down of exploration and development cost, depreciation and amortization	\$ 19,017	\$ -	\$ 319,235	\$ -
Other gain on sale of Manitoba properties	-	-	(297,180)	-
Other selling expenses	-	-	(604)	-
Property Improvement expenses	-	-	-	-
	\$ 19,017	\$ -	\$ 21,451	\$ -


GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 21  OTHER (INCOME) AND EXPENSES	Three months		Nine months	
	2009	2008	2009	2008
	Gain on settlement of debt	\$ -	\$ -	\$ 2,996
Interest	(8)	4,167	(2,095)	7,391
Settlement of litigation	-	-	13,332	-
Allowance for doubtful accounts	-	-	1,090	-
Contingent Income Tax Liability	-	-	117,858	-
Exchange rate variation	(53,258)	8,279	(352,248)	(243,737)
Gain (loss) on write-down of R&D tax credits receivable	342,272	-	360,051	-
	\$ 289,006	\$ 12,446	\$ 140,984	\$ (204,475)
Management Fee Charge to USA Division	233,508	-	233,508	-
	\$ 522,514	\$ 12,446	\$ 374,492	\$ (204,475)

NOTE 22  SEGMENT INFORMATION	Canada		USA	
	2009	2008	2009	2008
	Income	450,124	682,483	28,990
Operating expenses	1,038,170	1,255,548	15,708	-
Financial Expenses	449,325	692,708	-	-
Sale of Manitoba Assets	21,451	-	-	-
Other (income) and expenses	140,984	204,475	233,508	-
Net loss	(1,199,806)	(1,470,248)	(220,226)	-

Gale Force Petroleum Inc has operating segments in Canada and the USA. In Canada there are 4 wells near Radway, Alberta, in which it holds an average 25.25% working interest before payout. In the USA, the Corporation owns a 50% working interest in its Kentucky Shale Gas Property, consisting of 22,000 acres of oil and gas leases, 9 gas wells and 5 miles of gathering lines, including compressors.

GALE FORCE PETROLEUM INC. (Consolidated)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

March 31th, 2008

(unaudited)

NOTE 23 SUBSEQUENT EVENTS

Farmout of Kentucky Property

Subsequent to the end of the quarter, on January 13, 2009, the Corporation has signed a farm-out agreement. According to the terms of the agreement, the farmee, which will remain confidential, may earn up to a 50-per-cent interest in the Kentucky shale gas property, currently consisting of approximately 20,000 acres, nine existing wells, gathering lines and two compressors in eastern Kentucky, by paying for a series of staged development programs. The Farmee will be the operator of the Kentucky Property.

Filing of Proposal to Creditors

Subsequent to the end of the quarter, the Proposal to Creditors under the Bankruptcy and Insolvency Act (Canada) filed by the Corporation on February 4, 2009, was sanctioned by the Superior Court of Quebec. The Proposal offers payment of all debts owing to the Corporation's unsecured creditors totalling approximately \$2.5 million by the issuance of common shares of the Corporation. Category I unsecured creditors will be offered twenty (20) common shares of the Corporation per each dollar of debt. Category II unsecured creditors will be offered fifteen (15) common shares of the Corporation per each dollar of debt. On May 12, 2009, a final notice to file a proof of claim was sent to the unsecured creditors. They have until June 12, 2009 to file their claim, after which time, the Trustee will pay a final dividend to discharge all unsecured debts of the Corporation.

Conditional Amendment to Loan Agreement with Secured Creditor

Subsequent to the end of the quarter, the Proposal to Creditors under the Bankruptcy and Insolvency Act (Canada) filed by the Corporation on February 4, 2009, was sanctioned by the Superior Court of Quebec. According to the terms of an agreement with its lender and secured creditor, Primatlantis Capital, \$132,613 in interest and fees owing to Primatlantis will be paid by the issuance of twenty (20) common share of the Corporation per each dollar of debt as part of the Proposal to Creditors. Additionally, the loan agreement will be amended such that the Maturity Date is extended until December 31, 2010; the loan will not earn any interest nor will there be any fees owing on the loan until after December 31, 2009; after December 31, 2009 the loan will earn interest at 12% per annum; subject to the approval of the TSX Venture Exchange the debenture will be convertible at the election of the lender into shares of the Corporation, and; the loan is repayable in full or in part at the election of the Corporation at any time without penalty.

Change in Directors' and Officers' compensation

As part of the restructuring, the directors of the Corporation had decided against drawing any salary or board fees since July 1, 2008, and will not draw any fees until at least after the restructuring of the Corporation is complete and new financing is obtained. Also, all current directors and officers of the Corporation have forfeited their stock options.

Gale Force Petroleum Inc.

BOARD OF DIRECTORS

Mazen Haddad^{2,3}
Consultant, Township Capital Inc.

Antoinette Lizzi^{2,3}
CFO and Vice-President of Finance, Gale Force Petroleum

Michael McLellan^{1,2,3}
Chairman and CEO, Gale Force Petroleum

OFFICERS

Michael McLellan
Chairman and CEO

Antoinette Lizzi
CFO and Vice-President of Finance

Traian Cabba
Executive Vice-President, International Division

1. Chairman
2. Member of Audit Committee
3. Member of the Reserves Committee

REGISTRAR AND TRANSFER AGENTS

Computershare Investor Services Inc.
1500 University, bureau 700
Montreal, Québec
Canada, H3A 3S8

BANKERS

National Bank of Canada
600, de la Gauchetière Ouest
Montréal, Québec
H3B 4L2

AUDITORS

Bélanger Dalcourt CA
Suite 1600 - 2000 McGill College
Montreal, Quebec
H3A 3H3

EVALUATION ENGINEERS

Sroule Associates Limited
140 Fourth Avenue S.W.
Suite 900
Calgary, Alberta T2P 3N3

STOCK EXCHANGE LISTINGS

TSX Venture Exchange
Ticker Symbol "GFP"
(Formely "ROE")

ABBREVIATIONS

bbls	<i>barrels</i>
mbbls	<i>thousand barrels</i>
bbls/d	<i>barrels per day</i>
CICA	<i>Canadian Institute of Chartered Accountants</i>

CONVERSION OF UNITS

Imperial	Metric
1 acre	<i>0.4 hectares</i>
2.5 acres	<i>1 hectare</i>
1 bbl	<i>0.159 cubic metre</i>
6.29 bbls	<i>1 cubic metre</i>
1 foot	<i>0.3048 metres</i>
3.281 feet	<i>1 metre</i>
1 mcf	<i>28.2 cubic metres</i>
1 mile	<i>1.61 kilometres</i>
0.62 miles	<i>1 kilometre</i>

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